

**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**

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#### **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 13<sup>th</sup> 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  
3<sup>rd</sup> 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: -

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

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 500<sup>th</sup> 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 (11<sup>th</sup> 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.

<b>Value for Money Metrics</b>			
<b>Reinvestment %</b>	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.			
<b>New supply delivered (social housing) as a % of total stock</b>			
	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			
<b>Gearing %</b>			
	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.			
<b>Headline social housing cost per unit</b>			
	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			
<b>Operating Margin % Social Housing</b>			
	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

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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 20<sup>th</sup> 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 20<sup>th</sup> 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**

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#### **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**

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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**

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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](http://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**

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**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 £
<b>TURNOVER</b>	3	<b>2,134,444</b>	2,341,787
Operating expenditure	3	<u><b>(2,111,918)</b></u>	<u>(2,233,045)</u>
<b>OPERATING SURPLUS</b>	3	<b>22,526</b>	108,742
Finance income	4	<b>143,797</b>	142,638
Interest and financing costs	6	<b>(195,267)</b>	(214,392)
Surplus on disposal of fixed assets	5	<b>34,777</b>	41,411
Change in fair value of investments	12	<u><b>42,461</b></u>	<u>11,550,477</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u><b>48,294</b></u>	<u>11,628,876</u>

The financial statements on pages 12 to 29 were approved by the Trustees on 20<sup>th</sup> 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 £
<b>TANGIBLE FIXED ASSETS</b>					
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
<b>TOTAL FIXED ASSETS</b>		<b>30,423,420</b>	<b>14,122,082</b>	<b>16,301,338</b>	<b>30,183,609</b>
<b>CURRENT ASSETS</b>					
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
		<b>6,692,052</b>	<b>6,224,237</b>	<b>467,815</b>	<b>7,474,371</b>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	16	<b>(798,349)</b>	<b>-</b>	<b>(798,349)</b>	<b>(817,738)</b>
<b>NET CURRENT ASSETS / (LIABILITIES)</b>		<b>5,893,703</b>	<b>6,224,237</b>	<b>(330,534)</b>	<b>6,656,633</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>36,317,123</b>	<b>20,346,319</b>	<b>15,970,804</b>	<b>36,840,242</b>
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	17	<b>(8,906,902)</b>	<b>-</b>	<b>(8,906,902)</b>	<b>(9,478,315)</b>
<b>NET ASSETS</b>		<b>27,410,221</b>	<b>20,346,319</b>	<b>7,063,902</b>	<b>27,361,927</b>
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
<b>TOTAL RESERVES</b>		<b>27,410,221</b>	<b>20,346,319</b>	<b>7,063,902</b>	<b>27,361,927</b>

The financial statements on pages 13 to 29 were approved by the Trustees on 20<sup>th</sup> 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**

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	<b>Revenue reserve £</b>	<b>Permanent endowment £</b>	<b>Total £</b>
<b>BALANCE AT 1 JANUARY 2020</b>	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	-
<b>BALANCE AT 31 DECEMBER 2020</b>	<u>25,001,148</u>	<u>2,409,073</u>	<u>27,410,221</u>

	<b>Revenue reserve £</b>	<b>Permanent endowment £</b>	<b>Total £</b>
<b>BALANCE AT 1 JANUARY 2019</b>	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	-
<b>BALANCE AT 31 DECEMBER 2019</b>	<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 £
<b>NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES</b>	<b>A</b>	<b>270,806</b>	<b>(10,197,665)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Interest received		143,797	142,638
Interest paid		(195,267)	(214,392)
Housing loan (repaid)/ received		(434,746)	(416,626)
		<b>(486,216)</b>	<b>(488,380)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
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)
		<b>(548,558)</b>	<b>10,901,942</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>		<b>(763,968)</b>	<b>215,897</b>
Cash and cash equivalents at the beginning of the year		<b>7,220,129</b>	<b>7,004,232</b>
Cash and cash equivalents at the end of the year		<b>6,456,161</b>	<b>7,220,129</b>

**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	<b>270,806</b>	<b>(10,197,665)</b>

## LENCH'S TRUST

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

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#### 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
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Motor vehicles	5 years
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## LENCH'S TRUST

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

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**(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 31<sup>st</sup> 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

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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

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**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) £
<b>Income and expenditure from lettings (note 3a)</b>	<b>1,771,139</b>	<b>(1,142,135)</b>	<b>629,004</b>
<b>Other income and expenditure</b>			
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)
<b>Total</b>	<b>2,134,444</b>	<b>(2,111,918)</b>	<b>22,526</b>

