



**TRUSTEES ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2022**

**Company Registration Number: 08075329 (England and Wales)**  
**Registered Charity Number: 1147794**  
**RSH Registration 4841**

<b>CONTENTS</b>	<b>Page</b>
<b>Trustees' Annual Report</b>	<b>1 - 13</b>
<b>Independent Auditor's Report</b>	<b>14 - 16</b>
<b>Statement of Financial Activities</b>	<b>17</b>
<b>Balance Sheet</b>	<b>18</b>
<b>Statement of Cash Flows</b>	<b>19 - 20</b>
<b>Notes to the Financial Statements</b>	<b>21 – 33</b>

## TRUSTEES' ANNUAL REPORT

## FOR THE YEAR ENDED 31 MARCH 2022

The Trustees present their report and financial statements for the year ended 31 March 2022. The report, which constitutes a trustees' report for the purposes of charity legislation and a directors' report for the purposes of company legislation, has been prepared in accordance with Part VIII of the Charities Act 2011.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 and comply with the charitable company's Memorandum and Articles of Association, applicable laws, the Companies Act 2006 and the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" SORP 2015 (FRS 102) (Second bulletin effective January 2019) and the requirements of the Statement of Recommended Practice (SORP) Accounting by Registered Social Housing Providers.

## Reference and Administrative Information

## Constitution

The charitable company is governed by its Memorandum and Articles of Association. The members of the Board of Trustees are the company's directors and trustees of the Charity. The Trustees who held office during the year under review and up to the date of this report are as follows

## Trustees

Mr Simon Hall	Chair
Ms Emma Butterworth	
Rev Desmond Patrick Connors	Appointed 16 July 2021
Ms Laura Curtis	Appointed 11 November 2021
Mr Patrick Davis	Resigned 31 December 2021
Mrs Emer Delaney	
Mrs Caesar Gordon	Resigned 30 May 2021
Mr Andrew Haines	Resigned 31 December 2021
Mrs Cate Kirkbride	
Mr Graeme McLean	
Mr Joseph Ogundermuren	Appointed 8 May 2022
Mr Anil Sharma	Appointed 30 September 2021
Mr Charles Abel Smith	
Mr Matthew Williams	Resigned 22 April 2022

We have supported the operation of the following Sub-Committees:

- |  |                                      |
|--|--------------------------------------|
| 1. Finance, Audit, Governance, and Risk Sub-Committee            | 2. People & Culture Sub-Committee    |
| 3. Executive Sub-Committee                                       | 4. Premises Management Sub-Committee |
| 5. Frontline Services Quality Assurance and Impact Sub-Committee | 6. Values Sub-Committee              |

## Principal Address

Caritas Anchor House  
81 Barking Road  
Canning Town  
London E16 4HB

**Auditor:** Haysmacintyre LLP, 10 Queen Street Place, London, EC4R 1AG

**Solicitors:** Bates Wells, 10 Queen Street Place, London, EC4R 1BE

**Bankers:** Barclays, UK Banking, 1 Churchill Place, London E14 5HP and NatWest, 1-11 The Broadway, London, E15 4DX

## About Us

Caritas Anchor House (CAH) is a homelessness charity, and for nearly 60 years has provided a safe place and support for people to rebuild their lives. We are based in the London Borough of Newham which has the highest levels of homelessness per capita in the country.

During the last year we have reflected on our purpose and our values and alongside our team, our residents and many other stakeholders to our work, we have created a new mission statement and a core set of values which will guide our work going forward.

**Our mission** is to build hope, enable lasting change and end homelessness for people in East London.

**Our values** guide our interactions and decision-making processes at all levels within the organisation. They are:

**Compassion** - we care about people, value their views and experiences and put them at the heart of all we do.

**Inclusion** - we celebrate diversity, promote inclusivity and respect, and challenge inequality.

**Growth** - we support people to breakthrough barriers and fulfil their hopes and potential.

**Collaboration** - we're stronger and can have a bigger impact when we work in partnerships and build alliances.

Our service combines the provision of a safe place to live for vulnerable adults experiencing homelessness, with in-house delivery focusing on physical and mental health, complex health issues, education, employment, financial literacy and tenancy sustainment. Each person who walks through our doors receives a full assessment of their needs and a bespoke programme of in-house and external services created to best prepare that individual for independent living.

We are proud to act as a beacon of hope for the growing number of residents we are now able to support. In the year ending 31st March 2022, we accommodated and supported 374 people, and helped 129 people to move on positively from our services, leaving homelessness behind them.

One of our residents this year, Dulce, shared her story with us,

*'Just over a year ago, I was sleeping rough on the streets. It was an awful and terrifying time for me. I remember many times fearing for my own safety. There were many nights when I would have to hide from people. I was ashamed to show my face at the time. I was so scared that I had to sleep in the bushes in parks to hide. So many people would judge me, call me names and shout horrible things at me.*

*Luckily, I moved into Caritas Anchor House soon after this terrible experience on the streets. I remember relief as I stepped into my room, as I knew that I would be safe that evening. I have now started to notice myself smile which hadn't happened in so long. It's amazing what can happen if you are in a safe and positive place surrounded by smiley faces. Here at Caritas Anchor House, I've always got someone to speak to when I am feeling down. My keyworker Tristan is a wonderful person. Whenever I am unsure what to do, he is there to guide me and point me in the right direction. The people here have helped me so much.*

*I'll be honest. Sometimes I still feel depressed, but now when I feel down I know I can go to my balcony outside my room, and I don't have to hide in dangerous parks anymore. I still get nightmares and flashback to my experience on the streets, but they are starting to become less frequent. I am taking things slowly, but one step at a time I am getting better and feeling more positive. I have been given everything I need here at Caritas Anchor House, now I finally feel like I am in control.'*

**Structure, Governance & Management**

CAH is a registered charity and company limited by guarantee as well as a Registered Provider of Social Housing. We are regulated by a number of bodies, including the Charity Commission, Companies House, the Fundraising Regulator and the Regulator of Social Housing.

In the prior year ended 31 March 2021, the Trustees completed a review of the Charity's compliance with both of the recently updated Charity Code of Governance and the National Housing Federation's Code of Governance. This review concluded that we are fundamentally operating in line with both Codes, and has provided us with a helpful range of recommendations to further improve our approach around governance which we are now working to implement.

Our Trustees meet on a quarterly basis to review the performance of the organisation and plan for the future. The professional backgrounds of the Trustees include financial management, business planning, charity management, social enterprise, human resources and diversity, law, risk management, social care and community involvement, marketing and investment banking.

The day to day running of the Charity is delegated to the Chief Executive and Strategic Management Team ('SMT'). Our SMT is led by our Chief Executive, Amanda Dubarry, who joined us in March 2018 and has an extensive background in the homelessness sector. She was joined by both John Lowery, Director of Frontline Services, and Siva Selliah, Finance Director, in 2018, both of whom come to us with many years' experience in the housing and care sectors. In June 2020 a fourth member of the senior team, Craig Hardaker, joined as our Director of People, bringing with him a strong background in the charity sector.

Key management remuneration is set by the Trustees by reference to the degree of seniority and responsibility of the post, by benchmarking against similar roles in charities of similar size and complexity and in the light of performance appraisal.

**Trustee recruitment, induction and training**

The support of our Trustees is vitally important in ensuring we deliver the best possible service to those in need, and in raising awareness and support for the essential and life changing work that CAH provides.

Between autumn 2021 and summer 2022, three new trustees joined our Board which enabled us to broaden our Board skillset, the diversity of trustee membership and to meet identified skills gaps. In addition, we entered into an innovative new development programme, our Next Generation Trustee Programme, to help us to prepare a group of diverse future trustees, working in partnership with the Housing Diversity Network.

All new trustees are provided with a trustee induction pack and induction process, and are encouraged and supported to attend specialist training relating to the roles and responsibilities of a charity trustee, including safeguarding.

**Objectives & Activities**

Caritas Anchor House's objects contained in its Memorandum and Articles of Association are "to further the general charitable works of the Roman Catholic Church by providing services and facilities for the relief of poverty and suffering, the advancement of education, the promotion of social justice and other charitable acts which promote the development of all individuals and communities in need for the public benefit of people of all faiths and none."

We provide supported accommodation to 229 people experiencing homelessness in the London Borough of Newham at any one time, and support them to move on and break the cycle of homelessness for good. We do this by:

- Providing a safe place - to make sure that people experiencing homelessness have somewhere safe to stay as they begin to rebuild their lives



- Offering support - to encourage and enable people to build a better future for themselves, through the provision of personalised support, educational and life skills opportunities
- Building resilience – to build networks of support, and empower people to navigate services with confidence and be a proactive member of their community outside of and beyond life at Caritas Anchor House.

Our frontline teams work directly with residents during their time at Caritas Anchor House. Each resident, is assigned a keyworker who will guide them through their stay, and supports them to access a holistic service offering relating to health and wellbeing, education and employability, financial management and securing and sustaining new tenancies. Residents can participate in training, workshops and activities including money management training, English as a Second Language, mindfulness sessions, counselling, CV workshops and events. Our goal for each resident is for them to move on from our services with the skills to navigate their next chapters with confidence and to sustain their accommodation and independence long term.

### **Public benefit**

The Trustees confirm that they have complied with the duty in Section 17 of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit "Charities and Public Benefit" in the exercise of their powers and responsibilities as detailed in the Articles of Association and under charity law.

### **Value for Money**

The Charity is always conscious of the need to provide value for money to our users and stakeholders. As a registered provider of social housing with the Regulator of Social Housing ('RSH'), we are committed to delivering value for money and continuing to meet the RSH's Value for Money Standard. Our rental and housing related support levels are set in consultation with London Borough of Newham, to ensure that they, as the principal commissioners of our services, feel that they are receiving such value. We regularly review our performance and the way we work to continue developing the impact of services and using resources in the most effective and efficient way.

### **Metric 1 – Reinvestment %**

This metric looks at the investment in properties (existing stock as well as new supply) as a percentage of the value of total properties held.

There has been a new supply of 15 units added to Anchor House (Hope Street project). The percentage reflects investment in this project and work on existing properties (capitalised maintenance costs).

The charity's metric for reinvestment for the year was 6.07% (2021: 0.29%)

### **Metric 2 - New supply delivered %**

During the year the Charity has delivered 15 social housing units. This represents 9.68% of the total number of bedspaces owned by the Charity at the end of this financial year. (No units were delivered in the preceding financial year).

### **Metric 3 - Gearing %**

The Charity's property, Anchor House, is owned freehold. The charity has two long term loans, one with NatWest, secured against this property, and the other with Homeless Link. The balance outstanding at 31 March 2022 of £2,187K (2021: £2,262K) represents 10.78% (2021:2.99%) of Housing depreciated value owned by the Charity.

### **Metric 4 - Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included (EBITDA MRI) Interest Cover %**

The charity paid interest of £68K (2021: £61K) in the year in relation to the loan finance referred in metric 3. Interest is therefore covered -20% (2021:1804%) by EBITDA MRI.

The negative interest cover for the year was due to loss of rental income and increase in refurbishment costs due to planned maintenance work on a number of units at Anchor House.

**Metric 5 - Headline social housing cost per unit**

The cost per unit for the year was £19,588 (2021: £25,401). The cost reflects the average cost of housing and support services offered to our residents in the year. The support services vary from low to medium, including services to people sleeping rough and residents with multiple and complex needs.

**Metric 6 - Operating Margin (overall) %**

The operating margin of the Charity as a whole for the year was -7.84% (2021: 18.56%). The negative margin was due to loss of rental income and increase in refurbishment costs due to planned maintenance work on a number of units at Anchor House.

**Metric 7 - Return on capital employed (ROCE) %**

This metric compares the operating surplus to total assets less current liabilities. For the Charity as whole this was -2.58% for the year (2021: 6.17%). The negative ROCE was due to reasons stated in metric 6.

**Fundraising**

Our supporters are incredibly important to us, and we believe in maintaining the highest possible standards when fundraising. We are registered with the Fundraising Regulator and are committed to the Fundraising Promise and working in a way that is compliant with the Code of Fundraising Practice. This report covers the requirements charities must follow as set out in the Charities Act 2016. We keep our fundraising policy and practices under review and ensure that our fundraising meets the standards required in law and reflects best practice, so that our donors can give with confidence.

With the ongoing Covid-19 pandemic, fundraising through in-person events, schools and faith groups continued to be restricted and our focus remained on securing grants, individual donations and gifts in kind. We participated in the Big Give Christmas Challenge 2021, whereby donations made during the online campaign were match-funded, which raised a restricted funding of £31,715 to support residents to move on. We were also grateful to receive many gifts in kind during the year, including food, toiletries and clothing for our residents, and furnishings for their rooms. We also received £17,360 pro-bono project management assistance for our new accommodation units from LandAid.

Despite the challenging environment from a fundraising perspective, and the impact on our usual fundraising activities due to the ongoing Covid-19 pandemic, we raised £1,003,081 income from grants and donations in the year.

It's important to us that everyone we interact with feels free from undue influence when they consider donating. We ensure our fundraisers can recognise signs of potential vulnerability, so they can manage conversations and take action in the most appropriate way.

We acknowledge that people's circumstances change, and we promise to respect and act on information shared if one of our supporters is in a vulnerable situation - we did not receive any such notifications in the financial year. We are also signed up to the Fundraising Preference Service to enable individuals to opt out from receiving fundraising communications from us - we received zero requests from this service during the year.

We promise that we will treat all complaints seriously, investigate them fully and report back transparently and appropriately. Our aim is always for our supporters to have a high-quality experience with us, and we are pleased that we did not receive any complaints about our fundraising, marketing or related communications – done by ourselves or any third parties - in the year.

We did not work with any professional fundraisers or commercial participators, as defined by the Fundraising Regulator. Should this be something we do in the future, we will of course monitor the activities carried out to ensure they meet the same high standards we expect of our own fundraisers, and have any required agreements in place.

## STRATEGIC REPORT

### Achievements and Performance

The context in which we work has become ever more challenging over the last few years. The housing crisis continues to deepen with house prices and rents beyond the reach of many of those living locally, wages remain stagnant, and inflation has begun to soar leading to a cost of living crisis across the country which is hitting those on low incomes the hardest.

In response to these rising needs, we are pleased to report that we started the year with 140 bed-spaces, and ended it with 229 bed-spaces, making Caritas Anchor House the largest provider of supported accommodation for people experiencing homelessness in Newham. Our main site, Anchor House in Canning Town, provides one of the largest hostel services in the country. We now offer seven accommodation services:

- Our Core service at Anchor House, providing 117 rooms and flats for those experiencing homelessness with low to medium level support needs
- Our Complex Needs service at Anchor House, providing 23 rooms for those who have been rough sleeping and have high level support needs
- Our Hope Street service at Anchor House, providing 15 move on 'houses' for people who have been rough sleeping with low to medium support needs
- Our Direct Access Assessment Hub service based in Upton Park for people who have been rough sleeping and are coming straight from the streets
- Our Women's Service in East Ham for women who have been rough sleeping and have high support needs
- Our Launchpad service in Beckton for men who have been rough sleeping and have medium to high support needs. This service runs alongside our accommodation at Bradymead in Beckton for people who have been rough sleeping who have medium to high support needs
- Our Move on Support Service, operating from the Courtney Hotel in Wanstead, supporting people who have been rough sleeping

The growth in our services has been as a result of two successful planned developments during the year:

1. Our partnership with CGL and other local providers which began delivering a range of Integrated Rough Sleeper Support Services on behalf of the London Borough of Newham in September 2021.
2. The opening of our new Hope Street development of fifteen innovative 'houses' for former rough sleepers in our unused 'Barn' warehouse space at Anchor House

In addition to these new supported accommodation services, we also created a new Community Partnerships team this year which oversees our employment support to residents, resident engagement, as well as volunteering, and we have been delighted with the outcomes this team has achieved:

- Research shows that across the UK, an average of 7% of people living in supported housing are in paid employment. At CAH, 68 (18.2%) were in paid employment in the year.
- In the year, we recorded 689 attendances at employment and education sessions, a significant increase of 274% on previous years' activities in this area.
- This improvement was due to the lifting of Covid restriction which enabled us to resume group meetings, in-person meeting, and employing a new full-time Job Coach role to support our residents into employment
- Our Education, Training and Employment service provides a wide range of activities including ESOL, IT, intensive ETE (employment training and education) sessions with our new Job Coach.
- We provided 248 attendances at Community Engagement sessions such as our Resident Sounding Board, the Newham Housing System workshop, and the London's Mayoral Assembly
- 43 volunteers undertook almost 1,000 volunteering hours (986.5 hours).



**TRUSTEES' ANNUAL REPORT (continued)****FOR THE YEAR ENDED 31 MARCH 2022**

Our Trustees regularly review the progress of the organisation, and the main objectives which were achieved during this year to meet our long term strategy were:

- Despite a very challenging economic backdrop and a global health crisis, we were able to maintain our service levels to our stakeholders.
- We achieved a 93% room utilisation rate, housing and supporting 374 people across the year (a 35% increase from the previous year).
- The number of new residents we were able to accommodate has increased due to our expansion from the Integrated Rough Sleepers Support Service (IRSSS) as outlined on page 6, in the 'Achievement and Performance' section.
- Twenty-five percent of our residents were rough sleeping before coming to CAH, and we increased our capacity to accommodate people with No Recourse to Public Fund, who make up many of those who are living on the streets (68 residents accommodated in the year, a 127% increase from the previous year). We are proud to have had a significant impact in reducing local rough sleeping this year.
- Despite the majority of our beds being funded with a low support level service almost one third of the residents we supported in the year (168 people, 28%) had one or more complex needs (issues with substance misuse, mental health, and physical health). We are delighted that we have enabled a great many people with higher levels of needs to access our services to help to transform their life.
- We continued to strengthen our work with residents, supporting 129 of our residents to move on positively from our service during the year:
  - 34 residents moved into their own homes
  - 33 residents moved to our on-site flats
  - 45 residents moved into short-term accommodations, and,
  - 50 moved into medium-long term accommodation (such as supported/sheltered housing, Clearing House lets via St Mungo's).
- 68 residents had a job in the year, of which 34 residents gained new employment
- 91% of our residents sustained their tenancy up to 3 months after leaving the accommodation
- 81% of our residents sustained their tenancy for six months after leaving our services, demonstrating an astonishing eight out of ten of our residents breaking their cycle of homelessness with our support
- Despite the challenging environment from a fundraising perspective, and the impact on our usual fundraising activities due to the ongoing Covid-19 pandemic, we raised £1,003,081 income from grants and donations in the year.
- We are fortunate to have a very talented, dedicated and professional team, and we are delighted that their work was recognised by winning both the Newham Business Awards 2021: Civic & Community Engagement award, and, the East London Community Heroes Awards 2021: Community Group of the Year. We were also finalists in the UK Housing Awards: Homelessness Project of the Year.
- In addition, we are extremely proud that our work as an employer was awarded both the Disability Confident Committed status by the DWP, and the Good Work Standard employer by the GLA.

