

Registered number: 7860164

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

**Financial Statements**

**For year ended 31 December 2023**

**LENCH'S TRUST**

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## **LENCH'S TRUST**

### **TRUST INFORMATION**

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#### **TRUSTEES**

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

#### **CHIEF EXECUTIVE**

Dominic Bradley

#### **REGISTERED OFFICE**

William Lench Court  
80 Ridgacre Road  
Quinton  
Birmingham  
B32 2AQ

#### **REGULATOR OF SOCIAL HOUSING NO.**

A2074

#### **REGISTERED CHARITY NO.**

1145847

#### **COMPANIES HOUSE REGISTERED NO.**

7860164

#### **AUDITOR**

Forvis Mazars LLP  
2 Chamberlain Square  
Birmingham  
B3 3AX

#### **BANKERS**

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

#### **INVESTMENT ADVISORS**

Evelyn Partners  
103 Colmore Row  
Birmingham  
B3 3AG

## LENCH'S TRUST

### STRATEGIC REPORT

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#### TRUSTEES

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

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

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

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

Our capacity and occupancy on 31 December 2023 was: -

	Units of accommodation	Number of residents
Lench's Close	64	66
Tanner's Close	24	25
William Lench Court	95	107
	<hr/>	<hr/>
	183	198
	<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 approved a 5-year capital programme in 2023, which included the development of our property in Highgate, which is occupied by St Basil's, they have told us they will service notice later this year, which will bring the property back to us in January 2025. The development proposed will add 21 properties to the Trust's housing stock, none of which will be shared ownership and will be in a different part of the City to our current locations and is due to be completed by January 2026.

#### LENCH'S TRUST – CHAIRMAN'S REPORT

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

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

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

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

## LENCH'S TRUST

### STRATEGIC REPORT

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

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

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

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

#### Finance Report 2023

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

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

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

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

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

#### Investment Properties

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

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

#### Wellbeing of residents

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

## **LENCH'S TRUST**

### **STRATEGIC REPORT**

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

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

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

### **VALUE FOR MONEY (VFM) & BENCHMARKING**

#### **Introduction**

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

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

#### **Achieving VFM**

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

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

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

#### **Benchmarking**

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

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

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

#### **Quality Performance**

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

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

# LENCH'S TRUST

## STRATEGIC REPORT

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

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

## **LENCH'S TRUST**

### **STRATEGIC REPORT**

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#### **FINANCIAL REPORT 2023**

##### **FIXED ASSETS**

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

##### **CURRENT ASSETS**

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

##### **CREDITORS**

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

##### **FUNDS**

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

##### **RESERVES POLICY**

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

##### **STATEMENT OF COMPREHENSIVE INCOME**

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

##### **INVESTMENT POLICY**

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

##### **GOING CONCERN**

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

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



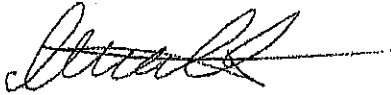
## LENCH'S TRUST

### STRATEGIC REPORT

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

Approved by the Trustees on 20<sup>th</sup> June 2024  
and signed on their behalf by

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

A Mallik  
Chairman

## **LENCH'S TRUST**

### **STRATEGIC REPORT**

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#### **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

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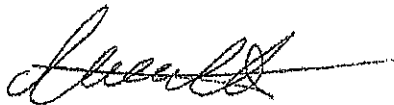
#### TRUSTEES' LIABILITY INDEMNITY

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 20<sup>th</sup> June 2024  
and signed on their behalf by



A Malik  
Chairman

## LENCH'S TRUST

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

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#### Opinion

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

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

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

#### Basis for opinion

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

#### Conclusions relating to going concern

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

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

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

#### Other information

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

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

We have nothing to report in this regard.

## **LENCH'S TRUST**

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

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#### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

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

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

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

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

#### **Responsibilities of Board**

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

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

#### **Auditor's responsibilities for the audit of the financial statements**

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

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

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

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

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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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

