

**THE THOMAS SCANLAN TRUST**

**ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2021**

# THE THOMAS SCANLAN TRUST

## LEGAL AND ADMINISTRATIVE INFORMATION

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<b>Trustees</b>	Mrs A Nicholls Mr C Critchley Mr K Barrett Mr T Cameron Mr C W Cooper Mr R L Thompson	(Appointed 3 December 2020)
	Ms S D Critchley	(Appointed 1 December 2020)
<b>Charity number</b>	1162867	
<b>Company number</b>	09355345	
<b>Principal address</b>	19 Church Street Uckfield East Sussex TN22 1BJ	
<b>Registered office</b>	19 Church Street Uckfield East Sussex TN22 1BJ	
<b>Independent examiner</b>	Nicholas Brown FCA DChA BFP 18 Hyde Gardens Eastbourne East Sussex BN21 4PT	
<b>Solicitors</b>	H & R Hughes Solicitors LLP 19 High Street Heathfield East Sussex TN21 8LU	

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# THE THOMAS SCANLAN TRUST

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# THE THOMAS SCANLAN TRUST

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2021

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The Trustees present their report and financial statements for the year ended 31 March 2021.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the trust's Memorandum and Articles of Association, the Companies Act 2006 and "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 (FRS 102)" (as amended for accounting periods commencing from 1 January 2016)

### Objectives and activities

As contained within the original Trust Deed dated April 1979 and the Memorandum and Articles of the ongoing charitable company the Trusts objective is to provide housing for the elderly. The Trustees are empowered to provide and maintain homes upon such terms as they agree are fitting and in consideration of the leases. The Trust's properties can be purchased on a leasehold basis at a price determined by an independent surveyor or with a discount calculated using the potential purchasers age and life expectancy (the discount scheme).

As a housing provider for the over 55's we are committed to meeting the growing needs and altering demands of our 'niche' market. We aim to accommodate the requirements of our discerning applicants that join our waiting lists and work to achieve high levels of satisfaction with the housing we provide.

We have now added four rental properties to our portfolio, in line with increasing enquiries for retirement property to rent. Initially we are using our own housing stock as properties become available, whilst assessing the needs of those on our waiting lists. We offer our rental properties at a 'less than market' rent, based on local authority housing allowances. Our aim is to regularly monitor the need for rental properties, based on our waiting lists and increase that part of our portfolio as funds allow.

Boiler replacement programmes are in hand at Polegate, Lower Willingdon and Hailsham.

As properties return to us we are continuing our programme of re-furbishment, with particular attention being paid to the updating of bathrooms and kitchens. An example of this is a recent bathroom refurbishment at our Hailsham site. This is now a 'level access' wet room.



# THE THOMAS SCANLAN TRUST

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

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The Trustees have had regard to the Charity Commission's guidance on public benefit and are aware that it is their duty to administer the charity to further its purposes. They are aware that the Public Benefit must be identifiable and proven. They are also aware that whilst our charity does benefit individuals of a particular section of the public our beneficiaries are deemed to be a sufficient section of the public.

We provide access to contractors and our office staff when maintenance/adaptation issues occur.

Each property is provided with a 'lifeline' system, providing 24hr access to care and emergency services. They are able to review this option at any time during their tenure.

We are a 'niche' provider but fulfil a need in a market where 'retirement' housing and associated services are being offered at huge costs by the larger retirement housing companies.

The Thomas Scanlan Trust is a charity and a limited company. We provide affordable housing for the over 55's (over 60's at Hailsham and Lower Willingdon) across 4 locations in East Sussex. Our aim to provide worry free living.