During the year we have also been active in supporting sector campaigns calling for the government to:

- protect those with No Recourse to Public Funds (NRPF)
- ensure that sleeping rough is no longer a legal ground to remove someone from the UK
- repeal the Vagrancy Act

**COVID-19**

For the second year Covid 19 affected our activities throughout this year.

Our focus continued to be on keeping our people (residents, employees, volunteers and visitors) safe in a public health emergency. Our communal spaces remained largely closed and our doors were shut to visitors and partners.

Alongside these measures we continued to distribute food for all of our residents (who usually self-cater).

We are delighted that none of our residents or colleagues became very ill with the virus, and that we experienced very low levels of infections across our services. We are proud of the way in which we have managed to continue our operations and to adapt our support services to continue to provide vital services to people experiencing homelessness, and pleased that we have managed the crisis well in financial terms.

### **Risk Management**

The Trustees have examined the financial and operational risks which the Charity faces and confirm that systems, controls and review procedures have been established to mitigate exposure to these risks. The Charity has a live Risk Register, and each of the Charity's Sub-Committees reviews relevant risks on a quarterly basis. The full Risk Register is updated following Sub-Committee meetings and reviewed quarterly at full Board meetings.

The principal risks, together with the appropriate mitigation strategies, have been identified as:

- (a) **Inability to service debt finance and on-going cash flow.** Our loan financing is funded through housing benefit and rents at CAH which significantly mitigates this risk. In addition, we have stretching fundraising targets and high performance in this area which is reassuring and further reduces the likelihood of us experiencing cash flow problems.
- (b) **Failure to secure appropriate funding from Trusts, Statutory, Corporate, Community or individual donors, including impact of Covid-19 on fundraising income for core activities.** We have a strong track record of raising good sums of money through fundraising and have retained the key post holders with the experience of achieving this. During the year we appointed two additional fundraising team members, an Individual Giving and Legacy Specialist and a Community and Events Officer, to enable the charity to secure support from a wider range of sources. We monitor budget performance closely and will make decisions to restrict expenditure to match income if required.
- (c) **Reduction in referral / increase in voids levels.** We have had high levels of referrals up until April 2021, but are experiencing increased voids since this time. The flexibility we were keen to offer to commissioners during the pandemic with short term funding arrangements to ensure the safe housing of specific vulnerable groups during lockdown and beyond has created both increased levels of property damage, leading to extended void periods in a number of rooms, and sudden blocks of vacancies, which have been hard to backfill quickly. We are working closely with our referral partners, primarily Newham's Homelessness Prevention and Advice team, and looking to extend referral arrangements with other Local Authorities and services to address this matter.
- (d) **Non Compliance with regulations.** Our Management Team have responsibility for ensuring that we are compliant with the range of regulatory requirements which relate to our work and our Premises Sub Committee and Board receive quarterly updates on key compliance items. As a growing organisation, we are looking to appoint a Compliance Specialist in the near future to further our compliance work and mitigate this key risk, as well as assist with the increasingly complex contract management.
- (e) **Increase in rent arrears levels.** We have focussed on reducing rent arrears levels since the appointment of a Rent & Housing Management Specialist in 2020, and we are very pleased that a significant reduction has been achieved. This reduction has been maintained despite the pressures of Covid and a number of our residents losing their employment as a result.
- (f) **Use of overtime amongst employees in manual work roles.** We are committed to staff wellbeing and as such want to ensure that any overtime worked by our team members does not become regular or excessive.

- (g) **Employees failing to embrace organisational change.** This related mainly to the wide scale growth of our services which took place in August and September 2021 when we opened four new Integrated Rough Sleeper Support Services in partnership with CGL. We had a project management plan in place and sought additional support with the implementation phase of this development to help manage and mitigate this issue.

## CARITAS - ANCHOR HOUSE

### TRUSTEES' ANNUAL REPORT (continued)

#### FOR THE YEAR ENDED 31 MARCH 2022

- (h) **Rota management.** We are committed to ensuring that our team take required breaks and work in line with regulations and as such we have reviewed the different rota management practices in operation and centralised rota records to enable regular reviews to ensure compliance.
- (i) **Increase in cost of upgrading Wi-Fi at Anchor House.** All improvements in this area have been completed and this risk has been fully managed.

#### Financial review for the year

During the year the Charity received income of £4,584K (2021: £4,437K) and incurred expenditure of £4,547K (2021: £3,659K), resulting in a surplus of £37K (2021: surplus of £778K), which is made up of a deficit of £4K on restricted funds and a surplus of £41K on unrestricted funds. The deficit on restricted funds is funded from restricted funds brought forward from the previous year.

The increase in income of £147K (3%) from previous year's income was largely due to an additional funding of housing related support for the new Integrated Rough Sleeping Support Services (IRSSS).

The actual increase in expenditure from the previous year was £680K after adjusting for the expenditure of £209K relating to the planned maintenance work on residents' rooms. The planned maintenance work was funded from designated reserves. This increase in expenditure of £680K (19.45%) was largely attributable to expenditure incurred on IRSSS.

#### Financial review for future periods

Our budget and forecast for 2022-23 reflects increase in rental income for the Plashet and Launchpad services, and expenditure on planned maintenance and our rebranding project. In line with our strategic plan, we continue to seek to expand our services. Currently we are working to acquire a shared accommodation, which we aim to use for women only service, and move-on flats for our residents. As part of our growth strategy, we have plans to make changes to our business models and operations to ensure they remain fit for purpose and growth, as well as having an outsourced internal audit function to provide assurance of our financial controls framework.

Trustees are pleased to report that at the date of approval of this report the Charity has performed well.

#### Reserves

At 31 March 2022, unrestricted reserves stood at £10,504K (2021: £10,464K), of which £8,969K is represented by the net book value of fixed assets. Of the balance of £1,535K, £776K has been designated for a cyclical programme of major repairs, £194K for access control, £30K for contingencies and £50K to cover grant cessations, and the remaining £485K is held in general reserves. The Trustees have the authority to make these designated funds available for other purposes if required.

The Trustees have reviewed the reserves of the Charity taking into consideration future activities, uncertainties, and risks and have concluded that the appropriate level of reserves required is in the range of £1.3M to £1.6M. We will continue our efforts to build these reserves over the next few years from £485K (2021: £832K) to the required level through prudent financial management. As part of this exercise, Trustees have also reviewed the management accounts for the first quarter of the year 2022-23 and the forecast for the year, and are confident that the Charity will continue to be able to build towards the required level of reserves.



**TRUSTEES' ANNUAL REPORT (continued)****FOR THE YEAR ENDED 31 MARCH 2022**

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The Trustees have also acknowledged that the Charity is largely reliant on reserves for future growth and expansion and have agreed that the Charity should be able to use part of the reserves for this purpose if needed provided that this does not impact the existing operations and that realistic strategies are in place to replenish them.

The Board of Trustees has designated a Post Grant Continuity reserve of £50K (2021: £50K) to provide interim cover where a funding source has ceased (e.g. for a staff position), until replacement funding can be found.

The Board of Trustees has designated a Major Repairs fund of £776K (2021: £702K) to ensure that the Charity has sufficient funds to maintain its building asset where our residents live, in good condition, including planned maintenance and replacement of various components at the end of their useful economic life.

The Board of Trustees has designated a contingency fund of £30K (2021: nil) towards restructuring costs. The Charity is expected to incur these costs during the year 2022-23.

The Board of Trustees has designated an Access Control fund of £194K (2021: £350K) to ensure that the Charity has sufficient funds to replace the old access control system.

The Fixed Assets Fund of £8,969K (2021: £8,383K) is intended to represent the net book value of unrestricted tangible fixed assets, less the outstanding loan finance raised to facilitate the acquisition and development of capital improvements.

**Plans for Future Years**

At the start of the year we launched our new five-year Strategic Plan for the period April 2021 to March 2026. This plan sets out an ambitious roadmap around five key goals. By March 2026, we will:

1. provide additional specialist supported housing
2. offer an expanded range of complementary services
3. be a sustainable organisation
4. be a great place to work
5. be a trusted voice in the community and sector

As set out earlier, we have made significant progress in delivering Goal 1 with the development of our new Hope Street service and our four new services for rough sleepers in partnership with CGL. We are now looking ahead to options which will enable us to provide further move on housing for our residents, to ensure that good quality accommodation is available when residents are ready to move on from our services. We are also looking to restructure how we deliver our housing management and customer services and to embed this new structure in supporting our new multi-site provision.

Again, as outlined earlier, we have also made significant progress already in Goal 2, with the development of our new Community Partnerships and their achievements in the areas of employability, training, education, volunteering and community engagement work. Looking ahead we will continue to drive outcomes in this area, and will also be looking at how we can provide a more gender informed support provision for the many women using our services. We will also look to develop our visiting support model.

We will seek to ensure that our support services flex towards the changing needs of the rough sleeping community, and will reflect the range of new supported accommodation that we will be developing.

In Goal 3, we have made excellent progress in the year in upgrading our facilities for residents and maintaining our asset at Anchor House, investing £209k in bedroom refurbishments, and transforming an unused space to create the 15 new units of accommodation at Hope Street which opened in March 2022. Despite these investments in our provision from our reserves and the challenges resulting from the ongoing pandemic, as well as reduced occupancy levels in our accommodation, we were able to end the year with a very modest surplus, thanks in no small part to our generous



supporters who donated £1,003,081 income through grants and donations in the year. As we go forward we will look to replace the monies we have invested from our reserves to ensure that we can continue to look after our residents and our asset at Anchor House, and to remain financially sustainable in the long term. As we look ahead, we will also be changing our name and identity to better reflect the work of the Charity and to adapt to the growth we have achieved. This rebrand, planned for October 2022, will be a platform for us to widen our supporter base, diversify our income sources and raise more funds to support and sustain our work going forward. We have also established an eco-committee to work to reduce our environmental impact. We will also be looking at how further digitalisation can help us to become more effective both in performance and scope.

For Goal 4, we want Caritas Anchor House to be a place where people want to come, do their best work and develop. To deliver the best service to our residents, we need a diverse group of employees and volunteers who can bring their dynamism, professionalism, energy and tenacity to help us achieve great outcomes together. We have worked hard during the year to refresh our approach to people management, with a wide review of our systems and policies, with awards achieved for both the Disability Confident Committed status by the DWP, and the Good Work Standard employer by the GLA. Going forward we will be refining our Belonging Strategy, involving our Trustees and team through focus groups, surveys, learning and leadership development programmes, working groups / committees.

For Goal 5, we have campaigned this year to ensure that sleeping rough is no longer a legal ground to remove someone from the UK, and for the government to repeal the Vagrancy Act. Residents were directly involved in the London Mayoral Assembly, and have fed back to Newham Council around their strategic plans on Rough Sleeping and Homelessness, and on their proposed changes to Local Housing Register. We have continued to Co-Chair the Newham Homelessness Forum and our Chief Executive has begun Chairing the National Advisory Council on behalf of Homeless Link. Looking ahead we will continue to put resident representation and lived experience voice at the heart of all of our work. We will also be looking to respond to our recent community survey findings, to raise awareness and understanding of homelessness, and encourage community support for our work.

We continue to work with our partners to increase our impact for our residents and to grow our offer to those experiencing homelessness and disadvantage in our community. We embrace change and welcome others to join us in solving some of society's most challenging social issues. We look forward to strengthening existing partnerships and developing new collaborations to support our residents and the community to achieve their potential. It is important that the voices of those engaged in this work are heard.

The lack of stability in funding from government sources means that our ability to deliver the right services to people experiencing homelessness can be significantly impacted. The human cost on our staff who lack certainty in their employment should not be ignored. Nor should the waste of valuable resources in endless recruitment to meet the vagaries of the funding priorities be underestimated. We want to work with all engaged in solving this shameful social issue to do it better.

**TRUSTEES' ANNUAL REPORT (continued)****FOR THE YEAR ENDED 31 MARCH 2022****Statement of Trustees' Responsibilities**

The Trustees (who are also directors of Caritas – Anchor House for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the income and expenditure for that year. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities and Social Housing SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each of the Trustees is aware at the time the report is approved:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

**Statement of Board of Trustees on Internal financial controls**

The Board of Trustees acknowledge its overall responsibility for establishing and maintaining the whole system of internal controls and reviewing its effectiveness. The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable assurance against material misstatements or loss. The process for identifying, evaluating and managing the significant risks by the Charity is ongoing and has been in place throughout the year up to the date of approval of the report and financial statements.

The key elements of the control and sources of assurance include:

- Clearly defined management responsibilities and procedures for the identification, evaluation, and control of significant risks.
- Risk register and risk management reports
- Performance reports
- External audit reports
- Detailed financial budgets, management accounts and forecasts
- Policies and procedures for all areas – Safeguarding, Health & Safety, Human Resource, Finance & IT. These policies and procedure are reviewed by the Sub-Committees and the Board on a regular basis.
- Established authorisation and appraisal procedures for new initiatives and commitments
- Regular reporting to the appropriate Sub-Committees and Board on key business objectives, targets and outcomes.

**TRUSTEES' ANNUAL REPORT (continued)**

**FOR THE YEAR ENDED 31 MARCH 2022**

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The key areas cover control, information reporting systems, monitoring and risk management.

**Control**

The Board of Trustees retains responsibility for defined range of areas covering strategic, operational, and financial elements. The Board of Trustees has put in place an organisational structure which clearly defines lines of responsibility and delegation of authority.

**Information reporting system**

Financial reporting systems include regular reviews of overall financial business plans, preparation of detailed annual budgets and the production of detailed monthly management accounts. These are prepared by the Senior Management Team and are considered and approved by the Sub-Committee and the Board. The Senior Management Team and the Board of Trustees also review performance regularly to assess progress towards the achievement of key business objective, targets and outcomes.

**Monitoring**

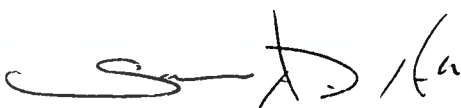
A process of regular management monitoring on control issues provides assurance to Senior Management Team and Board of Trustees. This includes a rigorous process of ensuring that corrective actions are taken in relation to any significant control issues.

**Risk Management**

The charity has a comprehensive risk management strategy which identifies risks facing the Charity, risk management responsibilities, and action required to mitigate these risks, and monitoring arrangements.

The Trustees' Annual Report which incorporates the strategic report was approved and signed on behalf of the Board on

7 September 2022

A handwritten signature in black ink, appearing to read "Simon Hall", written over a dotted line.

Simon Hall – Chair & Trustee



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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARITAS – ANCHOR HOUSE

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### Opinion

We have audited the financial statements of Caritas – Anchor House for the year ended 31 March 2022 which comprise Statement of Financial Activities, Balance sheet, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 charitable company's affairs as at 31 March 2022 and of the charitable company's net movement in funds, including the income and expenditure, 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 from January 2019.

### Basis for opinion

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

### Conclusions relating to going concern

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

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 charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

### Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Trustees' 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

- the information given in the Trustees' Annual Report (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and



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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARITAS – ANCHOR HOUSE (continued)**

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- the strategic report and the directors' report included within the Trustees' Annual Report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report (which incorporates the strategic report and the directors' 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 by the charitable company; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of trustees for the financial statements**

As explained more fully in the trustees' responsibilities statement set out on page 12, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable 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 these financial statements.

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

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to social housing, safeguarding, fundraising, employment and health and safety regulations and charity law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as include the Statement of Recommended Practice for registered Social Housing Providers 2008, Companies Act 2006 and the Charities Act 2011, and considered other factors such as income tax, payroll tax and sales tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls). Audit procedures performed by the engagement team included:

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARITAS – ANCHOR HOUSE (continued)**

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- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their critical accounting estimates

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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.

**Use of our report**

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



Lee Stokes (Senior Statutory Auditor)  
For and on behalf of Haysmacintyre LLP, Statutory Auditors

10 Queen Street Place  
London  
EC4R 1AG

21 September 2022

## STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING THE INCOME AND EXPENDITURE ACCOUNT)

FOR THE YEAR ENDED 31 MARCH 2022

		Unrestricted funds 2022 £	Restricted funds 2022 £	Total Funds 2022 £	Total Funds 2021 £
	Notes				
<b>INCOME FROM</b>					
Donations, grants and legacies	2a	253,418	749,663	1,003,081	1,033,827
Charitable activity:					
Anchor House	2b	3,559,566	-	3,559,566	3,381,382
Other trading activities:					
Rent receivable		21,358	-	21,358	21,406
<b>TOTAL INCOME</b>		<b>3,834,342</b>	<b>749,663</b>	<b>4,584,005</b>	<b>4,436,615</b>
<b>EXPENDITURE ON</b>					
Cost of raising funds	4	221,394	-	221,394	215,524
Charitable activity:					
Anchor House	5	4,026,311	299,602	4,325,913	3,443,189
<b>TOTAL EXPENDITURE</b>		<b>4,247,705</b>	<b>299,602</b>	<b>4,547,307</b>	<b>3,658,713</b>
<b>Net (expenditure)/income</b>		<b>(413,363)</b>	<b>405,061</b>	<b>36,698</b>	<b>777,902</b>
Transfers between funds		453,892	(453,892)	-	-
<b>NET MOVEMENT IN FUNDS</b>		<b>40,529</b>	<b>(3,831)</b>	<b>36,698</b>	<b>777,902</b>
<b>TOTAL FUNDS BROUGHT FORWARD</b>		<b>10,463,838</b>	<b>41,831</b>	<b>10,505,669</b>	<b>9,727,767</b>
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>10,504,367</b>	<b>38,000</b>	<b>10,542,367</b>	<b>10,505,669</b>

The notes on pages 21 to 33 form part of these financial statements.

- All transactions are derived from continuing activities.
- All recognised gains and losses are included in the Statement of Financial Activities.
- Details of comparative figures are given in note 21.