**2019**

	Turnover £	Operating costs £	Operating surplus/ (deficit) £
<b>Income and expenditure from lettings (note 3a)</b>	<b>1,763,191</b>	<b>(1,347,282)</b>	<b>415,909</b>
<b>Other income and expenditure</b>			
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)
<b>Total</b>	<b>2,341,787</b>	<b>(2,233,045)</b>	<b>108,742</b>



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

**3a. PARTICULARS OF INCOME AND EXPENDITURE FROM LETTINGS**

	<b>2020</b>	2019
	<b>£</b>	<b>£</b>
<i>Income from lettings</i>		
Housing contributions receivable net of voids - rented	<b>1,544,368</b>	1,523,651
- shared ownership	<b>61,900</b>	75,349
Other housing rent	<b>49,540</b>	48,860
Amortisation of SHG	<b>115,331</b>	115,331
	<u><b>1,771,139</b></u>	<u>1,763,191</u>
<i>Expenditure from lettings</i>		
Housing accommodation:		
Services	<b>124,585</b>	116,297
Management	<b>389,316</b>	393,651
Depreciation of housing properties	<b>426,734</b>	391,287
Repairs and maintenance	<b>201,500</b>	446,047
	<u><b>1,142,135</b></u>	<u>1,347,282</u>
Total housing operating costs	<u><b>1,142,135</b></u>	<u>1,347,282</u>
Operating surplus from lettings	<u><b>629,004</b></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**

	<b>2020</b>	2019
	<b>£</b>	<b>£</b>
Investment income	<b>72,556</b>	79,039
Bank interest	<b>71,241</b>	63,599
	<u><b>143,797</b></u>	<u>142,638</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

<b>5.</b>	<b>SURPLUS/ (DEFICIT) ON DISPOSAL OF FIXED ASSETS</b>	<b>2020</b>	<b>2019</b>
		<b>£</b>	<b>£</b>
	Surplus on sale of quoted investments	<b>66,968</b>	48,010
	Deficit on disposal of other fixed assets	<b>(32,191)</b>	(6,599)
		<b>34,777</b>	<b>41,411</b>
<b>6.</b>	<b>INTEREST AND FINANCING COSTS</b>	<b>2020</b>	<b>2019</b>
		<b>£</b>	<b>£</b>
	Bank loans not wholly repayable within five years	<b>195,267</b>	214,392
<b>7.</b>	<b>SURPLUS ON ORDINARY ACTIVITIES</b>	<b>2020</b>	<b>2019</b>
		<b>£</b>	<b>£</b>
	Surplus on ordinary activities is stated after charging/(crediting):		
	Depreciation of fixed assets	<b>455,870</b>	436,179
	Amortisation of Government grants	<b>(115,331)</b>	(115,331)
	Auditor's remuneration:		
	In their capacity as auditor	<b>9,600</b>	9,600
	Other services	<b>4,310</b>	4,679
<b>8.</b>	<b>STAFF COSTS</b>	<b>2020</b>	<b>2019</b>
		<b>£</b>	<b>£</b>
	Salaries	<b>872,275</b>	804,165
	Social security costs	<b>61,345</b>	55,748
	Other pension costs	<b>62,445</b>	57,553
		<b>996,065</b>	<b>917,466</b>
	Average number of full time equivalent persons employed during the year:	<b>Number</b>	<b>Number</b>
	Office	<b>7</b>	9
	Other scheme staff	<b>12</b>	8
	Care team	<b>16</b>	15
	Catering team	<b>3</b>	4
	Total employees	<b>38</b>	<b>36</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 December 2020**

**9. CHIEF EXECUTIVE'S EMOLUMENTS**

	<b>2020</b>	2019
	<b>£</b>	£
Chief executive's emoluments	<b>70,614</b>	69,433

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

The highest paid employee	<b>70,614</b>	69,433
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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**

	<b>Completed</b>	<b>Shared</b>	<b>Total</b>
	<b>£</b>	<b>ownership</b>	<b>£</b>
		<b>£</b>	
<b>COST</b>			
At 1 January 2020	17,183,444	1,163,624	18,347,068
Additions	383,392	-	383,392
Re-purchase of 1 <sup>st</sup> Tranche		198,375	198,375
Shared ownership transfers	456,500	(456,500)	-
Disposals	(88,622)	(33,750)	(122,372)
At 31 December 2020	<b>17,934,714</b>	<b>871,749</b>	<b>18,806,463</b>
Less:			
<b>DEPRECIATION</b>			
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)
At 31 December 2020	<b>3,159,601</b>	<b>150,333</b>	<b>3,309,934</b>
<b>NET BOOK VALUE</b>			
At 31 December 2020	<b>14,775,113</b>	<b>721,416</b>	<b>15,496,529</b>
At 31 December 2019	14,383,297	999,782	15,383,169

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)**

	<b>2020</b>	2019
	£	£
<b>COST OR NET BOOK VALUE</b>		
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 31<sup>st</sup> December 2019 by Savills and Trustees have reviewed these valuations at 31<sup>st</sup> December 2020 and have concluded that they are still appropriate.