### Achievements and performance

#### During the year the following meetings were held:

- Eight 'routine' Trustees meetings
- One Risk Assessment and Charity Governance meeting
- One extraordinary meeting (Trustees only)
- AGM

#### During the year the following properties changed hands:

- 3 Grattan Mews - discount lease surrendered
- 12 Baker Court - discount lease surrendered, full price lease issued
- 1 Grattan Mews - lease assigned
- 7 Baker Court - Trust purchased from Executor and then let

#### Unoccupied properties as at 31st March 2021:

- 3 Grattan Mews - Trust marketing with Estate Agent
- 6 Scanlan Close - surrender in progress
- 4 Baker Court - owner marketing with Estate Agent
- 4 Grattan Mews - awaiting probate, lease to be surrendered
- 16 Baker Court - Executor marketing with Estate Agent
- 15 Oaklea Way - Executor marketing with Estate Agent

### Financial review

This report is to be viewed in collaboration with our prepared accounts dated 1st April 2020 to 31st March 2021.

The Trust made a surplus of £95,596 before changes in investment values (2020: surplus £79,499).

# THE THOMAS SCANLAN TRUST

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) *FOR THE YEAR ENDED 31 MARCH 2021*

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The Trust's Treasurer in liaison with the Trustees, Accountant and Bank Advisers monitor the level of reserves held by the Trust.

The Reserves Policy of the charity outlines the monies that the Trustees would wish to have in reserve for the charity to be able to expand without financial constraints. The Trustees continue to monitor these reserves and to build on them for future developments and/or to pursue their aim to provide rental properties.

Future reserves can be accumulated from the sale of properties on the death of residents. Those sold using our Discount Scheme, automatically revert to the Trust for re-sale.

Reserves for each of the Service Charge Accounts are accrued in separate accounts for each site and used towards items of annual expenditure. This year it has been agreed that some of those reserves will be returned to residents at Lower Willingdon and Hailsham where reserves have accrued beyond that necessary to maintain the properties.

The Discount Property Settlement Reserve Fund is currently £400,000

The Emergency Reserve Fund is set at £100,000

These funds are held in separate accounts with seven financial institutions in order to mitigate the risk of losing funds due to financial collapse.

The Trustees are aware that Brexit and the COVID –19 Pandemic has had an impact on our property sales, our target market being a nervous one at this time. As properties become vacant consideration is given to whether properties should be sold or used as rental properties.

Unrestricted funds are currently in deficit by £144,154 (2020: £514,905). The trustees are aware of this and are monitoring the position.

All major decisions are taken following consultation with all Trustees and where necessary with the participation of professionals.

Trustees meet approximately every two months, where bank balances and financial matters are reviewed and discussed along with the running of the Trust. The Trustees are able to meet via video conferencing if and when necessary. During the pandemic all meetings have been held via zoom apart from one held at a Trustee's house during a period when lockdown was relaxed.

Prior to each meeting Trustees are provided with a summary of the movements in the bank accounts and balances.

The General Manager is able to consult with Trustees on a daily basis when necessary. Policies are in place regarding the verification of invoices and cheque payments. Where it has not been possible for Trustees to call into the office to sanction invoices, these have been collated and the details circulated to all trustees for approval. The Treasurer and Chairman have access to the online banking. Spot checking of invoices is regularly carried out at the office by one Trustee.

Matters requiring consultation are posted or e-mailed to Trustees and decisions made according to the majority. We have commissioned the setting up of a secure 'email' to share pertinent information with the Trustees.

# THE THOMAS SCANLAN TRUST

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) *FOR THE YEAR ENDED 31 MARCH 2021*

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All Trustees are involved/consulted at regular meetings regarding the movement and use of funds. The Treasurer is able to consult with the Trusts Accountant and bankers whenever necessary.

All financial transactions require two signatures. Policies regarding the use of cheques and procedures for making on line payments are detailed in the Trust's Policies File.

The Trust's Risk map is reviewed by a subcommittee of Trustees twice yearly with reference to the Charity Governance Code. The review is then submitted at a meeting of all Trustees and matters requiring attention are then dealt with.

We hold a Related Parties Register, updated annually. Trustees are required to declare any personal interest relating to any agenda item prior to each meeting.