## BALANCE SHEET

AS AT 31 MARCH 2022

	Notes	2022 £	2021 £
<b>FIXED ASSETS</b>			
Tangible fixed assets	9	11,156,286	10,525,340
		<u>11,156,286</u>	<u>10,525,340</u>
<b>CURRENT ASSETS</b>			
Stocks	11	5,323	6,149
Debtors	12	517,097	242,244
Cash at bank and on deposit		<u>1,792,580</u>	<u>2,364,381</u>
		<u>2,315,000</u>	<u>2,612,774</u>
<b>CREDITORS: amounts falling due within one year</b>	13	(842,694)	(446,464)
<b>NET CURRENT ASSETS</b>		<u>1,472,306</u>	<u>2,166,310</u>
<b>CREDITORS: amounts falling due after one year</b>	14	(2,086,225)	(2,185,981)
<b>NET ASSETS</b>		<u>10,542,367</u>	<u>10,505,669</u>
<b>REPRESENTED BY</b>			
Unrestricted Funds			
- General	16	484,452	832,575
- Designated	16	10,019,915	9,631,263
Restricted Funds	17	<u>38,000</u>	<u>41,831</u>
		<u>10,542,367</u>	<u>10,505,669</u>

The financial statements were approved and authorised for issue by the Board of Trustees on 7 September 2022 and were signed on its behalf by:



Simon Hall - Trustee

The notes on pages 21 to 33 form part of these financial statements.

Company registration number: 08075329 (England and Wales)



## STATEMENT OF CASH FLOWS AS AT 31 MARCH 2022

**CASH FLOW STATEMENT**

	<b>2022</b>		<b>2021</b>	
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cash flows from operating activities:</b>				
<i>Net cash provided by operating activities</i>		450,260		1,229,723
<b>Cash flows from investing activities:</b>				
Dividends, interest and rents from investments	21,358		21,406	
Purchase of property, plant and equipment	(968,374)		(61,910)	
<i>Net cash (used in) investing activities</i>		(947,016)		(40,504)
<b>Cash flows from financing activities:</b>				
New borrowing drawn down	-		120,000	
Repayment of borrowing	(75,045)		(50,207)	
<i>Net cash provided by in financing activities</i>		-		69,793
<b>Change in cash and cash equivalents in the reporting year</b>		(571,801)		1,259,012
<b>Cash and cash equivalents at the beginning of the reporting year</b>		2,364,381		1,105,369
<b>Cash and cash equivalents at the end of the reporting year</b>		1,792,580		2,364,381

**Reconciliation of net income to net cash flow from operating activities**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Net income for the reporting year</b>	36,698	777,902
<b>(as per the statement of financial activities)</b>		
<b>Adjustments for:</b>		
Depreciation charges	337,428	293,590
Dividends, interest and rents from investments	(21,358)	(21,406)
Increase/(increase) in stocks	826	(343)
(Increase)/decrease in debtors	(274,853)	62,249
Increase in creditors	371,519	117,731
<b>Net cash provided by operating activities</b>	450,260	1,229,723

**Analysis of cash and cash equivalents**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Cash in hand	1,792,580	2,364,381
<b>Total cash and cash equivalents</b>	1,792,580	2,364,381

## STATEMENT OF CASH FLOWS AS AT 31 MARCH 2022 (continued)

*Movement in net debt*

	1 April 2021	Cashflows	Non-cash changes	31 March 2022
	£	£	£	£
Cash and cash equivalents	2,364,381	(571,801)	-	1,792,580
Loans due within one year	(75,903)	75,045	(99,756)	(100,614)
Loans due after one year	(2,185,981)		99,756	(2,086,225)
	102,497	(496,756)	-	(394,259)

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

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

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) – (Charities SORP (FRS102)), Statement of Recommended Practice for registered Social Housing Providers 2008, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Companies Act 2006.

Caritas - Anchor House meets the definition of a public benefit entity under FRS 102. Assets and Liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

**(b) Going Concern**

Having reviewed the funding facilities available to the Charity together with future projected cash flows covering a 12 month period from the approval of the financial statements, the trustees have an expectation that the Charity has adequate resources to continue its activities for the foreseeable future and consider that there were no material uncertainties over the Charity's financial viability. Accordingly, the financial statements have been prepared on a going concern basis.

**(c) Critical accounting judgements and key sources of estimation uncertainty**

In the application of the accounting policies, trustees are required to make judgement, estimates, and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affected current and future periods. Judgements made by the trustees, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are deemed to be in relation to the depreciation rates of tangible fixed assets and are discussed below.

In the view of the trustees, no assumptions concerning the future or estimation of uncertainty affecting assets or liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

**(d) Financial instruments**

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost with the exception of investments which are held at fair value. Financial assets held at amortised cost comprise cash at bank and in hand, together with trade and other debtors. A specific provision is made for debts for which recoverability is in doubt. Cash at bank and in hand is defined as all cash held in instant access bank accounts and used as working capital. Financial liabilities held at amortised cost comprise all creditors except social security and other taxes and provisions.

**(e) Income**

Income from Anchor House represents receipts from residential accommodation, meals and shop sales. Donations and legacies are accounted for when received by the Charity. Other income is accounted for on an accruals basis as far as it is prudent to do so. Revenue grants are credited to the statement of financial activities as received, unless they are to be spent in a later year, when they are deferred.

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2022

**1. ACCOUNTING POLICIES (continued)****(f) Expenditure**

Expenditure is recognised on an accruals basis. Governance costs comprise the costs of running the Charity, including strategic planning for its future development, internal and external audit, legal and professional advice and all costs of complying with constitutional and statutory requirements, such as the costs of Trustees' meetings and of preparing statutory financial statements and satisfying public accountability.

**(g) Tangible fixed assets**

The property is freehold, being situated at Anchor House, 81 Barking Road, London E16 4HB, and is included at cost, less depreciation. The land is included at cost and is not depreciated. Assets under the course of construction are not depreciated until the work has been completed and the asset brought into use.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets other than freehold land over their estimated economic lives.

Using component costing principles freehold property is divided into components which are depreciated over the following years:

Building structure	60 years
Windows, bathrooms and flooring	15 years
Heating and electricity systems	15 years to 30 years, as appropriate
Kitchen	20 years
Lift	30 years

In the previous year the freehold property was depreciated at 2.00% on a straight-line basis. Component accounting was introduced from 1<sup>st</sup> of April 2019.

All PCs and laptops regardless of their values and other tangible fixed assets exceeding £1,000 are stated at cost net of depreciation. Depreciation is calculated at the following annual rates:

Fixtures, fittings and equipment	- 10-33% straight line, as appropriate
Motor vehicles	- 25% straight line

**(h) Investments**

Investments are stated at their middle market values ruling at the balance sheet date. The realised and unrealised gains and losses on investments are calculated based on the opening market values and are accounted for within the Statement of Financial Activities.

Income arising from these investments is accounted for when it is receivable.

**(i) Stocks**

Stocks are shown at lower of cost and net realisable value after making due allowance for obsolete and slow moving items.

**(j) Debtors**

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**(k) Cash at bank and in hand**

Cash at bank and cash in hand includes cash and short term highly liquid investments.

**(l) Creditors and provisions**

Creditors and provisions are recognised where the Charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.



**(m) Designated funds**

The Trustees may set aside amounts of unrestricted funds, at their discretion, for specific future purposes. Such funds are shown within unrestricted funds as designated funds. Where the trustees decide that designated funds are no longer required for the purposes specified, these are released from designated funds.

**(n) Restricted funds**

The restricted funds are monies raised for, and their use restricted to, a specific purpose or donations subject to other donor-imposed conditions. Transfers are made to unrestricted funds where amounts raised for specific capital projects are spent.

**(o) Taxation**

As a registered Charity, Caritas – Anchor House benefits from rates relief and is generally exempt from taxation on its income applied for charitable purposes, but not from Value Added Tax. Irrecoverable Value Added Tax is included in the cost of those items to which it relates.

**2a Income from donations and grants:**

**Income from donations:**

	<b>Unrestricted</b>	<b>Restricted</b>	<b>Total</b>	<b>Total</b>
	<b>2022</b>	<b>2022</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Donations	130,168	29,854	160,022	226,545
Donation in kind	-	55,050	55,050	69,490
	<b>130,168</b>	<b>84,904</b>	<b>215,072</b>	<b>296,035</b>

**Income from grants:**

	<b>Unrestricted</b>	<b>Restricted</b>	<b>Total</b>	<b>Total</b>
	<b>2022</b>	<b>2022</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
The Monday Charitable Trust	-	6,450	6,450	-
The Leathersellers' Company Charitable Fund	-	-	-	10,000
The Borrowes Charitable Trust	-	5,000	5,000	5,000
The Cuckoo Hill Trust	-	-	-	1,000
The Charitable Committee of The Worshipful Company of Vintners	-	-	-	12,500
PF Charitable Trust	-	2,000	2,000	-
The Mercers' Company -The Charity of Sir Richard Whittington	-	-	-	30,000
The London Community Foundation-SEGRO	-	-	-	5,000
Building Societies Trust Limited	-	40,000	40,000	-
The Albert Hunt Trust	5,000	-	5,000	-
Swire Charitable Trust	-	7,500	7,500	-
CRASH	-	-	-	16,063
JA Rose Trust	-	5,000	5,000	5,000
Homeless Link	-	-	-	74,278
National Lottery Community Fund	-	-	-	93,781
Crisis	-	-	-	5,000
East End Community Foundation	-	-	-	5,000
East End Emergency Fund	-	-	-	15,000
CAF	1,900	-	1,900	7,500
The Drapers' Charitable Fund	25,000	-	25,000	25,000
John Armitage Charitable Trust	20,000	-	20,000	20,000
The Rank Foundation	-	-	-	23,860
Sir Harold Hood's Charitable Trust	-	-	-	2,000
French Huguenot Church of London Charitable Trust	-	5,000	5,000	5,000
Trust for London	-	12,500	12,500	6,250
City Bridge Trust	-	50,000	50,000	24,674
Co-Op	-	-	-	4,486
Grocers' Charity	-	-	-	5,000
The Edward Gostling Foundation	-	-	-	5,000
The Haramead Trust	-	-	-	10,000
LBN	-	7,978	7,978	44,500

**CARITAS - ANCHOR HOUSE**
**NOTES TO THE FINANCIAL STATEMENTS (continued)**
**FOR THE YEAR ENDED 31 MARCH 2022**

The Maurice & Hilda Laing Charitable Trust	-	-	-	5,000
Fowler Smith & Jones Trust	-	-	-	4,000
The Julia and Hans Rausing Trust	-	-	-	200,000
Screwfix	-	-	-	5,000
The Fishmongers' Company's Charitable Trust	-	15,000	15,000	15,000
All Churches Trust Ltd	-	6,000	6,000	19,800
London City Airport	-	-	-	3,000
Morrisons Foundation	-	6,500	6,500	10,000
Taylor Wimpey	-	-	-	5,000
White Oak Charitable Trust	1,000	-	1,000	1,000
Worshipful Company of Fan Makers	-	-	-	3,650
Other	-	-	-	5,450
The Sisters of The Holy Cross Charitable Trust	-	20,000	20,000	-
The Charitable Committee of The Vintner's Company	5,000	5,000	10,000	-
Arnold Clark Community Fund	-	1,000	1,000	-
Ecclesiastical Insurance	1,000	-	1,000	-
Neighbourly - B&Q	-	5,000	5,000	-
Coco Joelle Foundation	-	25,000	25,000	-
Portal Trust	-	19,999	19,999	-
GLA	-	390,000	390,000	-
DWP Flexible Support Fund Grant	-	11,077	11,077	-
Charles S French CT	-	3,000	3,000	-
Clifford Chance Foundation	-	2,892	2,892	-
Yorkshire Building Society	-	2,000	2,000	-
Assura / Cheshire Community Foundation	-	4,975	4,975	-
Aspers Casino Good Causes Fund	-	4,388	4,388	-
Marsh Charitable Trust	600	-	600	-
The Poor Fund of the Worshipful Company of Fan Makers	3,750	-	3,750	-
The Lyon Family Charitable Trust	60,000	-	60,000	-
Charlotte Marshall CT	-	1,500	1,500	-
	<b>123,250</b>	<b>664,759</b>	<b>788,009</b>	<b>737,792</b>

**Total donations, grants and legacies**

<b>253,418</b>	<b>749,663</b>	<b>1,003,081</b>	<b>1,033,827</b>
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## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2022

**2b Income from charitable activities**

Anchor House:	Unrestricted	Restricted	Total	Total
	2022	2022	2022	2021
	£	£	£	£
Accommodation	2,378,701	-	2,378,701	2,440,406
Housing Related Support	811,142	-	811,142	613,848
Rough Sleepers Initiative	311,000	-	311,000	311,000
Sundry income	54,358	-	54,358	6,154
Laundry income	4,365	-	4,365	3,889
Room hire	-	-	-	6,085
	<b>3,559,566</b>	<b>-</b>	<b>3,559,566</b>	<b>3,381,382</b>

All income in 2021 was unrestricted.

**3 Social housing lettings**

	2022	2021
	£	£
Rent receivable excluding service charges	1,052,813	1,080,124
Service charge receivable	1,325,888	1,360,282
Grants and other income	1,775,243	1,926,254
<b>Turnover from social housing lettings</b>	<b>4,153,944</b>	<b>4,366,660</b>
<b>Operating expenditure on Social housing lettings</b>	<b>4,479,525</b>	<b>3,556,122</b>
<b>Operating surplus on social housing lettings</b>	<b>(325,581)</b>	<b>810,538</b>
Financing costs	67,782	61,191
<b>Surplus on social housing lettings</b>	<b>(393,363)</b>	<b>749,347</b>
<b>Void losses</b>	<b>404,472</b>	<b>158,894</b>

Increase in void loss in year 2022 was due to planned and unplanned maintenance works on residents' rooms at Anchor House.

**4 Cost of raising funds**

	2022	2021
	£	£
Staff costs	134,495	126,113
Other direct costs	32,461	30,159
Support costs	54,438	59,252
	<b>221,394</b>	<b>215,524</b>

**5 Charitable activities**

	Staff Costs £	Other Direct Costs £	Support Costs £	Total 2022 Costs £	Total 2021 Costs £
<b>Anchor House</b>	<b>1,645,875</b>	<b>1,321,256</b>	<b>556,750</b>	<b>3,523,881</b>	<b>3,443,189</b>
<b>Integrated Rough Sleeping Support Services (IRSSS)</b>	<b>512,720</b>	<b>116,720</b>	<b>172,592</b>	<b>802,032</b>	<b>-</b>
	<b>2,158,595</b>	<b>1,437,976</b>	<b>729,342</b>	<b>4,325,913</b>	<b>3,443,189</b>



## NOTES TO THE FINANCIAL STATEMENTS (continued)

## FOR THE YEAR ENDED 31 MARCH 2022

**6 Support costs allocation to activities**

	Fundraising	Anchor House	IRSSS	Total 2022	Total 2021
	£	£	£	£	£
Staff costs	33,397	341,556	105,882	480,835	468,067
Staff training and recruitment	1,876	19,192	5,950	27,018	28,912
Office expenses	15,352	157,013	48,674	221,039	148,059
Legal and professional fees	2,379	24,327	7,541	34,247	28,281
Other costs	1,434	14,662	4,545	20,641	5,385
	<u>54,438</u>	<u>556,750</u>	<u>172,592</u>	<u>783,780</u>	<u>678,705</u>

Support costs have been allocated to activities based on number of people employed within each activity.

**7 Governance Costs**

	2022	2021
	£	£
Staff costs	53,396	50,873
Auditors remuneration - Audit fee	16,078	17,883
Legal and professional fees	13,091	-
Trustee expenses	218	142
	<u>82,783</u>	<u>68,898</u>

The Trustees received no remuneration (2021: £Nil). Expenses relating to travel and training were reimbursed or paid to third parties on behalf of Trustees. These amounted to £218 (2021: £142).

**8 Staff costs**

	2022	2021
	£	£
Salaries	1,962,811	1,626,111
Social security costs	190,586	157,720
Pension	116,610	95,627
Termination payment	5,809	-
Casual workers	498,109	347,341
	<u>2,773,925</u>	<u>2,226,799</u>

The average number of staff in the year was 67 (2021:62) excluding casual workers. Calculated on a full-time equivalent basis, the figure was 65 (2021:60). The number of employees with annual taxable emoluments paid more than £60,000 per annum was:

	2022	2021
£60,000 - £69,999	1	2
£70,000 - £79,999	2	-
£90,000-£100,999	<u>1</u>	<u>1</u>

The total remuneration of key management personnel for the year was £302,232 (2021 – £284,111).

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## FOR THE YEAR ENDED 31 MARCH 2022

**8 Staff costs (continued)**

Included in the above were payments to the Chief Executive, being the highest paid employee, amounting to £88,034 for the year excluding pension contribution (2021: £86,525). The Chief Executive is a member of the Charity's defined contribution pension scheme. The charity contributes 7.5% of the salary to the Chief Executive's pension, and the Chief Executive contributes the same percentage of her salary.

**9 Tangible fixed assets**

	<b>Freehold Land and Buildings</b>	<b>Motor Vehicles</b>	<b>Furniture &amp; Equipment</b>	<b>Asset Under Construction</b>	<b>Total</b>
<b>Cost</b>	<b>£</b>	<b>£</b>	<b>£</b>		<b>£</b>
At 1 April 2021	11,766,154	18,061	199,495	566,692	12,550,402
Additions	25,645	-	310,458	632,271	968,374
Transfer	1,198,963	-	-	(1,198,963)	-
At 31 March 2022	12,990,762	18,061	509,953	-	13,518,776
<b>Depreciation</b>					
At 1 April 2021	1,911,135	18,061	95,866	-	2,025,062
Charge in the year	248,718	-	88,710	-	337,428
At 31 March 2022	2,159,853	18,061	184,576	-	2,362,490
<b>Net book value</b>					
As at 31 March 2022	10,830,909	-	325,377	-	11,156,286
As at 31 March 2021	9,855,019	-	103,629	566,692	10,525,340

**10 Investments**

The Charity owns 100% share capital of the subsidiary company, Caritas Anchor House, Learning & Development Academy Ltd, which remained dormant in the year.