**12. FIXED ASSETS – Listed investments**

	<b>2020</b>	2019
	£	£
<b><u>Income and Capital</u></b>		
Cost:		
At 1 January 2020	<b>2,070,199</b>	1,970,493
Additions	<b>464,594</b>	372,386
Disposals	<b>(362,647)</b>	(272,680)
	<u><b>2,172,146</b></u>	<u>2,070,199</u>
At 31 December 2020	<u><b>2,172,146</b></u>	<u>2,070,199</u>

	<b>Cost</b>		<b>Market value</b>	
	<b>2020</b>	2019	<b>2020</b>	2019
	£	£	£	£
British Government fixed interest investments	<b>29,176</b>	54,184	32,217	54,309
Other listed investments	<b>2,142,972</b>	2,016,018	3,333,611	3,167,111
	<u><b>2,172,148</b></u>	<u>2,070,202</u>	<u>3,365,828</u>	<u>3,221,420</u>
Total investments	<u><b>2,172,148</b></u>	<u>2,070,202</u>	<u>3,365,828</u>	<u>3,221,420</u>

	<b>2020</b>	2019
	£	£
<b>Market Value:</b>		
At 1 January 2020	<b>3,221,420</b>	2,679,613
Add: Additions to investment at cost	<b>464,594</b>	372,386
Less: Disposals at carrying value	<b>(362,647)</b>	(272,680)
Add: Change in fair value of investments	<b>42,461</b>	442,101
	<u><b>3,365,828</b></u>	<u>3,221,420</u>
At 31 December 2020	<u><b>3,365,828</b></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 £
<b>COST</b>				
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	<b>238,714</b>	<b>533,865</b>	<b>19,305</b>	<b>791,884</b>
<b>DEPRECIATION</b>				
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	<b>19,645</b>	<b>426,834</b>	<b>19,305</b>	<b>465,784</b>
<b>NET BOOK VALUE</b>				
At 31 December 2020	<b>219,069</b>	<b>107,031</b>	<b>-</b>	<b>326,100</b>
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
	<b>6,260,980</b>	<b>6,913,665</b>

**15. DEBTORS**

	2020 £	2019 £
<i>Income fund</i>		
Housing contribution arrears	83,228	148,037
Prepayments and other debtors	118,913	106,205
	<b>202,141</b>	<b>254,242</b>

## 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 £
<b>Housing loans</b>		
Lloyds Bank loan	3,662,238	4,118,319
<b>Total housing loans</b>	<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>
<b>Analysis of Housing loans:</b>		
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:

	<b>2020</b>	2019
	£	£
<b>Financial assets</b>		
Measured at fair value through Statement of Comprehensive Income		
• Listed investments (see note 12)	<b>3,365,828</b>	3,221,420
	<b>2020</b>	2019
	£	£
<b>Financial liabilities</b>		
Measured at amortised cost		
• Loans payable (see notes 17 & 18)	<b>4,119,964</b>	4,554,710
Measured at undiscounted amount payable	<b>92,162</b>	105,201
• Trade and other creditors (see note 17)		

**19. DEFERRED INCOME – GOVERNMENT GRANTS**

	<b>2020</b>	2019
	£	£
At 1 January 2020	<b>5,475,328</b>	5,590,659
Grants receivable		
Amortisation to statement of comprehensive income	<b>(115,331)</b>	(115,331)
At 31 December 2020	<b>5,359,997</b>	5,475,328
<b>Due &lt; 1 year</b>	<b>115,331</b>	115,331
<b>Due &gt; 1 year</b>	<b>5,244,666</b>	5,359,997

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:

	<b>2020</b>	2019
	<b>Number</b>	Number
Supported Housing (Extra Care)	<b>84</b>	80
Housing for older people	<b>88</b>	88
Shared ownership	<b>11</b>	15
	<hr/>	<hr/>
<b>Total units owned and managed</b>	<b>183</b>	183
	<hr/> <hr/>	<hr/> <hr/>

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:

	<b>2020</b>	2019
	<b>£</b>	£
Payments due: -		
Within one year	<b>16,971</b>	2,101
Between one and five years	<b>46,613</b>	2,822
	<hr/>	<hr/>
	<b>63,585</b>	4,923
	<hr/> <hr/>	<hr/> <hr/>

**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

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By:	Jean-Luc Priez (jean-lucp@lenchs-trust.co.uk)
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