### **MOVING FORWARD**

In the coming year the Trust would like to extend its rental portfolio, funds permitting, in addition with continuing to update and modernise our properties as they become vacant and funds dictate. We will consider any request from current residents to help with the cost of updating bathroom and kitchens.

We are recognising the need to adapt to the changing landscape of retirement and the requirements of existing and future customers. To this end we will prioritise our existing properties and our rental portfolio in the coming year.

We will continue with our work to 'modernise' our HR, office and Trustee induction policies.

**The Trust's main aim is to continue to provide "worry free and affordable housing for the retired".**

### **Structure, governance and management**

Our governing documents are the Trust Deed, formulated as a result of the last will and testament of the late Thomas Arthur Scanlan in which he left the bulk of his estate "to be used in creating a Trust for the purpose of erecting homes for the benefit of retired people"

Following the incorporation of the Trust on 15th December 2014 the Trust is now also governed by Company Law and it's Memorandum and Articles of association.

# THE THOMAS SCANLAN TRUST

## TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

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The Trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

Mrs A Nicholls	
Mr C Critchley	
Mrs J Purser	(Resigned 3 December 2020)
Mrs S C Adlam	(Resigned 31 December 2020)
Mr K Barrett	
Mr T Cameron	
Mr C W Cooper	
Mr R L Thompson	(Appointed 3 December 2020)
Ms S D Critchley	(Appointed 1 December 2020)

Trustees/Director's come to the Trust via personal recommendation or application. Such persons are invited to attend a meeting of the Trustees and are then guided through what is required of them by one other Trustee. They are provided with information from the Charity Commission as to their role and duties. We have identified a need for a formal induction procedure and information/pack for potential Trustees. Following attendance at a meeting and subsequent Q and A, individuals deemed suitable are asked, in writing, to join the board. Following this a formal Deed of Appointment is prepared by the Trust's Solicitor and all necessary 'legal' checks undertaken.

Specific Trustee roles are agreed at the AGM, where all officers and Trustees re-affirm their willingness to continue on the board.

The Trustees are always on the lookout for suitable Trustees/ Directors and are mindful of the skills and diversity required.

The day to day running of the Trust is undertaken by the General Manager, in her absence the Deputy Manager/Accounts Administrator. The General Manager has delegated powers to deal with the running of the office and the Trusts business with access to the Trustees at all times. Policies are in place and adhered to as well as a guide detailing the daily needs of the office.

All staff are monthly paid, payroll being managed by the Trust's accountant. Salary/hourly rates are reviewed in Feb each year, with any amendments effective 1st April. Any staff eligible for pension benefits are enrolled unless they decline membership.

None of the Trustees has any beneficial interest in the company. All of the Trustees are members of the company and guarantee to contribute £1 in the event of a winding up.





# **THE THOMAS SCANLAN TRUST**

## **TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)** ***FOR THE YEAR ENDED 31 MARCH 2021***

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These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The trustees' report was approved by the Board of Trustees.

**Mr R L Thompson**

Trustee

Dated: 16 August 2021

# THE THOMAS SCANLAN TRUST

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

### *FOR THE YEAR ENDED 31 MARCH 2021*

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The trustees, who are also the directors of The Thomas Scanlan Trust for the purpose of company law, are responsible for preparing the Trustees' 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 trust and of the incoming resources and application of resources, including the income and expenditure, of the charitable company 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 SORP;
- make judgements and 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 trust will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the trust 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 trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# THE THOMAS SCANLAN TRUST

## INDEPENDENT EXAMINER'S REPORT

### TO THE TRUSTEES OF THE THOMAS SCANLAN TRUST

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I report to the trustees on my examination of the financial statements of The Thomas Scanlan Trust (the trust) for the year ended 31 March 2021.

#### **Responsibilities and basis of report**

As the trustees of the trust (and also its directors for the purposes of company law) you are responsible for the preparation of the financial statements in accordance with the requirements of the Companies Act 2006 (the 2006 Act).