**11 Stocks**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Consumables	5,323	6,149
	5,323	6,149

**12 Debtors**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Trade debtors	279,279	137,695
Prepayments	127,395	44,003
VAT due	57,985	2,500
Other debtors	52,438	58,046
	517,097	242,244

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2022

**13 Creditors - Amounts falling due within one year**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Bank loans (note 15)	100,614	75,903
Trade creditors	538,505	98,036
Accruals	60,409	95,254
Social security and other taxes	47,672	41,673
Pension fund	17,256	14,495
Other creditors	78,238	121,103
	<u>842,694</u>	<u>446,464</u>

**14 Creditors - Amounts falling due outside one year**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Bank loans (note 15)	<u>2,086,225</u>	<u>2,185,981</u>

**15 BANK LOANS**

The current loan is secured on the property at 81 Barking Road, London E16 4HB and associated assets. The repayment schedule for the new loan is a period of 25 years, ending on 17 February 2046. The applicable rate of interest is 2.73% fixed rate for 15 years from February 2021, and then a variable rate of 1.75% over base rate for the remaining term of the loan.

The Charity also obtained a social investment loan of £120,000 from Homeless Link for the Barn project during the financial year 2020-21. This is an unsecured loan and is repayable over 42 months, ending on 1 October 2024. The applicable rate of interest is 8% fixed rate.

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Repayments are due as follows		
Within 1 year	100,614	75,903
Between 2-5 years	334,735	365,622
Over 5 years	1,751,490	1,820,359
	<u>2,186,839</u>	<u>2,261,884</u>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2022

## 16 Unrestricted Funds

	At 1 April 2021	Income and Gains	Expenditure	Transfers	Reduction in long term loan	At 31 March 2022
	£	£	£	£	£	£
General	832,575	3,834,342	(4,247,705)	140,285	(75,045)	484,452
<b>Designated funds:-</b>						
Fixed Assets	8,383,456	-	-	510,946	75,045	8,969,447
Post Grant Continuity	50,000	-	-	-	-	50,000
Contingency Fund	-	-	-	30,000	-	30,000
Major Repairs Fund	701,662	-	-	74,396	-	776,058
Residents Furniture & Equipment (Renewals & replacements)	146,145	-	-	(146,145)	-	-
Access control	350,000	-	-	(155,590)	-	194,410
	10,463,838	3,834,342	(4,247,705)	453,892	-	10,504,367

The Fixed Assets Designated Fund represents the net book value of unrestricted tangible fixed assets less the outstanding balance of the long term Property Loan. Each year amounts are transferred to or from the Fixed Asset Fund, representing the movement in the net book value of the unrestricted tangible fixed assets in the year and the reduction in the long term loan, as capital is repaid.

The Post Grant Continuity Fund represents money set aside to cover costs incurred where funding has ceased.

Contingency Fund represents money set aside to cover costs relating restructure of certain departments.

The Major Repairs Fund represents money set aside to cover major repairs on CAH building. Every year an amount is allocated to each component (windows, bathrooms, flooring, heating and electricity systems, lift, and kitchen) based on their useful economic life and estimated replacement costs.

The Residents Furniture & Equipment Fund represents money set aside to replace residents' furniture and equipment both in their rooms and in the communal area.

The Access control fund represents money set aside to replace the old access control system.

Prior year	At 1 April 2020	Income and Gains	Expenditure	Transfers	Reduction in long term loan	At 31 March 2021
	£	£	£	£	£	£
General	244,415	3,686,028	(2,936,680)	(432,409)	271,221	832,575
<b>Designated funds:-</b>						
Fixed Assets	8,886,357	-	-	(231,680)	(271,221)	8,383,456
Post Grant Continuity	50,000	-	-	-	-	50,000
Major Repairs Fund	453,841	-	-	247,821	-	701,662
Residents Furniture & Equipment (Renewals & replacements)	66,745	-	-	79,400	-	146,145
Access control	-	-	-	350,000	-	350,000
	9,701,358	3,686,028	(2,936,680)	13,132	-	10,463,838



**CARITAS - ANCHOR HOUSE**
**NOTES TO THE FINANCIAL STATEMENTS (continued)**
**FOR THE YEAR ENDED 31 MARCH 2022**
**17 Restricted Funds**

	At 31 March 2021 £	Income £	Expenditure £	Transfers £	At 31 March 2022 £
Personal Development	-	101,425	(101,425)	-	-
Education, Training and employment	-	101,586	(101,586)	-	-
Move-on	-	64,923	(44,923)	-	20,000
Donation in kind	-	55,050	(37,690)	(17,360)	-
Capital fund	41,831	412,701	-	(436,532)	18,000
Complex Needs	-	5,000	(5,000)	-	-
Covid	-	3,978	(3,978)	-	-
Kickstart Training	-	5,000	(5,000)	-	-
	41,831	749,663	(299,602)	(453,892)	38,000

The transfers represent the capital expenditure in the year.

**Personal Development**

This fund supports our vulnerable residents with high levels of isolation, low self-esteem and complex challenges on their journey back to independent living through structured personal development and social activities.

**Move-on**

This fund supports our tenancy sustainability service, allowing us to assist single homes residents to access independent accommodation.

**Education Training and Employment**

This fund supports our residents with education, training and employment opportunities. Learning new skills helps our residents to improve their self-esteem and gain experience so that they can re-enter the workforce.

**Donation in Kind**

This fund represents the value of furniture and other items and services donated by various organisations during the year.

**Capital Fund**

This is a restricted fund to be used on CAH's wider capital programme including the Hope Street project.

**Assessment Hub**

This fund supports the Assessment Hub's residents' personal needs including food and clothing, and their move on programmes.

**Covid Grants and donations**

This fund represents the amount of covid grants and donations received during the year to meet covid related costs.

**Kickstart Training**

This fund represents the amount of grants received during the year towards kickstart training scheme.

	At 1 April 2020 £	Income £	Expenditure £	Transfers £	At 31 March 2021 £
Personal Development	779	21,850	(22,629)	-	-
Education, Training and employment	-	91,028	(91,028)	-	-
Food Coordination	-	1,000	(1,000)	-	-
Donation in kind	-	69,490	(56,358)	(13,132)	-
Home and hope appeal	9,528	73,703	(41,400)	-	41,831
Assessment Hub	16,102	5,000	(21,102)	-	-
Covid-19 grants	-	488,516	(488,516)	-	-
	26,409	750,587	(722,033)	(13,132)	41,831

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2022

**18 Analysis of net assets between funds**

	Unrestricted Funds	Designated Funds	Restricted Funds	Total 2021
	£	£	£	£
<b>31 March 2022</b>				
Fixed assets	-	11,156,286	-	11,156,286
Current assets	1,226,532	1,050,468	38,000	2,315,000
Current liabilities	(742,081)	(100,613)	-	(842,694)
Long term liabilities	-	(2,086,225)	-	(2,086,225)
Total net assets	484,451	10,019,916	38,000	10,542,367

	Unrestricted Funds	Designated Funds	Restricted Funds	Total 2020
	£	£	£	£
<b>31 March 2021</b>				
Fixed assets	-	10,525,340	-	10,525,340
Current assets	1,323,136	1,247,807	41,831	2,612,774
Current liabilities	(385,585)	(60,879)	-	(446,464)
Long term liabilities	(104,976)	(2,081,005)	-	(2,185,981)
Total net assets	832,575	9,631,263	41,831	10,505,669

**19 Capital commitment**

	2022	2021
	£	£
Building works (the Hope Street project)	-	629,523
Fire Doors	194,410	-
Rebranding and new website	57,360	-
	251,770	629,523

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## FOR THE YEAR ENDED 31 MARCH 2022

**20 Leasing commitments**

The Charity's future minimum operating lease payments are as follows:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Within one year	12,022	12,022
Between one and five years	19,690	31,712
	<b>31,712</b>	<b>43,733</b>

The telephone system and photo copier are held under operating lease arrangements.

**21. DETAILED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2021**

		<b>Unrestricted funds 2021 £</b>	<b>Restricted funds 2021 £</b>	<b>Total Funds 2021 £</b>
	<b>Notes</b>			
<b>INCOME FROM</b>				
Donations, grants and legacies	2a	283,240	750,587	1,033,827
Charitable activity:				
Anchor House	2b	3,381,382	-	3,381,382
Other trading activities:				
Rent receivable		21,406	-	21,406
<b>TOTAL INCOME</b>		<b>3,686,028</b>	<b>750,587</b>	<b>4,436,615</b>
<b>EXPENDITURE ON</b>				
Cost of raising funds	4	215,524	-	215,524
Charitable activity:				
Anchor House	5	2,721,156	722,033	3,443,189
<b>TOTAL EXPENDITURE</b>		<b>2,936,680</b>	<b>722,033</b>	<b>3,658,713</b>
<b>Net income</b>		<b>749,348</b>	<b>28,554</b>	<b>777,902</b>
Transfers between funds		13,132	(13,132)	-
<b>NET MOVEMENT IN FUNDS</b>		<b>762,480</b>	<b>15,422</b>	<b>777,902</b>
<b>TOTAL FUNDS BROUGHT FORWARD</b>		<b>9,701,358</b>	<b>26,409</b>	<b>9,727,767</b>
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>10,463,838</b>	<b>41,831</b>	<b>10,505,669</b>



**TRUSTEES ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2022**

**Company Registration Number: 08075329 (England and Wales)**  
**Registered Charity Number: 1147794**  
**RSH Registration 4841**



<b>CONTENTS</b>	<b>Page</b>
<b>Trustees' Annual Report</b>	<b>1 - 13</b>
<b>Independent Auditor's Report</b>	<b>14 - 16</b>
<b>Statement of Financial Activities</b>	<b>17</b>
<b>Balance Sheet</b>	<b>18</b>
<b>Statement of Cash Flows</b>	<b>19 - 20</b>
<b>Notes to the Financial Statements</b>	<b>21 – 33</b>

## TRUSTEES' ANNUAL REPORT

## FOR THE YEAR ENDED 31 MARCH 2022

The Trustees present their report and financial statements for the year ended 31 March 2022. The report, which constitutes a trustees' report for the purposes of charity legislation and a directors' report for the purposes of company legislation, has been prepared in accordance with Part VIII of the Charities Act 2011.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 and comply with the charitable company's Memorandum and Articles of Association, applicable laws, the Companies Act 2006 and the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" SORP 2015 (FRS 102) (Second bulletin effective January 2019) and the requirements of the Statement of Recommended Practice (SORP) Accounting by Registered Social Housing Providers.

## Reference and Administrative Information

## Constitution

The charitable company is governed by its Memorandum and Articles of Association. The members of the Board of Trustees are the company's directors and trustees of the Charity. The Trustees who held office during the year under review and up to the date of this report are as follows

## Trustees

Mr Simon Hall	Chair
Ms Emma Butterworth	
Rev Desmond Patrick Connors	Appointed 16 July 2021
Ms Laura Curtis	Appointed 11 November 2021
Mr Patrick Davis	Resigned 31 December 2021
Mrs Emer Delaney	
Mrs Caesar Gordon	Resigned 30 May 2021
Mr Andrew Haines	Resigned 31 December 2021
Mrs Cate Kirkbride	
Mr Graeme McLean	
Mr Joseph Ogundermuren	Appointed 8 May 2022
Mr Anil Sharma	Appointed 30 September 2021
Mr Charles Abel Smith	
Mr Matthew Williams	Resigned 22 April 2022

We have supported the operation of the following Sub-Committees:

- |  |                                      |
|--|--------------------------------------|
| 1. Finance, Audit, Governance, and Risk Sub-Committee            | 2. People & Culture Sub-Committee    |
| 3. Executive Sub-Committee                                       | 4. Premises Management Sub-Committee |
| 5. Frontline Services Quality Assurance and Impact Sub-Committee | 6. Values Sub-Committee              |

## Principal Address

Caritas Anchor House  
81 Barking Road  
Canning Town  
London E16 4HB

**Auditor:** Haysmacintyre LLP, 10 Queen Street Place, London, EC4R 1AG

**Solicitors:** Bates Wells, 10 Queen Street Place, London, EC4R 1BE

**Bankers:** Barclays, UK Banking, 1 Churchill Place, London E14 5HP and NatWest, 1-11 The Broadway, London, E15 4DX

## About Us

Caritas Anchor House (CAH) is a homelessness charity, and for nearly 60 years has provided a safe place and support for people to rebuild their lives. We are based in the London Borough of Newham which has the highest levels of homelessness per capita in the country.

During the last year we have reflected on our purpose and our values and alongside our team, our residents and many other stakeholders to our work, we have created a new mission statement and a core set of values which will guide our work going forward.

**Our mission** is to build hope, enable lasting change and end homelessness for people in East London.

**Our values** guide our interactions and decision-making processes at all levels within the organisation. They are:

**Compassion** - we care about people, value their views and experiences and put them at the heart of all we do.

**Inclusion** - we celebrate diversity, promote inclusivity and respect, and challenge inequality.

**Growth** - we support people to breakthrough barriers and fulfil their hopes and potential.

**Collaboration** - we're stronger and can have a bigger impact when we work in partnerships and build alliances.

Our service combines the provision of a safe place to live for vulnerable adults experiencing homelessness, with in-house delivery focusing on physical and mental health, complex health issues, education, employment, financial literacy and tenancy sustainment. Each person who walks through our doors receives a full assessment of their needs and a bespoke programme of in-house and external services created to best prepare that individual for independent living.

We are proud to act as a beacon of hope for the growing number of residents we are now able to support. In the year ending 31st March 2022, we accommodated and supported 374 people, and helped 129 people to move on positively from our services, leaving homelessness behind them.

One of our residents this year, Dulce, shared her story with us,

*'Just over a year ago, I was sleeping rough on the streets. It was an awful and terrifying time for me. I remember many times fearing for my own safety. There were many nights when I would have to hide from people. I was ashamed to show my face at the time. I was so scared that I had to sleep in the bushes in parks to hide. So many people would judge me, call me names and shout horrible things at me.*

*Luckily, I moved into Caritas Anchor House soon after this terrible experience on the streets. I remember relief as I stepped into my room, as I knew that I would be safe that evening. I have now started to notice myself smile which hadn't happened in so long. It's amazing what can happen if you are in a safe and positive place surrounded by smiley faces. Here at Caritas Anchor House, I've always got someone to speak to when I am feeling down. My keyworker Tristan is a wonderful person. Whenever I am unsure what to do, he is there to guide me and point me in the right direction. The people here have helped me so much.*

*I'll be honest. Sometimes I still feel depressed, but now when I feel down I know I can go to my balcony outside my room, and I don't have to hide in dangerous parks anymore. I still get nightmares and flashback to my experience on the streets, but they are starting to become less frequent. I am taking things slowly, but one step at a time I am getting better and feeling more positive. I have been given everything I need here at Caritas Anchor House, now I finally feel like I am in control.'*

**Structure, Governance & Management**

CAH is a registered charity and company limited by guarantee as well as a Registered Provider of Social Housing. We are regulated by a number of bodies, including the Charity Commission, Companies House, the Fundraising Regulator and the Regulator of Social Housing.

In the prior year ended 31 March 2021, the Trustees completed a review of the Charity's compliance with both of the recently updated Charity Code of Governance and the National Housing Federation's Code of Governance. This review concluded that we are fundamentally operating in line with both Codes, and has provided us with a helpful range of recommendations to further improve our approach around governance which we are now working to implement.

Our Trustees meet on a quarterly basis to review the performance of the organisation and plan for the future. The professional backgrounds of the Trustees include financial management, business planning, charity management, social enterprise, human resources and diversity, law, risk management, social care and community involvement, marketing and investment banking.

The day to day running of the Charity is delegated to the Chief Executive and Strategic Management Team ('SMT'). Our SMT is led by our Chief Executive, Amanda Dubarry, who joined us in March 2018 and has an extensive background in the homelessness sector. She was joined by both John Lowery, Director of Frontline Services, and Siva Selliah, Finance Director, in 2018, both of whom come to us with many years' experience in the housing and care sectors. In June 2020 a fourth member of the senior team, Craig Hardaker, joined as our Director of People, bringing with him a strong background in the charity sector.

Key management remuneration is set by the Trustees by reference to the degree of seniority and responsibility of the post, by benchmarking against similar roles in charities of similar size and complexity and in the light of performance appraisal.

**Trustee recruitment, induction and training**

The support of our Trustees is vitally important in ensuring we deliver the best possible service to those in need, and in raising awareness and support for the essential and life changing work that CAH provides.

Between autumn 2021 and summer 2022, three new trustees joined our Board which enabled us to broaden our Board skillset, the diversity of trustee membership and to meet identified skills gaps. In addition, we entered into an innovative new development programme, our Next Generation Trustee Programme, to help us to prepare a group of diverse future trustees, working in partnership with the Housing Diversity Network.

All new trustees are provided with a trustee induction pack and induction process, and are encouraged and supported to attend specialist training relating to the roles and responsibilities of a charity trustee, including safeguarding.

**Objectives & Activities**

Caritas Anchor House's objects contained in its Memorandum and Articles of Association are "to further the general charitable works of the Roman Catholic Church by providing services and facilities for the relief of poverty and suffering, the advancement of education, the promotion of social justice and other charitable acts which promote the development of all individuals and communities in need for the public benefit of people of all faiths and none."

We provide supported accommodation to 229 people experiencing homelessness in the London Borough of Newham at any one time, and support them to move on and break the cycle of homelessness for good. We do this by:

- Providing a safe place - to make sure that people experiencing homelessness have somewhere safe to stay as they begin to rebuild their lives



- Offering support - to encourage and enable people to build a better future for themselves, through the provision of personalised support, educational and life skills opportunities
- Building resilience – to build networks of support, and empower people to navigate services with confidence and be a proactive member of their community outside of and beyond life at Caritas Anchor House.

Our frontline teams work directly with residents during their time at Caritas Anchor House. Each resident, is assigned a keyworker who will guide them through their stay, and supports them to access a holistic service offering relating to health and wellbeing, education and employability, financial management and securing and sustaining new tenancies. Residents can participate in training, workshops and activities including money management training, English as a Second Language, mindfulness sessions, counselling, CV workshops and events. Our goal for each resident is for them to move on from our services with the skills to navigate their next chapters with confidence and to sustain their accommodation and independence long term.

### **Public benefit**

The Trustees confirm that they have complied with the duty in Section 17 of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit "Charities and Public Benefit" in the exercise of their powers and responsibilities as detailed in the Articles of Association and under charity law.

