

Registered number: 7860164

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

Financial Statements

For year ended 31 December 2022

LENCH'S TRUST

INDEX

	Page
Trust Information	1
Strategic Report	2
Board Report	8
Statement of Comprehensive Income	14
Statement of Financial Position	15
Statement of Changes in Reserves	16
Statement of Cash Flows	17-18
Notes to the Financial Statements	19

LENCH'S TRUST

TRUST INFORMATION

TRUSTEES

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

CHIEF EXECUTIVE

Jean-Luc Priez

REGISTERED OFFICE

William Lench Court
80 Ridgacre Road
Quinton
Birmingham
B32 2AQ

REGULATOR OF SOCIAL HOUSING NO.

A2074

REGISTERED CHARITY NO.

1145847

COMPANIES HOUSE REGISTERED NO.

7860164

AUDITOR

Mazars LLP
2 Chamberlain Square
Birmingham
B3 3AX

BANKERS

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

INVESTMENT ADVISORS

Evelyn Partners
103 Colmore Row
Birmingham
B3 3AG

LENCH'S TRUST

STRATEGIC REPORT

TRUSTEES

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

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

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

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

Our capacity and occupancy on 31 December 2022 was: -

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

FUTURE DEVELOPMENTS

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

LENCH'S TRUST – CHAIRMAN'S REPORT

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

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

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

LENCH'S TRUST

STRATEGIC REPORT

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

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

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

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

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

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

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

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

Finance Report 2022

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

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

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

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

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

Investment Properties

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

LENCH'S TRUST

STRATEGIC REPORT

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

Wellbeing of residents

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

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

Our Heritage

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

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

VALUE FOR MONEY (VFM) & BENCHMARKING

Introduction

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

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

Achieving VFM

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

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

Benchmarking

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

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

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

Quality Performance

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

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

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

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

LENCH'S TRUST

STRATEGIC REPORT

FINANCIAL REPORT 2022

FIXED ASSETS

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

CURRENT ASSETS

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

CREDITORS

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

FUNDS

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

RESERVES POLICY

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

STATEMENT OF COMPREHENSIVE INCOME

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

INVESTMENT POLICY

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

INFLATION AND COST-OF-LIVING CRISIS

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

GOING CONCERN

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


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

LENCH'S TRUST

STRATEGIC REPORT

On this basis, the Board has a reasonable expectation that Lench's Trust has adequate resources to continue in operational existence for the foreseeable future, being a period of twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

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

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

A Malik
Chairman

LENCH'S TRUST

STRATEGIC REPORT

INTERNAL FINANCIAL CONTROL

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

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

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

COMPLIANCE WITH THE REGULATOR'S GOVERNANCE AND FINANCIAL VIABILITY STANDARD

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

CODE OF GOVERNANCE

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

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

RISK MANAGEMENT

Refer to strategic report page 2.

FUTURE DEVELOPMENTS

Refer to strategic report pages 2 and 3.

TRUSTEES

The Trustees are as set out on page 1.

TRUSTEES RESPONSIBILITIES

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

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

LENCH'S TRUST

STRATEGIC REPORT

TRUSTEES' LIABILITY INDEMNITY

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

DISCLOSURE OF INFORMATION TO THE AUDITOR

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

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

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

A Malik
Chairman

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

Opinion

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

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Board with respect to going concern are described in the relevant sections of this report.

Other information

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

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

We have nothing to report in this regard.

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Boards' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Board

As explained more fully in the Trustees' responsibilities statement set out on page 8, the Board are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

INDEPENDENT AUDITOR'S REPORT

For the year ended 31 December 2022

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

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

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

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

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

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

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

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

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

LENCH'S TRUST

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

Use of the audit report

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

~~David Hoose~~

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

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

Chartered Accountants and Statutory Auditor

2 Chamberlain Square

Birmingham

B3 3AX

Date: Jun 27, 2023

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

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

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



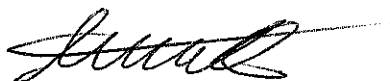
A Malik - Chairman

LENCH'S TRUST

STATEMENT OF FINANCIAL POSITION
AT 31 December 2022

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

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



A Malik - Chairman

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

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

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

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

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

LENCH'S TRUST

STATEMENT OF CASH FLOWS
For the year ended 31 December 2022

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

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

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

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

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

Prior year restatement

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. ACCOUNTING POLICIES

(a) Basis of accounting

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

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

(b) Going Concern

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

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

On this basis, the Board has a reasonable expectation that Lench's Trust has adequate resources to continue in operational existence for the foreseeable future, being a period of twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

(c) Turnover

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

(d) Capital fund

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

(e) Income fund

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

(f) Recognition of housing properties and other fixed assets

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

(g) Depreciation

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

Freehold land	Not depreciated
Housing properties	100 or 50 years

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

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

LENCH'S TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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

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

(h) Impairment of social housing properties

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

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

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

(i) Works to existing properties

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

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

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

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

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

(k) Investments

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

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

(l) Investment properties

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

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

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

(m) Operating leases

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

(n) Interest and financing costs

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

(o) Pensions

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

(p) Shared ownership properties

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

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

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

(q) Cash and cash equivalents

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

(r) Financial instruments

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

Financial assets carried at amortised cost

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

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

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

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

Financial liabilities carried at amortised cost

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

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

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

LENCH'S TRUST

STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

Financing transactions

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

(s) Holiday pay accrual

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

2. SIGNIFICANT MANAGEMENT JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Significant management judgements

Depreciation and residual values.

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

Provisions and accruals

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

Estimation uncertainty

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

Investment property valuation

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

LENCH'S TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

3. TURNOVER AND OPERATING COSTS

2022

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

2021

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

LENCH'S TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

3a. PARTICULARS OF INCOME AND EXPENDITURE FROM LETTINGS

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

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

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

4. FINANCE INCOME

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

LENCH'S TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

5. SURPLUS ON DISPOSAL OF FIXED ASSETS

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

6. INTEREST AND FINANCING COSTS

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

7. SURPLUS ON ORDINARY ACTIVITIES

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

8. STAFF COSTS

	2022 £	2021 £
Wages and salaries	939,126	865,719
Social security costs	73,129	65,031
Other pension costs	74,030	65,346
	<u>1,086,285</u>	<u>996,096</u>
Average number of full-time equivalent persons employed during the year:		
	Number	Number
Office	7	7
Other scheme staff	8	12
Care team	18	14
Catering team	3	3
Total employees	<u>36</u>	<u>36</u>

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

LENCH'S TRUST

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

9. CHIEF EXECUTIVE'S EMOLUMENTS

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

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

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

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

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

10. FIXED ASSETS – Housing properties

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

All housing properties are freehold.

LENCH'S TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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

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

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

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

12. FIXED ASSETS – Listed investments

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

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

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

LENCH'S TRUST

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

13. OTHER PROPERTY, PLANT & EQUIPMENT

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

14. CURRENT ASSET INVESTMENTS

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

15. DEBTORS

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

LENCH'S TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

16. STOCK

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

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

17. CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR)

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

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

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

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

LENCH'S TRUST

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

19. FINANCIAL INSTRUMENTS

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

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

20. DEFERRED INCOME – GOVERNMENT GRANTS

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

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

21. ACCOMMODATION IN MANAGEMENT

At the year end accommodation in management was as follows:

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

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

LENCH'S TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

22. LEGISLATIVE PROVISIONS

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

23. RELATED PARTY TRANSACTIONS

There are no related party transactions to report.

24. OPERATING LEASE COMMITMENTS

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

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

25. PENSION COMMITMENTS

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

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