

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
	<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 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)
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	2,351,690	2,142,972	3,766,745	3,333,611
	<u>2,373,190</u>	<u>2,172,148</u>	<u>3,788,900</u>	<u>3,365,828</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	222,028	42,461
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

	Office premises £	Office and accommodation equipment £	Motor vehicles £	Total £
COST				
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	<u>238,714</u>	<u>562,528</u>	<u>19,305</u>	<u>820,547</u>
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	<u>24,419</u>	<u>452,842</u>	<u>19,305</u>	<u>496,566</u>
NET BOOK VALUE				
At 31 December 2021	<u>214,295</u>	<u>109,686</u>	<u>-</u>	<u>323,981</u>
At 31 December 2020	<u>219,069</u>	<u>107,031</u>	<u>-</u>	<u>326,100</u>
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	<u>5,653,682</u>	<u>6,198,598</u>
	<u>5,730,426</u>	<u>6,260,980</u>

15. DEBTORS

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

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>
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	1,077,126	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.