### **Value for Money**

The Charity is always conscious of the need to provide value for money to our users and stakeholders. As a registered provider of social housing with the Regulator of Social Housing ('RSH'), we are committed to delivering value for money and continuing to meet the RSH's Value for Money Standard. Our rental and housing related support levels are set in consultation with London Borough of Newham, to ensure that they, as the principal commissioners of our services, feel that they are receiving such value. We regularly review our performance and the way we work to continue developing the impact of services and using resources in the most effective and efficient way.

### **Metric 1 – Reinvestment %**

This metric looks at the investment in properties (existing stock as well as new supply) as a percentage of the value of total properties held.

There has been a new supply of 15 units added to Anchor House (Hope Street project). The percentage reflects investment in this project and work on existing properties (capitalised maintenance costs).

The charity's metric for reinvestment for the year was 6.07% (2021: 0.29%)

### **Metric 2 - New supply delivered %**

During the year the Charity has delivered 15 social housing units. This represents 9.68% of the total number of bedspaces owned by the Charity at the end of this financial year. (No units were delivered in the preceding financial year).

### **Metric 3 - Gearing %**

The Charity's property, Anchor House, is owned freehold. The charity has two long term loans, one with NatWest, secured against this property, and the other with Homeless Link. The balance outstanding at 31 March 2022 of £2,187K (2021: £2,262K) represents 10.78% (2021:2.99%) of Housing depreciated value owned by the Charity.

### **Metric 4 - Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included (EBITDA MRI) Interest Cover %**

The charity paid interest of £68K (2021: £61K) in the year in relation to the loan finance referred in metric 3. Interest is therefore covered -20% (2021:1804%) by EBITDA MRI.

The negative interest cover for the year was due to loss of rental income and increase in refurbishment costs due to planned maintenance work on a number of units at Anchor House.

**Metric 5 - Headline social housing cost per unit**

The cost per unit for the year was £19,588 (2021: £25,401). The cost reflects the average cost of housing and support services offered to our residents in the year. The support services vary from low to medium, including services to people sleeping rough and residents with multiple and complex needs.

**Metric 6 - Operating Margin (overall) %**

The operating margin of the Charity as a whole for the year was -7.84% (2021: 18.56%). The negative margin was due to loss of rental income and increase in refurbishment costs due to planned maintenance work on a number of units at Anchor House.

**Metric 7 - Return on capital employed (ROCE) %**

This metric compares the operating surplus to total assets less current liabilities. For the Charity as whole this was -2.58% for the year (2021: 6.17%). The negative ROCE was due to reasons stated in metric 6.

**Fundraising**

Our supporters are incredibly important to us, and we believe in maintaining the highest possible standards when fundraising. We are registered with the Fundraising Regulator and are committed to the Fundraising Promise and working in a way that is compliant with the Code of Fundraising Practice. This report covers the requirements charities must follow as set out in the Charities Act 2016. We keep our fundraising policy and practices under review and ensure that our fundraising meets the standards required in law and reflects best practice, so that our donors can give with confidence.

With the ongoing Covid-19 pandemic, fundraising through in-person events, schools and faith groups continued to be restricted and our focus remained on securing grants, individual donations and gifts in kind. We participated in the Big Give Christmas Challenge 2021, whereby donations made during the online campaign were match-funded, which raised a restricted funding of £31,715 to support residents to move on. We were also grateful to receive many gifts in kind during the year, including food, toiletries and clothing for our residents, and furnishings for their rooms. We also received £17,360 pro-bono project management assistance for our new accommodation units from LandAid.

Despite the challenging environment from a fundraising perspective, and the impact on our usual fundraising activities due to the ongoing Covid-19 pandemic, we raised £1,003,081 income from grants and donations in the year.

It's important to us that everyone we interact with feels free from undue influence when they consider donating. We ensure our fundraisers can recognise signs of potential vulnerability, so they can manage conversations and take action in the most appropriate way.

We acknowledge that people's circumstances change, and we promise to respect and act on information shared if one of our supporters is in a vulnerable situation - we did not receive any such notifications in the financial year. We are also signed up to the Fundraising Preference Service to enable individuals to opt out from receiving fundraising communications from us - we received zero requests from this service during the year.

We promise that we will treat all complaints seriously, investigate them fully and report back transparently and appropriately. Our aim is always for our supporters to have a high-quality experience with us, and we are pleased that we did not receive any complaints about our fundraising, marketing or related communications – done by ourselves or any third parties - in the year.

We did not work with any professional fundraisers or commercial participators, as defined by the Fundraising Regulator. Should this be something we do in the future, we will of course monitor the activities carried out to ensure they meet the same high standards we expect of our own fundraisers, and have any required agreements in place.

## STRATEGIC REPORT

### Achievements and Performance

The context in which we work has become ever more challenging over the last few years. The housing crisis continues to deepen with house prices and rents beyond the reach of many of those living locally, wages remain stagnant, and inflation has begun to soar leading to a cost of living crisis across the country which is hitting those on low incomes the hardest.

In response to these rising needs, we are pleased to report that we started the year with 140 bed-spaces, and ended it with 229 bed-spaces, making Caritas Anchor House the largest provider of supported accommodation for people experiencing homelessness in Newham. Our main site, Anchor House in Canning Town, provides one of the largest hostel services in the country. We now offer seven accommodation services:

- Our Core service at Anchor House, providing 117 rooms and flats for those experiencing homelessness with low to medium level support needs
- Our Complex Needs service at Anchor House, providing 23 rooms for those who have been rough sleeping and have high level support needs
- Our Hope Street service at Anchor House, providing 15 move on 'houses' for people who have been rough sleeping with low to medium support needs
- Our Direct Access Assessment Hub service based in Upton Park for people who have been rough sleeping and are coming straight from the streets
- Our Women's Service in East Ham for women who have been rough sleeping and have high support needs
- Our Launchpad service in Beckton for men who have been rough sleeping and have medium to high support needs. This service runs alongside our accommodation at Bradymead in Beckton for people who have been rough sleeping who have medium to high support needs
- Our Move on Support Service, operating from the Courtney Hotel in Wanstead, supporting people who have been rough sleeping

The growth in our services has been as a result of two successful planned developments during the year:

1. Our partnership with CGL and other local providers which began delivering a range of Integrated Rough Sleeper Support Services on behalf of the London Borough of Newham in September 2021.
2. The opening of our new Hope Street development of fifteen innovative 'houses' for former rough sleepers in our unused 'Barn' warehouse space at Anchor House

In addition to these new supported accommodation services, we also created a new Community Partnerships team this year which oversees our employment support to residents, resident engagement, as well as volunteering, and we have been delighted with the outcomes this team has achieved:

- Research shows that across the UK, an average of 7% of people living in supported housing are in paid employment. At CAH, 68 (18.2%) were in paid employment in the year.
- In the year, we recorded 689 attendances at employment and education sessions, a significant increase of 274% on previous years' activities in this area.
- This improvement was due to the lifting of Covid restriction which enabled us to resume group meetings, in-person meeting, and employing a new full-time Job Coach role to support our residents into employment
- Our Education, Training and Employment service provides a wide range of activities including ESOL, IT, intensive ETE (employment training and education) sessions with our new Job Coach.
- We provided 248 attendances at Community Engagement sessions such as our Resident Sounding Board, the Newham Housing System workshop, and the London's Mayoral Assembly
- 43 volunteers undertook almost 1,000 volunteering hours (986.5 hours).



**TRUSTEES' ANNUAL REPORT (continued)****FOR THE YEAR ENDED 31 MARCH 2022**

Our Trustees regularly review the progress of the organisation, and the main objectives which were achieved during this year to meet our long term strategy were:

- Despite a very challenging economic backdrop and a global health crisis, we were able to maintain our service levels to our stakeholders.
- We achieved a 93% room utilisation rate, housing and supporting 374 people across the year (a 35% increase from the previous year).
- The number of new residents we were able to accommodate has increased due to our expansion from the Integrated Rough Sleepers Support Service (IRSSS) as outlined on page 6, in the 'Achievement and Performance' section.
- Twenty-five percent of our residents were rough sleeping before coming to CAH, and we increased our capacity to accommodate people with No Recourse to Public Fund, who make up many of those who are living on the streets (68 residents accommodated in the year, a 127% increase from the previous year). We are proud to have had a significant impact in reducing local rough sleeping this year.
- Despite the majority of our beds being funded with a low support level service almost one third of the residents we supported in the year (168 people, 28%) had one or more complex needs (issues with substance misuse, mental health, and physical health). We are delighted that we have enabled a great many people with higher levels of needs to access our services to help to transform their life.
- We continued to strengthen our work with residents, supporting 129 of our residents to move on positively from our service during the year:
  - 34 residents moved into their own homes
  - 33 residents moved to our on-site flats
  - 45 residents moved into short-term accommodations, and,
  - 50 moved into medium-long term accommodation (such as supported/sheltered housing, Clearing House lets via St Mungo's).
- 68 residents had a job in the year, of which 34 residents gained new employment
- 91% of our residents sustained their tenancy up to 3 months after leaving the accommodation
- 81% of our residents sustained their tenancy for six months after leaving our services, demonstrating an astonishing eight out of ten of our residents breaking their cycle of homelessness with our support
- Despite the challenging environment from a fundraising perspective, and the impact on our usual fundraising activities due to the ongoing Covid-19 pandemic, we raised £1,003,081 income from grants and donations in the year.
- We are fortunate to have a very talented, dedicated and professional team, and we are delighted that their work was recognised by winning both the Newham Business Awards 2021: Civic & Community Engagement award, and, the East London Community Heroes Awards 2021: Community Group of the Year. We were also finalists in the UK Housing Awards: Homelessness Project of the Year.
- In addition, we are extremely proud that our work as an employer was awarded both the Disability Confident Committed status by the DWP, and the Good Work Standard employer by the GLA.

During the year we have also been active in supporting sector campaigns calling for the government to:

- protect those with No Recourse to Public Funds (NRPF)
- ensure that sleeping rough is no longer a legal ground to remove someone from the UK
- repeal the Vagrancy Act

**COVID-19**

For the second year Covid 19 affected our activities throughout this year.

Our focus continued to be on keeping our people (residents, employees, volunteers and visitors) safe in a public health emergency. Our communal spaces remained largely closed and our doors were shut to visitors and partners.



Alongside these measures we continued to distribute food for all of our residents (who usually self-cater).

We are delighted that none of our residents or colleagues became very ill with the virus, and that we experienced very low levels of infections across our services. We are proud of the way in which we have managed to continue our operations and to adapt our support services to continue to provide vital services to people experiencing homelessness, and pleased that we have managed the crisis well in financial terms.

### **Risk Management**

The Trustees have examined the financial and operational risks which the Charity faces and confirm that systems, controls and review procedures have been established to mitigate exposure to these risks. The Charity has a live Risk Register, and each of the Charity's Sub-Committees reviews relevant risks on a quarterly basis. The full Risk Register is updated following Sub-Committee meetings and reviewed quarterly at full Board meetings.

The principal risks, together with the appropriate mitigation strategies, have been identified as:

- (a) **Inability to service debt finance and on-going cash flow.** Our loan financing is funded through housing benefit and rents at CAH which significantly mitigates this risk. In addition, we have stretching fundraising targets and high performance in this area which is reassuring and further reduces the likelihood of us experiencing cash flow problems.
- (b) **Failure to secure appropriate funding from Trusts, Statutory, Corporate, Community or individual donors, including impact of Covid-19 on fundraising income for core activities.** We have a strong track record of raising good sums of money through fundraising and have retained the key post holders with the experience of achieving this. During the year we appointed two additional fundraising team members, an Individual Giving and Legacy Specialist and a Community and Events Officer, to enable the charity to secure support from a wider range of sources. We monitor budget performance closely and will make decisions to restrict expenditure to match income if required.
- (c) **Reduction in referral / increase in voids levels.** We have had high levels of referrals up until April 2021, but are experiencing increased voids since this time. The flexibility we were keen to offer to commissioners during the pandemic with short term funding arrangements to ensure the safe housing of specific vulnerable groups during lockdown and beyond has created both increased levels of property damage, leading to extended void periods in a number of rooms, and sudden blocks of vacancies, which have been hard to backfill quickly. We are working closely with our referral partners, primarily Newham's Homelessness Prevention and Advice team, and looking to extend referral arrangements with other Local Authorities and services to address this matter.
- (d) **Non Compliance with regulations.** Our Management Team have responsibility for ensuring that we are compliant with the range of regulatory requirements which relate to our work and our Premises Sub Committee and Board receive quarterly updates on key compliance items. As a growing organisation, we are looking to appoint a Compliance Specialist in the near future to further our compliance work and mitigate this key risk, as well as assist with the increasingly complex contract management.
- (e) **Increase in rent arrears levels.** We have focussed on reducing rent arrears levels since the appointment of a Rent & Housing Management Specialist in 2020, and we are very pleased that a significant reduction has been achieved. This reduction has been maintained despite the pressures of Covid and a number of our residents losing their employment as a result.
- (f) **Use of overtime amongst employees in manual work roles.** We are committed to staff wellbeing and as such want to ensure that any overtime worked by our team members does not become regular or excessive.

- (g) **Employees failing to embrace organisational change.** This related mainly to the wide scale growth of our services which took place in August and September 2021 when we opened four new Integrated Rough Sleeper Support Services in partnership with CGL. We had a project management plan in place and sought additional support with the implementation phase of this development to help manage and mitigate this issue.

## CARITAS - ANCHOR HOUSE

### TRUSTEES' ANNUAL REPORT (continued)

#### FOR THE YEAR ENDED 31 MARCH 2022

- (h) **Rota management.** We are committed to ensuring that our team take required breaks and work in line with regulations and as such we have reviewed the different rota management practices in operation and centralised rota records to enable regular reviews to ensure compliance.
- (i) **Increase in cost of upgrading Wi-Fi at Anchor House.** All improvements in this area have been completed and this risk has been fully managed.

#### Financial review for the year

During the year the Charity received income of £4,584K (2021: £4,437K) and incurred expenditure of £4,547K (2021: £3,659K), resulting in a surplus of £37K (2021: surplus of £778K), which is made up of a deficit of £4K on restricted funds and a surplus of £41K on unrestricted funds. The deficit on restricted funds is funded from restricted funds brought forward from the previous year.

The increase in income of £147K (3%) from previous year's income was largely due to an additional funding of housing related support for the new Integrated Rough Sleeping Support Services (IRSSS).

The actual increase in expenditure from the previous year was £680K after adjusting for the expenditure of £209K relating to the planned maintenance work on residents' rooms. The planned maintenance work was funded from designated reserves. This increase in expenditure of £680K (19.45%) was largely attributable to expenditure incurred on IRSSS.

#### Financial review for future periods

Our budget and forecast for 2022-23 reflects increase in rental income for the Plashet and Launchpad services, and expenditure on planned maintenance and our rebranding project. In line with our strategic plan, we continue to seek to expand our services. Currently we are working to acquire a shared accommodation, which we aim to use for women only service, and move-on flats for our residents. As part of our growth strategy, we have plans to make changes to our business models and operations to ensure they remain fit for purpose and growth, as well as having an outsourced internal audit function to provide assurance of our financial controls framework.

Trustees are pleased to report that at the date of approval of this report the Charity has performed well.

#### Reserves

At 31 March 2022, unrestricted reserves stood at £10,504K (2021: £10,464K), of which £8,969K is represented by the net book value of fixed assets. Of the balance of £1,535K, £776K has been designated for a cyclical programme of major repairs, £194K for access control, £30K for contingencies and £50K to cover grant cessations, and the remaining £485K is held in general reserves. The Trustees have the authority to make these designated funds available for other purposes if required.

The Trustees have reviewed the reserves of the Charity taking into consideration future activities, uncertainties, and risks and have concluded that the appropriate level of reserves required is in the range of £1.3M to £1.6M. We will continue our efforts to build these reserves over the next few years from £485K (2021: £832K) to the required level through prudent financial management. As part of this exercise, Trustees have also reviewed the management accounts for the first quarter of the year 2022-23 and the forecast for the year, and are confident that the Charity will continue to be able to build towards the required level of reserves.



**TRUSTEES' ANNUAL REPORT (continued)****FOR THE YEAR ENDED 31 MARCH 2022**

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The Trustees have also acknowledged that the Charity is largely reliant on reserves for future growth and expansion and have agreed that the Charity should be able to use part of the reserves for this purpose if needed provided that this does not impact the existing operations and that realistic strategies are in place to replenish them.

The Board of Trustees has designated a Post Grant Continuity reserve of £50K (2021: £50K) to provide interim cover where a funding source has ceased (e.g. for a staff position), until replacement funding can be found.

The Board of Trustees has designated a Major Repairs fund of £776K (2021: £702K) to ensure that the Charity has sufficient funds to maintain its building asset where our residents live, in good condition, including planned maintenance and replacement of various components at the end of their useful economic life.

The Board of Trustees has designated a contingency fund of £30K (2021: nil) towards restructuring costs. The Charity is expected to incur these costs during the year 2022-23.

The Board of Trustees has designated an Access Control fund of £194K (2021: £350K) to ensure that the Charity has sufficient funds to replace the old access control system.

The Fixed Assets Fund of £8,969K (2021: £8,383K) is intended to represent the net book value of unrestricted tangible fixed assets, less the outstanding loan finance raised to facilitate the acquisition and development of capital improvements.

**Plans for Future Years**

At the start of the year we launched our new five-year Strategic Plan for the period April 2021 to March 2026. This plan sets out an ambitious roadmap around five key goals. By March 2026, we will:

1. provide additional specialist supported housing
2. offer an expanded range of complementary services
3. be a sustainable organisation
4. be a great place to work
5. be a trusted voice in the community and sector

As set out earlier, we have made significant progress in delivering Goal 1 with the development of our new Hope Street service and our four new services for rough sleepers in partnership with CGL. We are now looking ahead to options which will enable us to provide further move on housing for our residents, to ensure that good quality accommodation is available when residents are ready to move on from our services. We are also looking to restructure how we deliver our housing management and customer services and to embed this new structure in supporting our new multi-site provision.

Again, as outlined earlier, we have also made significant progress already in Goal 2, with the development of our new Community Partnerships and their achievements in the areas of employability, training, education, volunteering and community engagement work. Looking ahead we will continue to drive outcomes in this area, and will also be looking at how we can provide a more gender informed support provision for the many women using our services. We will also look to develop our visiting support model.

We will seek to ensure that our support services flex towards the changing needs of the rough sleeping community, and will reflect the range of new supported accommodation that we will be developing.