Having satisfied myself that the financial statements of the trust are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of the trust's financial statements carried out under section 145 of the Charities Act 2011 (the 2011 Act). In carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

My examination was carried out in accordance with the general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the financial statements presented with those records. It also includes consideration of any unusual items or disclosures in the financial statements, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently no opinion is given as to whether the financial statements present a 'true and fair view' and the report is limited to those matters set out in the next statement.

#### **Independent examiner's statement**

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

- 1 accounting records were not kept in respect of the trust as required by section 386 of the 2006 Act; or
- 2 the financial statements do not accord with those records; or
- 3 the financial statements do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a true and fair view which is not a matter considered as part of an independent examination; or
- 4 the financial statements have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the financial statements to be reached.

Nicholas Brown FCA DChA BFP

18 Hyde Gardens  
Eastbourne  
East Sussex  
BN21 4PT

Dated: 23 August 2021

# THE THOMAS SCANLAN TRUST

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2021

		Unrestricted funds general 2021 £	Unrestricted funds designated 2021 £	Total 2021 £	Unrestricted funds general 2020 £	Unrestricted funds designated 2020 £	Total 2020 £
	Notes						
<b>Income from:</b>							
Donations and legacies	3	385	-	385	-	-	-
Charitable activities	4	242,077	-	242,077	299,432	-	299,432
Investments	5	716	-	716	3,816	-	3,816
<b>Total income</b>		243,178	-	243,178	303,248	-	303,248
<b>Expenditure on:</b>							
Charitable activities	6	144,954	9,753	154,707	213,055	10,694	223,749
Other	11	(7,125)	-	(7,125)	-	-	-
<b>Total resources expended</b>		137,829	9,753	147,582	213,055	10,694	223,749
<b>Net incoming/(outgoing) resources before investment gains/(losses)</b>		105,349	(9,753)	95,596	90,193	(10,694)	79,499
Net gains/(losses) on investments	12	-	387,287	387,287	-	506,700	506,700
<b>Net incoming resources before transfers</b>		105,349	377,534	482,883	90,193	496,006	586,199
Gross transfers between funds		265,402	(265,402)	-	(228,000)	228,000	-
<b>Net movement in funds</b>		370,751	112,132	482,883	(137,807)	724,006	586,199
Fund balances at 1 April 2020		(514,905)	6,380,308	5,865,403	(377,098)	5,656,301	5,279,203
<b>Fund balances at 31 March 2021</b>		(144,154)	6,492,440	6,348,286	(514,905)	6,380,307	5,865,402

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

# THE THOMAS SCANLAN TRUST

## STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2021

	Notes	2021 £	£	2020 £	£
<b>Fixed assets</b>					
Property, plant and equipment	13	317,270		327,023	
Investment properties	14	6,175,170		6,053,283	
		<u>6,492,440</u>		<u>6,380,306</u>	
<b>Current assets</b>					
Trade and other receivables	16	-		15,285	
Cash at bank and in hand		943,574		793,445	
		<u>943,574</u>		<u>808,730</u>	
<b>Current liabilities</b>	17	(128,754)		(125,647)	
Net current assets			814,820		683,083
<b>Total assets less current liabilities</b>			<u>7,307,260</u>		<u>7,063,389</u>
<b>Non-current liabilities</b>	18	(936,590)		(1,109,780)	
<b>Provisions for liabilities</b>		(22,384)		(88,207)	
<b>Net assets</b>		<u>6,348,286</u>		<u>5,865,402</u>	
<b>Income funds</b>					
Unrestricted funds - designated		6,492,440		6,380,307	
General unrestricted funds		(144,154)		(514,905)	
		<u>6,348,286</u>		<u>5,865,402</u>	

# THE THOMAS SCANLAN TRUST

## STATEMENT OF FINANCIAL POSITION (CONTINUED)

**AS AT 31 MARCH 2021**

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The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 March 2021.