LENCH'S TRUST

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

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Use of the audit report

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



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

Chartered Accountants and Statutory Auditor

2 Chamberlain Square

Birmingham

B3 3AX

Date: 25 JUNE 2024

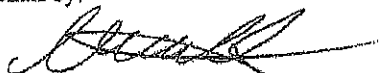
LENCH'S TRUST

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 December 2023

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

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



A Malik - Chairman

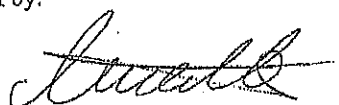


# LENCH'S TRUST

## STATEMENT OF FINANCIAL POSITION AT 31 December 2023

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

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



A Malik - Chairman

# LENCH'S TRUST

## STATEMENT OF CHANGES IN RESERVES AT 31 December 2023

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

	Revenue reserve £	Permanent endowment £	Total £
<b>BALANCE AT 1 JANUARY 2022</b>	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	-
<b>BALANCE AT 31 DECEMBER 2022</b>	<u>25,303,409</u>	<u>2,691,108</u>	<u>27,994,517</u>

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

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

# LENCH'S TRUST

## STATEMENT OF CASH FLOWS For the year ended 31 December 2023

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

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

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

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

For the year ended 31 December 2023

**ANALYSIS OF CHANGES IN NET DEBT**

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

## LENCH'S TRUST

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

#### 1. ACCOUNTING POLICIES

##### (a) Basis of accounting

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

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

##### (b) Going Concern

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

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

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

##### (c) Turnover

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

##### (d) Capital fund

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

##### (e) Income fund

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

##### (f) Recognition of housing properties and other fixed assets

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

##### (g) Depreciation

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

Freehold land	Not depreciated
Housing properties	100 or 50 years

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

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

## LENCH'S TRUST

### STATEMENT TO CASH FLOWS

For the year ended 31 December 2023

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Windows & Doors                      20 years

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

Office premises                      30 years

Office equipment                      5 years

Accommodation equipment                      5 years

Motor vehicles                      4 years

**(h) Impairment of social housing properties**

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

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

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

**(i) Works to existing properties**

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

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

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

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

**(k) Investments**

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

**(l) Investment properties**

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

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

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

**(m) Operating leases**

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

## LENCH'S TRUST

### STATEMENT TO CASH FLOWS

For the year ended 31 December 2023

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(n) **Interest and financing costs**

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

(o) **Pensions**

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

(p) **Shared ownership properties**

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

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

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

(q) **Cash and cash equivalents**

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

(r) **Financial instruments**

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

*Financial assets carried at amortised cost*

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

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

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

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

*Financial liabilities carried at amortised cost*

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

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

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

**LENCH'S TRUST**

**STATEMENT TO CASH FLOWS**  
**For the year ended 31 December 2023**

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*Financing transactions*

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

**(s) Holiday pay accrual**

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



**2. SIGNIFICANT MANAGEMENT JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

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

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

**Significant management judgements**

Depreciation and residual values

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

Provisions and accruals

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

Estimation uncertainty

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

Investment property valuation

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

# LENCH'S TRUST

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

### 3. TURNOVER AND OPERATING COSTS

2023

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

2022

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

# LENCH'S TRUST

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

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

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

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

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

### 4. FINANCE INCOME

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

# LENCH'S TRUST

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 5. SURPLUS ON DISPOSAL OF FIXED ASSETS

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

### 6. INTEREST AND FINANCING COSTS

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

### 7. SURPLUS ON ORDINARY ACTIVITIES

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

### 8. STAFF COSTS

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

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

LENCH'S TRUST

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

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

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

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

12. FIXED ASSETS – Listed investments

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

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

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

# LENCH'S TRUST

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

### 9. CHIEF EXECUTIVE'S EMOLUMENTS

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

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

The highest paid employee	78,931	73,167
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The Chief Executive is classified as key management personnel and is a member of the Trust's defined contribution pension scheme on the same terms as all other employees, no special terms apply.

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

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

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

### 10. FIXED ASSETS – Housing properties

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

All housing properties are freehold.

LENCH'S TRUST

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

13. OTHER PROPERTY, PLANT & EQUIPMENT

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

14. CURRENT ASSET INVESTMENTS

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

15. DEBTORS

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

# LENCH'S TRUST

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 16. CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR)

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

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

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

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



# LENCH'S TRUST

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

### 18. FINANCIAL INSTRUMENTS

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

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

### 19. DEFERRED INCOME – GOVERNMENT GRANTS

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

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

### 20. ACCOMMODATION IN MANAGEMENT

At the year end accommodation in management was as follows:

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

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

## LENCH'S TRUST

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

#### 21. LEGISLATIVE PROVISIONS

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

#### 22. RELATED PARTY TRANSACTIONS

There are no related party transactions to report.

#### 23. OPERATING LEASE COMMITMENTS

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

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

#### 24. PENSION COMMITMENTS

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

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