In Goal 3, we have made excellent progress in the year in upgrading our facilities for residents and maintaining our asset at Anchor House, investing £209k in bedroom refurbishments, and transforming an unused space to create the 15 new units of accommodation at Hope Street which opened in March 2022. Despite these investments in our provision from our reserves and the challenges resulting from the ongoing pandemic, as well as reduced occupancy levels in our accommodation, we were able to end the year with a very modest surplus, thanks in no small part to our generous

supporters who donated £1,003,081 income through grants and donations in the year. As we go forward we will look to replace the monies we have invested from our reserves to ensure that we can continue to look after our residents and our asset at Anchor House, and to remain financially sustainable in the long term. As we look ahead, we will also be changing our name and identity to better reflect the work of the Charity and to adapt to the growth we have achieved. This rebrand, planned for October 2022, will be a platform for us to widen our supporter base, diversify our income sources and raise more funds to support and sustain our work going forward. We have also established an eco-committee to work to reduce our environmental impact. We will also be looking at how further digitalisation can help us to become more effective both in performance and scope.

For Goal 4, we want Caritas Anchor House to be a place where people want to come, do their best work and develop. To deliver the best service to our residents, we need a diverse group of employees and volunteers who can bring their dynamism, professionalism, energy and tenacity to help us achieve great outcomes together. We have worked hard during the year to refresh our approach to people management, with a wide review of our systems and policies, with awards achieved for both the Disability Confident Committed status by the DWP, and the Good Work Standard employer by the GLA. Going forward we will be refining our Belonging Strategy, involving our Trustees and team through focus groups, surveys, learning and leadership development programmes, working groups / committees.

For Goal 5, we have campaigned this year to ensure that sleeping rough is no longer a legal ground to remove someone from the UK, and for the government to repeal the Vagrancy Act. Residents were directly involved in the London Mayoral Assembly, and have fed back to Newham Council around their strategic plans on Rough Sleeping and Homelessness, and on their proposed changes to Local Housing Register. We have continued to Co-Chair the Newham Homelessness Forum and our Chief Executive has begun Chairing the National Advisory Council on behalf of Homeless Link. Looking ahead we will continue to put resident representation and lived experience voice at the heart of all of our work. We will also be looking to respond to our recent community survey findings, to raise awareness and understanding of homelessness, and encourage community support for our work.

We continue to work with our partners to increase our impact for our residents and to grow our offer to those experiencing homelessness and disadvantage in our community. We embrace change and welcome others to join us in solving some of society's most challenging social issues. We look forward to strengthening existing partnerships and developing new collaborations to support our residents and the community to achieve their potential. It is important that the voices of those engaged in this work are heard.

The lack of stability in funding from government sources means that our ability to deliver the right services to people experiencing homelessness can be significantly impacted. The human cost on our staff who lack certainty in their employment should not be ignored. Nor should the waste of valuable resources in endless recruitment to meet the vagaries of the funding priorities be underestimated. We want to work with all engaged in solving this shameful social issue to do it better.

**TRUSTEES' ANNUAL REPORT (continued)****FOR THE YEAR ENDED 31 MARCH 2022****Statement of Trustees' Responsibilities**

The Trustees (who are also directors of Caritas – Anchor House for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the income and expenditure for that year. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities and Social Housing SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each of the Trustees is aware at the time the report is approved:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

**Statement of Board of Trustees on Internal financial controls**

The Board of Trustees acknowledge its overall responsibility for establishing and maintaining the whole system of internal controls and reviewing its effectiveness. The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable assurance against material misstatements or loss. The process for identifying, evaluating and managing the significant risks by the Charity is ongoing and has been in place throughout the year up to the date of approval of the report and financial statements.

The key elements of the control and sources of assurance include:

- Clearly defined management responsibilities and procedures for the identification, evaluation, and control of significant risks.
- Risk register and risk management reports
- Performance reports
- External audit reports
- Detailed financial budgets, management accounts and forecasts
- Policies and procedures for all areas – Safeguarding, Health & Safety, Human Resource, Finance & IT. These policies and procedure are reviewed by the Sub-Committees and the Board on a regular basis.
- Established authorisation and appraisal procedures for new initiatives and commitments
- Regular reporting to the appropriate Sub-Committees and Board on key business objectives, targets and outcomes.



**TRUSTEES' ANNUAL REPORT (continued)**

**FOR THE YEAR ENDED 31 MARCH 2022**

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The key areas cover control, information reporting systems, monitoring and risk management.

**Control**

The Board of Trustees retains responsibility for defined range of areas covering strategic, operational, and financial elements. The Board of Trustees has put in place an organisational structure which clearly defines lines of responsibility and delegation of authority.

**Information reporting system**

Financial reporting systems include regular reviews of overall financial business plans, preparation of detailed annual budgets and the production of detailed monthly management accounts. These are prepared by the Senior Management Team and are considered and approved by the Sub-Committee and the Board. The Senior Management Team and the Board of Trustees also review performance regularly to assess progress towards the achievement of key business objective, targets and outcomes.

**Monitoring**

A process of regular management monitoring on control issues provides assurance to Senior Management Team and Board of Trustees. This includes a rigorous process of ensuring that corrective actions are taken in relation to any significant control issues.

**Risk Management**

The charity has a comprehensive risk management strategy which identifies risks facing the Charity, risk management responsibilities, and action required to mitigate these risks, and monitoring arrangements.

The Trustees' Annual Report which incorporates the strategic report was approved and signed on behalf of the Board on

7 September 2022

A handwritten signature in black ink, appearing to read "Simon Hall", written over a dotted line.

Simon Hall – Chair & Trustee

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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARITAS – ANCHOR HOUSE

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### Opinion

We have audited the financial statements of Caritas – Anchor House for the year ended 31 March 2022 which comprise Statement of Financial Activities, Balance sheet, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 charitable company's affairs as at 31 March 2022 and of the charitable company's net movement in funds, including the income and expenditure, 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 from January 2019.

### Basis for opinion

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

### Conclusions relating to going concern

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

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 charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

### Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Trustees' 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

- the information given in the Trustees' Annual Report (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARITAS – ANCHOR HOUSE (continued)**

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- the strategic report and the directors' report included within the Trustees' Annual Report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report (which incorporates the strategic report and the directors' 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 by the charitable company; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Responsibilities of trustees for the financial statements**

As explained more fully in the trustees' responsibilities statement set out on page 12, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable 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 these financial statements.

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

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to social housing, safeguarding, fundraising, employment and health and safety regulations and charity law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as include the Statement of Recommended Practice for registered Social Housing Providers 2008, Companies Act 2006 and the Charities Act 2011, and considered other factors such as income tax, payroll tax and sales tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls). Audit procedures performed by the engagement team included:

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CARITAS – ANCHOR HOUSE (continued)**

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- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their critical accounting estimates

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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.

**Use of our report**

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



Lee Stokes (Senior Statutory Auditor)  
For and on behalf of Haysmacintyre LLP, Statutory Auditors

10 Queen Street Place  
London  
EC4R 1AG

21 September 2022



## STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING THE INCOME AND EXPENDITURE ACCOUNT)

FOR THE YEAR ENDED 31 MARCH 2022

		Unrestricted funds 2022 £	Restricted funds 2022 £	Total Funds 2022 £	Total Funds 2021 £
	Notes				
<b>INCOME FROM</b>					
Donations, grants and legacies	2a	253,418	749,663	1,003,081	1,033,827
Charitable activity:					
Anchor House	2b	3,559,566	-	3,559,566	3,381,382
Other trading activities:					
Rent receivable		21,358	-	21,358	21,406
<b>TOTAL INCOME</b>		<b>3,834,342</b>	<b>749,663</b>	<b>4,584,005</b>	<b>4,436,615</b>
<b>EXPENDITURE ON</b>					
Cost of raising funds	4	221,394	-	221,394	215,524
Charitable activity:					
Anchor House	5	4,026,311	299,602	4,325,913	3,443,189
<b>TOTAL EXPENDITURE</b>		<b>4,247,705</b>	<b>299,602</b>	<b>4,547,307</b>	<b>3,658,713</b>
<b>Net (expenditure)/income</b>		<b>(413,363)</b>	<b>405,061</b>	<b>36,698</b>	<b>777,902</b>
Transfers between funds		453,892	(453,892)	-	-
<b>NET MOVEMENT IN FUNDS</b>		<b>40,529</b>	<b>(3,831)</b>	<b>36,698</b>	<b>777,902</b>
<b>TOTAL FUNDS BROUGHT FORWARD</b>		<b>10,463,838</b>	<b>41,831</b>	<b>10,505,669</b>	<b>9,727,767</b>
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>10,504,367</b>	<b>38,000</b>	<b>10,542,367</b>	<b>10,505,669</b>

The notes on pages 21 to 33 form part of these financial statements.

- All transactions are derived from continuing activities.
- All recognised gains and losses are included in the Statement of Financial Activities.
- Details of comparative figures are given in note 21.



## BALANCE SHEET

AS AT 31 MARCH 2022

	Notes	2022 £	2021 £
<b>FIXED ASSETS</b>			
Tangible fixed assets	9	11,156,286	10,525,340
		<u>11,156,286</u>	<u>10,525,340</u>
<b>CURRENT ASSETS</b>			
Stocks	11	5,323	6,149
Debtors	12	517,097	242,244
Cash at bank and on deposit		<u>1,792,580</u>	<u>2,364,381</u>
		<u>2,315,000</u>	<u>2,612,774</u>
<b>CREDITORS: amounts falling due within one year</b>	13	(842,694)	(446,464)
<b>NET CURRENT ASSETS</b>		<u>1,472,306</u>	<u>2,166,310</u>
<b>CREDITORS: amounts falling due after one year</b>	14	(2,086,225)	(2,185,981)
<b>NET ASSETS</b>		<u>10,542,367</u>	<u>10,505,669</u>
<b>REPRESENTED BY</b>			
Unrestricted Funds			
- General	16	484,452	832,575
- Designated	16	10,019,915	9,631,263
Restricted Funds	17	<u>38,000</u>	<u>41,831</u>
		<u>10,542,367</u>	<u>10,505,669</u>

The financial statements were approved and authorised for issue by the Board of Trustees on 7 September 2022 and were signed on its behalf by:



Simon Hall - Trustee

The notes on pages 21 to 33 form part of these financial statements.

Company registration number: 08075329 (England and Wales)

## STATEMENT OF CASH FLOWS AS AT 31 MARCH 2022

**CASH FLOW STATEMENT**

	<b>2022</b>		<b>2021</b>	
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cash flows from operating activities:</b>				
<i>Net cash provided by operating activities</i>		450,260		1,229,723
<b>Cash flows from investing activities:</b>				
Dividends, interest and rents from investments	21,358		21,406	
Purchase of property, plant and equipment	(968,374)		(61,910)	
<i>Net cash (used in) investing activities</i>		(947,016)		(40,504)
<b>Cash flows from financing activities:</b>				
New borrowing drawn down	-		120,000	
Repayment of borrowing	(75,045)		(50,207)	
<i>Net cash provided by in financing activities</i>		-		69,793
<b>Change in cash and cash equivalents in the reporting year</b>		(571,801)		1,259,012
<b>Cash and cash equivalents at the beginning of the reporting year</b>		2,364,381		1,105,369
<b>Cash and cash equivalents at the end of the reporting year</b>		1,792,580		2,364,381

**Reconciliation of net income to net cash flow from operating activities**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Net income for the reporting year</b>	36,698	777,902
<b>(as per the statement of financial activities)</b>		
<b>Adjustments for:</b>		
Depreciation charges	337,428	293,590
Dividends, interest and rents from investments	(21,358)	(21,406)
Increase/(increase) in stocks	826	(343)
(Increase)/decrease in debtors	(274,853)	62,249
Increase in creditors	371,519	117,731
<b>Net cash provided by operating activities</b>	450,260	1,229,723

**Analysis of cash and cash equivalents**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Cash in hand	1,792,580	2,364,381
<b>Total cash and cash equivalents</b>	1,792,580	2,364,381

## STATEMENT OF CASH FLOWS AS AT 31 MARCH 2022 (continued)

*Movement in net debt*

	1 April 2021	Cashflows	Non-cash changes	31 March 2022
	£	£	£	£
Cash and cash equivalents	2,364,381	(571,801)	-	1,792,580
Loans due within one year	(75,903)	75,045	(99,756)	(100,614)
Loans due after one year	(2,185,981)		99,756	(2,086,225)
	102,497	(496,756)	-	(394,259)

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

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

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) – (Charities SORP (FRS102)), Statement of Recommended Practice for registered Social Housing Providers 2008, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Companies Act 2006.

Caritas - Anchor House meets the definition of a public benefit entity under FRS 102. Assets and Liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

**(b) Going Concern**

Having reviewed the funding facilities available to the Charity together with future projected cash flows covering a 12 month period from the approval of the financial statements, the trustees have an expectation that the Charity has adequate resources to continue its activities for the foreseeable future and consider that there were no material uncertainties over the Charity's financial viability. Accordingly, the financial statements have been prepared on a going concern basis.

**(c) Critical accounting judgements and key sources of estimation uncertainty**

In the application of the accounting policies, trustees are required to make judgement, estimates, and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affected current and future periods. Judgements made by the trustees, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are deemed to be in relation to the depreciation rates of tangible fixed assets and are discussed below.

In the view of the trustees, no assumptions concerning the future or estimation of uncertainty affecting assets or liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

**(d) Financial instruments**

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost with the exception of investments which are held at fair value. Financial assets held at amortised cost comprise cash at bank and in hand, together with trade and other debtors. A specific provision is made for debts for which recoverability is in doubt. Cash at bank and in hand is defined as all cash held in instant access bank accounts and used as working capital. Financial liabilities held at amortised cost comprise all creditors except social security and other taxes and provisions.

**(e) Income**

Income from Anchor House represents receipts from residential accommodation, meals and shop sales. Donations and legacies are accounted for when received by the Charity. Other income is accounted for on an accruals basis as far as it is prudent to do so. Revenue grants are credited to the statement of financial activities as received, unless they are to be spent in a later year, when they are deferred.

## NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2022

**1. ACCOUNTING POLICIES (continued)****(f) Expenditure**

Expenditure is recognised on an accruals basis. Governance costs comprise the costs of running the Charity, including strategic planning for its future development, internal and external audit, legal and professional advice and all costs of complying with constitutional and statutory requirements, such as the costs of Trustees' meetings and of preparing statutory financial statements and satisfying public accountability.

**(g) Tangible fixed assets**

The property is freehold, being situated at Anchor House, 81 Barking Road, London E16 4HB, and is included at cost, less depreciation. The land is included at cost and is not depreciated. Assets under the course of construction are not depreciated until the work has been completed and the asset brought into use.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets other than freehold land over their estimated economic lives.

Using component costing principles freehold property is divided into components which are depreciated over the following years:

Building structure	60 years
Windows, bathrooms and flooring	15 years
Heating and electricity systems	15 years to 30 years, as appropriate
Kitchen	20 years
Lift	30 years

In the previous year the freehold property was depreciated at 2.00% on a straight-line basis. Component accounting was introduced from 1<sup>st</sup> of April 2019.

All PCs and laptops regardless of their values and other tangible fixed assets exceeding £1,000 are stated at cost net of depreciation. Depreciation is calculated at the following annual rates:

Fixtures, fittings and equipment	- 10-33% straight line, as appropriate
Motor vehicles	- 25% straight line

**(h) Investments**

Investments are stated at their middle market values ruling at the balance sheet date. The realised and unrealised gains and losses on investments are calculated based on the opening market values and are accounted for within the Statement of Financial Activities.

Income arising from these investments is accounted for when it is receivable.

**(i) Stocks**

Stocks are shown at lower of cost and net realisable value after making due allowance for obsolete and slow moving items.

**(j) Debtors**

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**(k) Cash at bank and in hand**

Cash at bank and cash in hand includes cash and short term highly liquid investments.

**(l) Creditors and provisions**

Creditors and provisions are recognised where the Charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.



**(m) Designated funds**

The Trustees may set aside amounts of unrestricted funds, at their discretion, for specific future purposes. Such funds are shown within unrestricted funds as designated funds. Where the trustees decide that designated funds are no longer required for the purposes specified, these are released from designated funds.

**(n) Restricted funds**

The restricted funds are monies raised for, and their use restricted to, a specific purpose or donations subject to other donor-imposed conditions. Transfers are made to unrestricted funds where amounts raised for specific capital projects are spent.

**(o) Taxation**

As a registered Charity, Caritas – Anchor House benefits from rates relief and is generally exempt from taxation on its income applied for charitable purposes, but not from Value Added Tax. Irrecoverable Value Added Tax is included in the cost of those items to which it relates.