The director acknowledges her responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The accounts were approved by the Trustees on 16 August 2021

Mr C Critchley  
**Trustee**

Mr R L Thompson  
**Trustee**

**Company Registration No. 09355345**

# THE THOMAS SCANLAN TRUST

## STATEMENT OF CASH FLOWS

**FOR THE YEAR ENDED 31 MARCH 2021**

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	Notes	2021 £	£	2020 £	£
<b>Cash flows from operating activities</b>					
Cash (absorbed by)/generated from operations	26		(115,987)		22,090
<b>Investing activities</b>					
Purchase of investment property		(150,100)		(228,000)	
Proceeds on disposal of investment property		415,500		-	
Investment income received		716		3,816	
		<hr/>		<hr/>	
<b>Net cash generated from/(used in) investing activities</b>			266,116		(224,184)
<b>Net cash used in financing activities</b>			<hr/> -		<hr/> -
<b>Net increase/(decrease) in cash and cash equivalents</b>			150,129		(202,094)
Cash and cash equivalents at beginning of year			793,445		995,539
<b>Cash and cash equivalents at end of year</b>			<hr/> 943,574 <hr/>		<hr/> 793,445 <hr/>

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# THE THOMAS SCANLAN TRUST

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 MARCH 2021

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#### 1 Accounting policies

##### Charity information

The Thomas Scanlan Trust is a private company limited by guarantee incorporated in England and Wales. The registered office is 19 Church Street, Uckfield, East Sussex, TN22 1BJ.

##### 1.1 Accounting convention

The financial statements have been prepared in accordance with the trust's Memorandum & Articles of Association, the Companies Act 2006 and "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 (FRS 102) (effective 1 January 2019)". The trust is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the trust. Monetary amounts in these financial statements are rounded to the nearest £.

The accounts have been prepared under the historical cost convention, modified to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

##### 1.2 Going concern

At the date of this report, there exists considerable uncertainty regarding the potential impact of the Coronavirus and the economic consequences, both within the U.K. and overseas, which may result from government policies to contain the spread. The duration and geographical extent of any possible lockdown or future government policies are unknown. Whilst we are unable to predict what the economic consequences may be and the impact on the charity's future ability to continue trading, we have continued to use the going concern basis as appropriate in the preparation of these accounts.

##### 1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Designated funds comprise funds which have been set aside at the discretion of the trustees for specific purposes. The purposes and uses of the designated funds are set out in the notes to the financial statements.

##### 1.4 Incoming resources

Income is recognised when the trust is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Income is derived from 3 main sources: grants of 125 year leases, grants of a life interest lease or rental of property.

Where a life interest lease is granted, the income is spread over the remaining life expectancy of the purchaser. In previous years, the original amount received was spread over the remaining life expectancy. The life expectancy is based on the Life Tables released by the Office of National Statistics. When the estimates are revised, this change in life expectancy is applied prospectively to the income deferral calculations,

Where a 125 year lease is granted, the income is recognised in the year of grant. The trust is also entitled to 5% of the proceeds of any subsequent lease assigned by the original tenant and this income is also recognised in the year of assignment.

Where a property is rented, income is recognised on an accruals basis.



# THE THOMAS SCANLAN TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2021

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#### 1 Accounting policies

(Continued)

##### 1.5 Resources expended

Liabilities for costs are recognised when incurred.

Costs included within the trust's accounts relate either to the direct provision of residential accommodation or to the support and governance costs associated with the trust's activities.

Included within Activities undertaken directly are general expenses and the costs of subsidising the running of the estates which the trust owns. The main costs within this section relate to the provision for possible settlement of life interest leases if the resident dies or leaves within 10 years of the signing of the lease. This is covered in more detail in the provisions note below.

Support costs include office and staff costs relating to overseeing the trust's activities.