**2a Income from donations and grants:**

**Income from donations:**

	<b>Unrestricted</b>	<b>Restricted</b>	<b>Total</b>	<b>Total</b>
	<b>2022</b>	<b>2022</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Donations	130,168	29,854	160,022	226,545
Donation in kind	-	55,050	55,050	69,490
	<b>130,168</b>	<b>84,904</b>	<b>215,072</b>	<b>296,035</b>

**Income from grants:**

	<b>Unrestricted</b>	<b>Restricted</b>	<b>Total</b>	<b>Total</b>
	<b>2022</b>	<b>2022</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
The Monday Charitable Trust	-	6,450	6,450	-
The Leathersellers' Company Charitable Fund	-	-	-	10,000
The Borrowers Charitable Trust	-	5,000	5,000	5,000
The Cuckoo Hill Trust	-	-	-	1,000
The Charitable Committee of The Worshipful Company of Vintners	-	-	-	12,500
PF Charitable Trust	-	2,000	2,000	-
The Mercers' Company -The Charity of Sir Richard Whittington	-	-	-	30,000
The London Community Foundation-SEGRO	-	-	-	5,000
Building Societies Trust Limited	-	40,000	40,000	-
The Albert Hunt Trust	5,000	-	5,000	-
Swire Charitable Trust	-	7,500	7,500	-
CRASH	-	-	-	16,063
JA Rose Trust	-	5,000	5,000	5,000
Homeless Link	-	-	-	74,278
National Lottery Community Fund	-	-	-	93,781
Crisis	-	-	-	5,000
East End Community Foundation	-	-	-	5,000
East End Emergency Fund	-	-	-	15,000
CAF	1,900	-	1,900	7,500
The Drapers' Charitable Fund	25,000	-	25,000	25,000
John Armitage Charitable Trust	20,000	-	20,000	20,000
The Rank Foundation	-	-	-	23,860
Sir Harold Hood's Charitable Trust	-	-	-	2,000
French Huguenot Church of London Charitable Trust	-	5,000	5,000	5,000
Trust for London	-	12,500	12,500	6,250
City Bridge Trust	-	50,000	50,000	24,674
Co-Op	-	-	-	4,486
Grocers' Charity	-	-	-	5,000
The Edward Gostling Foundation	-	-	-	5,000
The Haramead Trust	-	-	-	10,000
LBN	-	7,978	7,978	44,500

**CARITAS - ANCHOR HOUSE**
**NOTES TO THE FINANCIAL STATEMENTS (continued)**
**FOR THE YEAR ENDED 31 MARCH 2022**

The Maurice & Hilda Laing Charitable Trust	-	-	-	5,000
Fowler Smith & Jones Trust	-	-	-	4,000
The Julia and Hans Rausing Trust	-	-	-	200,000
Screwfix	-	-	-	5,000
The Fishmongers' Company's Charitable Trust	-	15,000	15,000	15,000
All Churches Trust Ltd	-	6,000	6,000	19,800
London City Airport	-	-	-	3,000
Morrisons Foundation	-	6,500	6,500	10,000
Taylor Wimpey	-	-	-	5,000
White Oak Charitable Trust	1,000	-	1,000	1,000
Worshipful Company of Fan Makers	-	-	-	3,650
Other	-	-	-	5,450
The Sisters of The Holy Cross Charitable Trust	-	20,000	20,000	-
The Charitable Committee of The Vintner's Company	5,000	5,000	10,000	-
Arnold Clark Community Fund	-	1,000	1,000	-
Ecclesiastical Insurance	1,000	-	1,000	-
Neighbourly - B&Q	-	5,000	5,000	-
Coco Joelle Foundation	-	25,000	25,000	-
Portal Trust	-	19,999	19,999	-
GLA	-	390,000	390,000	-
DWP Flexible Support Fund Grant	-	11,077	11,077	-
Charles S French CT	-	3,000	3,000	-
Clifford Chance Foundation	-	2,892	2,892	-
Yorkshire Building Society	-	2,000	2,000	-
Assura / Cheshire Community Foundation	-	4,975	4,975	-
Aspers Casino Good Causes Fund	-	4,388	4,388	-
Marsh Charitable Trust	600	-	600	-
The Poor Fund of the Worshipful Company of Fan Makers	3,750	-	3,750	-
The Lyon Family Charitable Trust	60,000	-	60,000	-
Charlotte Marshall CT	-	1,500	1,500	-
	<b>123,250</b>	<b>664,759</b>	<b>788,009</b>	<b>737,792</b>

**Total donations, grants and legacies**

<b>253,418</b>	<b>749,663</b>	<b>1,003,081</b>	<b>1,033,827</b>
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## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2022

**2b Income from charitable activities**

Anchor House:	Unrestricted	Restricted	Total	Total
	2022	2022	2022	2021
	£	£	£	£
Accommodation	2,378,701	-	2,378,701	2,440,406
Housing Related Support	811,142	-	811,142	613,848
Rough Sleepers Initiative	311,000	-	311,000	311,000
Sundry income	54,358	-	54,358	6,154
Laundry income	4,365	-	4,365	3,889
Room hire	-	-	-	6,085
	<b>3,559,566</b>	<b>-</b>	<b>3,559,566</b>	<b>3,381,382</b>

All income in 2021 was unrestricted.

**3 Social housing lettings**

	2022	2021
	£	£
Rent receivable excluding service charges	1,052,813	1,080,124
Service charge receivable	1,325,888	1,360,282
Grants and other income	1,775,243	1,926,254
<b>Turnover from social housing lettings</b>	<b>4,153,944</b>	<b>4,366,660</b>
<b>Operating expenditure on Social housing lettings</b>	<b>4,479,525</b>	<b>3,556,122</b>
<b>Operating surplus on social housing lettings</b>	<b>(325,581)</b>	<b>810,538</b>
Financing costs	67,782	61,191
<b>Surplus on social housing lettings</b>	<b>(393,363)</b>	<b>749,347</b>
<b>Void losses</b>	<b>404,472</b>	<b>158,894</b>

Increase in void loss in year 2022 was due to planned and unplanned maintenance works on residents' rooms at Anchor House.

**4 Cost of raising funds**

	2022	2021
	£	£
Staff costs	134,495	126,113
Other direct costs	32,461	30,159
Support costs	54,438	59,252
	<b>221,394</b>	<b>215,524</b>

**5 Charitable activities**

	Staff Costs £	Other Direct Costs £	Support Costs £	Total 2022 Costs £	Total 2021 Costs £
<b>Anchor House</b>	1,645,875	1,321,256	556,750	3,523,881	3,443,189
<b>Integrated Rough Sleeping Support Services (IRSSS)</b>	512,720	116,720	172,592	802,032	-
	<b>2,158,595</b>	<b>1,437,976</b>	<b>729,342</b>	<b>4,325,913</b>	<b>3,443,189</b>



## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2022

**6 Support costs allocation to activities**

	Fundraising	Anchor House	IRSSS	Total 2022	Total 2021
	£	£	£	£	£
Staff costs	33,397	341,556	105,882	480,835	468,067
Staff training and recruitment	1,876	19,192	5,950	27,018	28,912
Office expenses	15,352	157,013	48,674	221,039	148,059
Legal and professional fees	2,379	24,327	7,541	34,247	28,281
Other costs	1,434	14,662	4,545	20,641	5,385
	<u>54,438</u>	<u>556,750</u>	<u>172,592</u>	<u>783,780</u>	<u>678,705</u>

Support costs have been allocated to activities based on number of people employed within each activity.

**7 Governance Costs**

	2022	2021
	£	£
Staff costs	53,396	50,873
Auditors remuneration - Audit fee	16,078	17,883
Legal and professional fees	13,091	-
Trustee expenses	218	142
	<u>82,783</u>	<u>68,898</u>

The Trustees received no remuneration (2021: £Nil). Expenses relating to travel and training were reimbursed or paid to third parties on behalf of Trustees. These amounted to £218 (2021: £142).

**8 Staff costs**

	2022	2021
	£	£
Salaries	1,962,811	1,626,111
Social security costs	190,586	157,720
Pension	116,610	95,627
Termination payment	5,809	-
Casual workers	498,109	347,341
	<u>2,773,925</u>	<u>2,226,799</u>

The average number of staff in the year was 67 (2021:62) excluding casual workers. Calculated on a full-time equivalent basis, the figure was 65 (2021:60). The number of employees with annual taxable emoluments paid more than £60,000 per annum was:

	2022	2021
£60,000 - £69,999	1	2
£70,000 - £79,999	2	-
£90,000-£100,999	<u>1</u>	<u>1</u>

The total remuneration of key management personnel for the year was £302,232 (2021 – £284,111).

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## FOR THE YEAR ENDED 31 MARCH 2022

**8 Staff costs (continued)**

Included in the above were payments to the Chief Executive, being the highest paid employee, amounting to £88,034 for the year excluding pension contribution (2021: £86,525). The Chief Executive is a member of the Charity's defined contribution pension scheme. The charity contributes 7.5% of the salary to the Chief Executive's pension, and the Chief Executive contributes the same percentage of her salary.

**9 Tangible fixed assets**

	<b>Freehold Land and Buildings</b>	<b>Motor Vehicles</b>	<b>Furniture &amp; Equipment</b>	<b>Asset Under Construction</b>	<b>Total</b>
<b>Cost</b>	<b>£</b>	<b>£</b>	<b>£</b>		<b>£</b>
At 1 April 2021	11,766,154	18,061	199,495	566,692	12,550,402
Additions	25,645	-	310,458	632,271	968,374
Transfer	1,198,963	-	-	(1,198,963)	-
At 31 March 2022	12,990,762	18,061	509,953	-	13,518,776
<b>Depreciation</b>					
At 1 April 2021	1,911,135	18,061	95,866	-	2,025,062
Charge in the year	248,718	-	88,710	-	337,428
At 31 March 2022	2,159,853	18,061	184,576	-	2,362,490
<b>Net book value</b>					
As at 31 March 2022	10,830,909	-	325,377	-	11,156,286
As at 31 March 2021	9,855,019	-	103,629	566,692	10,525,340

**10 Investments**

The Charity owns 100% share capital of the subsidiary company, Caritas Anchor House, Learning & Development Academy Ltd, which remained dormant in the year.

**11 Stocks**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Consumables	5,323	6,149
	5,323	6,149

**12 Debtors**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Trade debtors	279,279	137,695
Prepayments	127,395	44,003
VAT due	57,985	2,500
Other debtors	52,438	58,046
	517,097	242,244

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2022

**13 Creditors - Amounts falling due within one year**

	2022	2021
	£	£
Bank loans (note 15)	100,614	75,903
Trade creditors	538,505	98,036
Accruals	60,409	95,254
Social security and other taxes	47,672	41,673
Pension fund	17,256	14,495
Other creditors	78,238	121,103
	<u>842,694</u>	<u>446,464</u>

**14 Creditors - Amounts falling due outside one year**

	2022	2021
	£	£
Bank loans (note 15)	<u>2,086,225</u>	<u>2,185,981</u>

**15 BANK LOANS**

The current loan is secured on the property at 81 Barking Road, London E16 4HB and associated assets. The repayment schedule for the new loan is a period of 25 years, ending on 17 February 2046. The applicable rate of interest is 2.73% fixed rate for 15 years from February 2021, and then a variable rate of 1.75% over base rate for the remaining term of the loan.

The Charity also obtained a social investment loan of £120,000 from Homeless Link for the Barn project during the financial year 2020-21. This is an unsecured loan and is repayable over 42 months, ending on 1 October 2024. The applicable rate of interest is 8% fixed rate.

	2022	2021
	£	£
Repayments are due as follows		
Within 1 year	100,614	75,903
Between 2-5 years	334,735	365,622
Over 5 years	1,751,490	1,820,359
	<u>2,186,839</u>	<u>2,261,884</u>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2022

## 16 Unrestricted Funds

	At 1 April 2021	Income and Gains	Expenditure	Transfers	Reduction in long term loan	At 31 March 2022
	£	£	£	£	£	£
General	832,575	3,834,342	(4,247,705)	140,285	(75,045)	484,452
<b>Designated funds:-</b>						
Fixed Assets	8,383,456	-	-	510,946	75,045	8,969,447
Post Grant Continuity	50,000	-	-	-	-	50,000
Contingency Fund	-	-	-	30,000	-	30,000
Major Repairs Fund	701,662	-	-	74,396	-	776,058
Residents Furniture & Equipment (Renewals & replacements)	146,145	-	-	(146,145)	-	-
Access control	350,000	-	-	(155,590)	-	194,410
	10,463,838	3,834,342	(4,247,705)	453,892	-	10,504,367

The Fixed Assets Designated Fund represents the net book value of unrestricted tangible fixed assets less the outstanding balance of the long term Property Loan. Each year amounts are transferred to or from the Fixed Asset Fund, representing the movement in the net book value of the unrestricted tangible fixed assets in the year and the reduction in the long term loan, as capital is repaid.

The Post Grant Continuity Fund represents money set aside to cover costs incurred where funding has ceased.

Contingency Fund represents money set aside to cover costs relating restructure of certain departments.

The Major Repairs Fund represents money set aside to cover major repairs on CAH building. Every year an amount is allocated to each component (windows, bathrooms, flooring, heating and electricity systems, lift, and kitchen) based on their useful economic life and estimated replacement costs.

The Residents Furniture & Equipment Fund represents money set aside to replace residents' furniture and equipment both in their rooms and in the communal area.

The Access control fund represents money set aside to replace the old access control system.

Prior year	At 1 April 2020	Income and Gains	Expenditure	Transfers	Reduction in long term loan	At 31 March 2021
	£	£	£	£	£	£
General	244,415	3,686,028	(2,936,680)	(432,409)	271,221	832,575
<b>Designated funds:-</b>						
Fixed Assets	8,886,357	-	-	(231,680)	(271,221)	8,383,456
Post Grant Continuity	50,000	-	-	-	-	50,000
Major Repairs Fund	453,841	-	-	247,821	-	701,662
Residents Furniture & Equipment (Renewals & replacements)	66,745	-	-	79,400	-	146,145
Access control	-	-	-	350,000	-	350,000
	9,701,358	3,686,028	(2,936,680)	13,132	-	10,463,838



**CARITAS - ANCHOR HOUSE**
**NOTES TO THE FINANCIAL STATEMENTS (continued)**
**FOR THE YEAR ENDED 31 MARCH 2022**
**17 Restricted Funds**

	At 31 March 2021 £	Income £	Expenditure £	Transfers £	At 31 March 2022 £
Personal Development	-	101,425	(101,425)	-	-
Education, Training and employment	-	101,586	(101,586)	-	-
Move-on	-	64,923	(44,923)	-	20,000
Donation in kind	-	55,050	(37,690)	(17,360)	-
Capital fund	41,831	412,701	-	(436,532)	18,000
Complex Needs	-	5,000	(5,000)	-	-
Covid	-	3,978	(3,978)	-	-
Kickstart Training	-	5,000	(5,000)	-	-
	41,831	749,663	(299,602)	(453,892)	38,000

The transfers represent the capital expenditure in the year.

**Personal Development**

This fund supports our vulnerable residents with high levels of isolation, low self-esteem and complex challenges on their journey back to independent living through structured personal development and social activities.

**Move-on**

This fund supports our tenancy sustainability service, allowing us to assist single homes residents to access independent accommodation.

**Education Training and Employment**

This fund supports our residents with education, training and employment opportunities. Learning new skills helps our residents to improve their self-esteem and gain experience so that they can re-enter the workforce.

**Donation in Kind**

This fund represents the value of furniture and other items and services donated by various organisations during the year.

**Capital Fund**

This is a restricted fund to be used on CAH's wider capital programme including the Hope Street project.

**Assessment Hub**

This fund supports the Assessment Hub's residents' personal needs including food and clothing, and their move on programmes.

**Covid Grants and donations**

This fund represents the amount of covid grants and donations received during the year to meet covid related costs.

**Kickstart Training**

This fund represents the amount of grants received during the year towards kickstart training scheme.

	At 1 April 2020 £	Income £	Expenditure £	Transfers £	At 31 March 2021 £
Personal Development	779	21,850	(22,629)	-	-
Education, Training and employment	-	91,028	(91,028)	-	-
Food Coordination	-	1,000	(1,000)	-	-
Donation in kind	-	69,490	(56,358)	(13,132)	-
Home and hope appeal	9,528	73,703	(41,400)	-	41,831
Assessment Hub	16,102	5,000	(21,102)	-	-
Covid-19 grants	-	488,516	(488,516)	-	-
	26,409	750,587	(722,033)	(13,132)	41,831

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2022

**18 Analysis of net assets between funds**

	Unrestricted Funds	Designated Funds	Restricted Funds	Total 2021
	£	£	£	£
<b>31 March 2022</b>				
Fixed assets	-	11,156,286	-	11,156,286
Current assets	1,226,532	1,050,468	38,000	2,315,000
Current liabilities	(742,081)	(100,613)	-	(842,694)
Long term liabilities	-	(2,086,225)	-	(2,086,225)
Total net assets	484,451	10,019,916	38,000	10,542,367

	Unrestricted Funds	Designated Funds	Restricted Funds	Total 2020
	£	£	£	£
<b>31 March 2021</b>				
Fixed assets	-	10,525,340	-	10,525,340
Current assets	1,323,136	1,247,807	41,831	2,612,774
Current liabilities	(385,585)	(60,879)	-	(446,464)
Long term liabilities	(104,976)	(2,081,005)	-	(2,185,981)
Total net assets	832,575	9,631,263	41,831	10,505,669

**19 Capital commitment**

	2022	2021
	£	£
Building works (the Hope Street project)	-	629,523
Fire Doors	194,410	-
Rebranding and new website	57,360	-
	251,770	629,523

## NOTES TO THE FINANCIAL STATEMENTS (continued)

## FOR THE YEAR ENDED 31 MARCH 2022

**20 Leasing commitments**

The Charity's future minimum operating lease payments are as follows:

	2022 £	2021 £
Within one year	12,022	12,022
Between one and five years	19,690	31,712
	<u>31,712</u>	<u>43,733</u>

The telephone system and photo copier are held under operating lease arrangements.

**21. DETAILED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2021**

		Unrestricted funds 2021 £	Restricted funds 2021 £	Total Funds 2021 £
	Notes			
<b>INCOME FROM</b>				
Donations, grants and legacies	2a	283,240	750,587	1,033,827
Charitable activity:				
Anchor House	2b	3,381,382	-	3,381,382
Other trading activities:				
Rent receivable		21,406	-	21,406
<b>TOTAL INCOME</b>		<u>3,686,028</u>	<u>750,587</u>	<u>4,436,615</u>
<b>EXPENDITURE ON</b>				
Cost of raising funds	4	215,524	-	215,524
Charitable activity:				
Anchor House	5	2,721,156	722,033	3,443,189
<b>TOTAL EXPENDITURE</b>		<u>2,936,680</u>	<u>722,033</u>	<u>3,658,713</u>
<b>Net income</b>		<u>749,348</u>	<u>28,554</u>	<u>777,902</u>
Transfers between funds		13,132	(13,132)	-
<b>NET MOVEMENT IN FUNDS</b>		<u>762,480</u>	<u>15,422</u>	<u>777,902</u>
<b>TOTAL FUNDS BROUGHT FORWARD</b>		9,701,358	26,409	9,727,767
<b>TOTAL FUNDS CARRIED FORWARD</b>		<u>10,463,838</u>	<u>41,831</u>	<u>10,505,669</u>



haysmacintyre

# Caritas – Anchor House Audit Findings Report

**For the Year Ended 31 March 2022**

Partner: Lee Stokes; [lstokes@haysmacintyre.com](mailto:lstokes@haysmacintyre.com)

Manager: Stephen Fisher; [sfisher@haysmacintyre.com](mailto:sfisher@haysmacintyre.com)





Table of Contents

- 1. Introduction and Executive Summary.....1
- 2. Audit risks and key judgement areas identified during planning .....2
- 3. Accounting and Audit Matters.....3
- 4. Detailed control points .....6
- 5. Emerging issues .....7

## **1. INTRODUCTION AND EXECUTIVE SUMMARY**

This report summarises our key findings in connection with the audit of the financial statements of Caritas – Anchor House (“CAH”) for the year ended 31 March 2022.

### **Our audit approach**

Our work was planned and performed in order to issue an audit opinion on the financial statements in accordance with International Standards on Auditing (UK) (“ISAs”) and the terms of our letter of engagement. Our audit approach is a risk-based approach founded on us gaining a thorough understanding of the entity and its business in order to allow us to identify the risks of material misstatement within the financial statements. To do this, we consider both the risk inherent in the financial statements themselves and the control environment in which the entity operates. We then use this assessment to develop an effective and efficient approach to the audit.

### **Limitations**

Our audit procedures, which have been designed to enable us to express an opinion on the financial statements, have included an examination of the transactions and the controls thereon.

Our audit included consideration of internal controls relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of internal control or to identify any significant deficiencies in their design or operation.

We have included in this report only those matters that have come to our attention as a result of our normal audit procedures and, consequently, our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

### **Overall conclusion and opinion**

At the time of issuing this report we anticipate issuing an unqualified opinion on the financial statements.

**Haysmacintyre LLP**  
September 2022

## 2. SIGNIFICANT AUDIT RISKS, AND OTHER FOCUS AREAS IDENTIFIED DURING AUDIT PLANNING

We set out below the significant audit risks and where applicable, other key areas of focus for our audit identified at the planning stage and the conclusions of our audit work:

Significant Audit risk/focus area	How we addressed this	Commentary
<p><b>Presumed risk in revenue recognition</b></p> <p>Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. We are required to consider and respond to the risks of improper revenue recognition.</p> <p>However, this presumption may be rebutted and in your case, we have concluded that it was appropriate to do so as set out in our Audit Planning letter. Audit testing was therefore focussed on the risk of error.</p>	<p>We have undertaken the following procedures to verify the appropriateness of revenue recognition:</p> <ul style="list-style-type: none"> <li>Detailed substantive testing of revenue including cut-off testing.</li> <li>Analytical testing of accommodation income with reference to occupancy levels and charging rates</li> </ul>	<p>Our audit work on revenue did not identify any material issues.</p>
<p><b>Presumed risk of management override</b></p> <p>We are required to consider and respond to the risks arising from management override of controls.</p>	<p>Accounting estimates were reviewed for potential bias.</p> <p>The business rationale for unusual or significant transactions outside the normal course of business for the company were evaluated.</p> <p>We reviewed the appropriateness of general journal entries posted throughout the year and at the year-end for the preparation of the financial statements.</p>	<p>Planned audit work considered to be satisfactory in this area.</p>

### 3. ACCOUNTING AND AUDIT MATTERS

#### 3.1 Qualitative aspects of accounting practices and financial reporting

##### *i. Matters noted during the audit*

###### *Gas accrual*

At the end of the prior year a provision for unbilled charges of £45,678 arising between July 2017 and March 2020 was retained on the basis that at 31 March 2021 management still considered it more likely than not the payment would be demanded despite no bills being received. The gas supplier was changed in 2020-21 and, given the time elapsed, management have now considered it appropriate to release the provision. Whilst the old supplier is still legally entitled to raise a bill, it now appears improbable that this will occur. Therefore from an accounting perspective, the release of the provision is appropriate,

###### *Recoverability of St Mark's Community Centre Debtor*

The sales ledger continues to include a balance of £30,048 owed by St Mark's arising from expenditure incurred on behalf of St Mark's prior to 31 March 2019, and this amount continues to be fully provided against hence there is a net debtor of £nil. £20,000 related to management charges was received in the prior year-ended 31 March 2021 but we understand from your trustee meeting minutes that no further meetings or engagement with St Mark's are expected. Therefore the £nil position appear correct. If you do not envisage that any further recovery action will be taken then it would be appropriate to write off the debt fully and release the provision in 2022-3 with £nil overall effect on the result.

###### *Rental debtors*

Rental debtors of £89k are disclosed net of a provision of £38k which covers 100% of all former residents' arrears and 25% of all current tenants. This approach has been consistently applied and appears reasonable.



## 3.2 Accounting and audit matters

### ***i. Summary of adjusted and unadjusted misstatements***

No unadjusted misstatements were noted in the course of the audit other than clearly trivial items.

### ***ii. Letter of representation***

International Standards on Auditing require us to obtain written representations from the trustees when you approve the financial statements. The letter contains only standard matters with no additional items specific to Caritas Anchor House.

### ***iii. Other matter***

#### *Financial irregularity*

Management have brought to our attention that excess hours have been paid to a sub-contractor resulting in a financial loss of £11,059 of which the main contractor has agreed to meet 50%.

Whilst the amount is monetarily immaterial to the financial statements, the circumstances underlying the irregularity have warranted an investigation by management. We understand that you will be reporting the position to the Charity Commission, and we will require sight of your report in due course.

#### 4. DETAILED CONTROL POINTS

During the course of our audit we identified the following detailed control points that we feel need to be brought to the attention of the Trustees and certain recommendations for improvements and or corrective action. Our audit included consideration of internal controls relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of internal control or to identify any significant deficiencies in their design or operation. The matters and detailed control points that we have identified are graded within the following framework to assist the Trustees in assessing their impact.

Rating	Rating type	Characteristics of rating type
<b>Significant</b>	These findings are considered to be significant to the management of risk in the business. The finding represents a serious weakness in systems and controls currently in place or a potentially fundamental control that has been omitted from the risk management systems as currently in operation.	<ul style="list-style-type: none"> <li>• Key control omitted</li> <li>• Key control not designed or operating effectively, for example as indicated by multiple exceptions found during our review work</li> <li>• Evidence of override of controls in place with significant or potentially fraudulent outcomes</li> <li>• Non-compliance with laws and regulations</li> </ul>
<b>Important</b>	Important findings that should be reviewed by management, pending corrective action and or updates to systems and controls.	<ul style="list-style-type: none"> <li>• Errors and exceptions noted during our testing that had corrected retrospectively during the year by management.</li> <li>• Potential improvement to existing control noted</li> <li>• Possibility for override of controls exists</li> <li>• Our review noted numerous exceptions but not in key controls</li> </ul>
<b>Limited</b>	Findings that identify non-compliance with established systems and controls.	<ul style="list-style-type: none"> <li>• Minor control weakness, for example limited exceptions noted during our review work</li> </ul>
<b>Advisory</b>	Items requiring no immediate action but which may be of interest to management or best practice advice.	<ul style="list-style-type: none"> <li>• Information for department management</li> <li>• Control operating but scope for efficiency and/or effectiveness improvements exist</li> <li>• Control operating but not necessarily in accordance with best practice</li> <li>• Recent or anticipated developments may necessitate new controls.</li> </ul>

We wish to bring the following matters to your attention which arise from the current year audit as well as the latest status of outstanding issues arising from previous year audits:

### Current year

Issue:	Equals System balance		Control point rating:	Limited
Observation / Risk	Our comments & proposals		Management response	
<p>CAH now uses the Equals system of prepaid charge cards. At the year-end the general ledger showed a balance held on the Equals account of £980.</p> <p>The Equals account is accessible online but by the time the audit was conducted in July it was not possible to review the balance at 31 March retrospectively.</p>	<p>Whilst the year-end amount and annual expenditure (£26k) are immaterial, it would be good practice to maintain a record of the balance at key dates.</p> <p>We <b>recommend</b> that a screen shot is taken at 31 March in future.</p>		<p>We were not aware that we will not be able to get the balance on Equals account retrospectively. We will make sure that we get the balance on 31 March in future</p>	

### Prior years

There are no unresolved points brought forward from earlier years.

## 5. EMERGING ISSUES

### Charity reporting and governance matters

#### Charities Act 2022

On 24 February 2022, the Charities Bill received Royal Assent and became the Charities Act 2022 (the Act). The Act makes amendments to the Charities Act 2011 (the 2011 Act) in a number of specific areas, largely in response to the recent Law Commission review of charity legislation and with the overarching objective of making life simpler for charity trustees, as well as harmonising certain procedures, such as making amendments to a charity's objects, across the various different corporate structures within which charities operate. The key changes are set out below and will be brought into effect via secondary legislation in due course.

- 1) **Permanent Endowment** – Under the 2011 Act, if charity trustees need to expend permanent endowment funds in order to advance the purpose for which the fund was originally given, typically because the income that the fund's investments generate is insufficient to support meaningful activity, there are two different mechanisms depending on whether the value of the fund exceeds £10k and the value of the income that it generates exceeds £1k per annum. Where funds exceed both thresholds, Charity Commission consent is required for capital to be expended.

When implemented, the 2022 Act will simultaneously increase the capital threshold to £25k and remove the income threshold. The expectation is that this will widen Trustees' ability to expend capital by resolution alone where they consider this to be necessary to carry out the purpose of permanent endowment funds more effectively. However, it will mean that larger funds with income below the £1k threshold will require consent where previously they did not.

- 2) **Borrowing from permanent endowment.** The Government has accepted that charities should have a power to borrow from the charity's permanent endowment. The power will allow the charity to borrow up to 25% of the permanent endowment, with Commission approval, subject to a requirement that they recoup the expenditure within 20 years. This power is intended for 'investment' permanent endowment and it is not intended for functional permanent endowment.
- 3) **Changing charitable purposes and governing documents** – The government acknowledged that the current process for changing or amending a governing document is complex, and there are various different ways in which it had to be carried out depending on the legal structure of the charity. Unincorporated charities are to be given a new power to amend any provision in their governing documents, subject to a limited number of changes which would still require the permission of the Charity Commission such as 'regulated' alterations (Charitable objects, dissolution provision and trustee benefit provision for example), provisions that would alter permanent endowment and provisions that would have required the agreement/consent of others.
- 4) **Fundraising appeals** – The Act simplifies the requirements around restricted donations for fundraising appeals that have failed either because they did not raise sufficient funds to fulfil the purpose ("initial failure") or which have surplus funds after fulfilling the purpose ("subsequent failure"). An obvious example for Schools would be a fundraising appeal for a capital project. Subject to certain limitations, where a fundraising appeal has failed, the Trustees will be able to repurpose donations provided that the new purpose is sufficiently close to the original purpose of the appeal, without needing to obtain permission from the donors first.



### Charity reporting and governance matters

Other changes cover matters such as changing charities purposes and governing documents; appointment and remuneration of Trustees; charity mergers.

Because the Act is an amending act, the form and content of charity financial reporting will continue to be governed by the Charities Act 2011.

### Charity Commission Inquiry into the collapse of Kids Company

The Charity Commission has concluded its Inquiry into the circumstances surrounding the August 2015 collapse of Kids Company and its report was published in February 2022. The Inquiry was opened in August 2015 but was paused while the Charity went through an involuntary insolvency process and to avoid prejudicing the outcome of a High Court trial to determine whether the then Trustees should be disqualified from acting as company directors. The High Court issued its judgment on 12 February 2021, with the determination that the Trustees should not be disqualified from acting as company directors.

The scope of the Charity Commission's Inquiry was considerably wider than the matter decided by the High Court and can be read in full here: <https://www.gov.uk/government/publications/charity-inquiry-keeping-kids-company/charity-inquiry-keeping-kids-company>.

The Commission's key findings were that:

1. Kids Company was operating a high-risk, demand-led model which prioritised growth and delivery of services to beneficiaries in the short term over building reserves and resilience for the longer term. As a result, when there was a shock which had a negative impact on the charity's fundraising, in this case unfounded allegations of abuse of beneficiaries, the charity's reserves were insufficient to allow the charity to avoid an insolvent winding-up. Had the charity maintained a higher level of reserves, it may have had sufficient resources to continue after the allegations were determined to be unfounded, or at least to have allowed for a more orderly winding-up and potential transfer of services to another provider, thus avoiding any detriment to its beneficiaries.
2. There was a lack of documentation relating to funding decisions made by the Board. This may, in part, have been due to the inappropriate destruction of records which followed the charity's closure but the Commission notes that it is not clear whether certain records were destroyed or never existed in the first place. The maintenance of proper records is essential to support accountability and to ensure that the Trustees can demonstrate that they have made decisions appropriately. It should be noted that at no point has it been alleged that the Trustees were involved in the destruction of records.
3. The charity had repeatedly failed to make payments to creditors on time, in particular amounts due to HMRC and to self-employed workers. The Commission found that this alone represented mismanagement on the part of the Trustees.
4. There were some skill gaps on the Board and the Commission particularly noted that the presence of a Trustee who had experience of running a large and complex charitable organisation, as Kids Company had grown to be, would have been invaluable.

### Charity reporting and governance matters

5. Many of the Trustees had been in place for a long period of time, and greater rotation of the Trustee body and specific roles within it, would have meant that it would be more likely to constructively challenge management's established working practices and the charity's operating model.

Whilst the circumstances of Kids Company's operating model and eventual collapse were unique, the Commission has identified a number of learning points which are of potential relevance to all charities. Most notably:

1. Charity boards should ensure checks and balances, and the right blend of skills and knowledge, are in place to avoid power imbalances. Boards should consider setting formal terms of office for Trustees and have a diversity policy to ensure a broad range of experience in the Trustees. Both of these are key recommendations of the Charity Governance Code.
2. Charities should identify and balance the risks associated with their operating model with the benefits of that model, and the benefits should be evidenced.
3. Charities should undertake financial planning and maintain a reserves policy, and ensure that decisions are properly and transparently documented. Where charities are earning income from service provision, they should be giving due consideration to covering and element of core costs as well as the direct costs of provision. The Commission emphasises that the building of reserves would have been in the interests of Kids Company's beneficiaries because it would have allowed for a more orderly transition of services to a new provided in the event of the charity's closure.
4. Charities should ensure that their infrastructure, governance and resources keep pace with their growth. Kids Company had grown rapidly in the ten years prior to its collapse but it was not clear that the Trustee board or the charity's governance arrangements had changed to reflect the changing scale and complexity of the charity's activities.

### Charity Commission consultation on change to the Annual Return

The Charity Commission has launched a consultation on proposed changes to the Annual Return, which would apply for financial years commencing on or after 1 January 2023. The proposals include the removal of some redundant questions and the simplification of others, as well as adding new questions, as the Commission seeks to ensure that the Annual Return continues to gather relevant data. The consultation closes on 1 September 2022 and can be found here: <https://www.gov.uk/government/consultations/charity-commission-revisions-to-the-annual-return-2023-25>

### UK Corporation tax

#### Corporation Tax self-assessment

As a reminder, every charity is required to perform a self-assessment each year to determine whether it is liable to pay any corporation tax. This is regardless of whether HMRC have issued a formal notice to file a corporation tax return (usually issued periodically for charities registered with HMRC).

A return should therefore be prepared and filed with HMRC if either:

### UK Corporation tax

- ◆ a return has been formally requested; OR
- ◆ it has been established that the charity has a corporation tax liability.

In most circumstances a charity will not be liable to pay any corporation tax, as there are a number of charitable exemptions which cover the majority of the typical income streams that charities receive. Please note that all the exemptions only apply so far as the income is applied for charitable purposes only.

The main exemptions include:

- profits from trading that directly furthers the charity's objects;
- rental income from land and buildings
- investment income
- income from VAT exempt fundraising events
- Miscellaneous and other non-charitable trading where the total turnover does not exceed £80k per annum

If you have any concerns about a possible liability to corporation tax or are unsure whether a particular stream of income falls within the exemptions noted above, please get in touch with your normal haysmacintyre contact for advice.

### Employment Tax

#### Health and Social Care Levy

The Government has introduced a Health and Social Care Levy at 1.25% to pay for spending on health and social care measures, including a cap on social care costs. Initially it will take the form of increased NICs, for both employers and employees.

- From April 2022, rates of employer and employee National Insurance including Class1A and Class1B (employer only NIC payable on benefits) increased by 1.25%
- From 2023, the increased NICs will be replaced by a dedicated levy and National Insurance rates will revert to the 2021/22 levels. Unlike National Insurance, the levy will be paid by people over pensionable age who are still working.

The levy will not be charged for employees under the age of 21, apprentices under 25, and qualifying freeport employees. The money raised via the levy will be ring-fenced for investment in health and social care.

#### Hybrid working arrangements

Throughout the COVID-19 pandemic it was possible for many office-based employees to be able to work from home.

### Employment Tax

Whilst the Government introduced an exemption for employer reimbursed expenses to cover the cost of relevant home office equipment, the exemption ended on 5 April 2022. Under the terms of the exemption employees will receive the full reimbursement for the purchase of equipment to enable them to work from home.

What are the wider implications employers need to consider where consideration is being given to the future of flexible, or hybrid-working arrangements? Now that the pandemic restrictions are being lifted the reason for working from home will primarily be a matter of personal choice where the employee will come into the office say two/three days each week and work the remainder of their time at home. Where this is the case, the office will remain the place of work and the cost of travelling to the office will not qualify for any tax relief.

However, where offices have been permanently closed, for example, as part of a significant reorganisation of the organisation, then consideration will need to be given to the following:

- What are the employee's duties?
- Where do they carry out their duties?
- Are they an area-based employee, responsible for say the East of England?

Consequently, employers will need to consider the impact of the legislation as part of introducing any hybrid working arrangements.

For many organisations the post-pandemic era will present a real opportunity to revise employee working practices especially where they can work, helping to provide a better work-life balance. A further benefit is the possibility to extend the catchments area for recruiting new employees and not being restricted to candidates based within reasonable commuting distance of the office. Where new policies are being introduced, we recommend they are fully reviewed to ensure they are compliant with current income tax and National Insurance legislation.

### Auditing developments

#### ISA (UK) 315 Revised Identifying and Assessing the Risks of Material Misstatement

##### Periods commencing on or after 15 December 2021

The International Audit and Assurance Standards Board (IAASB) approved a significant re-write of the standard in September 2019. The effects of the revisions are far-reaching and will require a revised approach to risk assessments. Some of the terminology used will be familiar from the recent reworking of ISA (UK) 540 – Auditing Accounting Estimates.

In summary, it requires more thoughtful and evidence-based assessments in which five new inherent risk factors are considered and placed on a "Spectrum of Risk" at the higher end of which lie Significant Risks.

#### Auditing developments

The new inherent risk factors are:

- Subjectivity;
- Complexity;
- Uncertainty;
- Change; and
- Susceptibility to misstatement due to bias or fraud.

"Sufficient, appropriate" evidence must be obtained from risk assessment procedures as the basis for the risk assessment.

The revised ISA's application notes provide more explanatory material on controls relevant to the audit and on the design and implementation required for these controls.

A great deal more is required in respect of IT and particularly IT general controls and understanding and applying the changes required will be a significant task for auditors with increased levels of audit preparation, planning and work.



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