##### 1.6 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	4% straight line
Fixtures, fittings and equipment	25% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

##### 1.7 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially measured at cost and subsequently measured using the fair value model and stated at its fair value at the reporting end date. The surplus or deficit on revaluation is recognised in net income/(expenditure) for the year.

##### 1.8 Impairment of non-current assets

At each reporting end date, the trust reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

##### 1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

# THE THOMAS SCANLAN TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

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### 1 Accounting policies

(Continued)

#### 1.10 Financial instruments

The trust has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the trust's balance sheet when the trust becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Basic financial liabilities**

Basic financial liabilities, including trade and other payables and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

##### **Derecognition of financial liabilities**

Financial liabilities are derecognised when the trust's contractual obligations expire or are discharged or cancelled.

# THE THOMAS SCANLAN TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2021

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#### 1 Accounting policies

(Continued)

##### 1.11 Provisions

Provisions are recognised when the trust has a legal or constructive present obligation as a result of a past event, it is probable that the trust will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value the unwinding of the discount is recognised as a finance cost in net income/(expenditure) in the period it arises.

The trust offers a 'Money Back Guarantee' on the life interest leases. The conditions of the guarantee have changed for leases entered into during the current and subsequent years. Existing leases entered into in previous years still have the old conditions attached to them.

Previously, the conditions were that if the tenant dies or leaves within the first 10 years of the grant of the lease, then an amount is paid back to the tenant (or their executors) based on the original amount paid which reduces on a straight line basis over the 10 years. This has now been changed so that if an applicant has less than 10 years but more than 5 years life expectancy, the amount paid back reduces on a straight line basis over 5 years. Applicants with less than 5 years life expectancy will not receive any amount back. Applicants with more than 10 years will have the same conditions as in previous years.

For existing leases, if at the end of the financial year the life expectancy of a tenant with a life interest lease granted less than 10 years ago is less than 10 years, a provision is calculated to reflect the payment that is anticipated following the death of the tenant within the following 10 years. For new leases, as the tenant's life expectancy will be greater than the term the guarantee payback period runs over, no provision will be recognised.

For existing leases, if at the end of the financial year the life expectancy of a tenant with a life interest lease granted less than 10 years ago is greater than 10 years, a contingent liability is disclosed to reflect the payment that would be required if the tenant were to die within the initial 10 year period. For new leases, all amounts potentially due under the guarantee will be disclosed as a contingent liability.

The provisions and contingencies included are updated at each year end to account for the changes in probabilities based on the life expectancies of the residents.

##### 1.12 Employee benefits

If material, the cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the trust is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

##### 1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

# THE THOMAS SCANLAN TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2021

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#### 1 Accounting policies

(Continued)

##### 1.14 Merger accounting

On 1 September 2016, the assets and activities of the unincorporated charity known as The Thomas Scanlan Trust (charity registration no. 274376) were transferred to this trust, also known as The Thomas Scanlan Trust, which is a company limited by guarantee. Both charities undertake the same activities, being the provision of housing for the retired.

In accordance with Charity SORP, this has been accounted for as a merger on 1 September 2016 and these accounts therefore follow the provisions of the SORP in relation to merger accounting.

The use of merger accounting represents a departure from the requirements of the Companies Act. Management has concluded that the financial statements present fairly the entity's financial position, financial performance and cash flows. It has complied with all applicable legislation, except in relation to the use of merger accounting as this is believed to present the financial performance and position with a true and fair view. This is because all activities undertaken have remained the same, with the only difference being the legal entity undertaking them. The Companies Act would require there to be no comparative information in these accounts, as this entity did not undertake them. It is considered that to show no comparative information would be so misleading that it would conflict with the objective of financial statements as set out in Section 2 of FRS 102.

There have been no adjustments to accounting policies or net assets as a result of the merger.

#### 2 Critical accounting estimates and judgements

In the application of the trust's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

##### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

##### Useful economic lives of tangible assets

Depreciation charged on tangible assets requires an estimation of their useful economic lives and residual values. The carrying values of tangible assets are therefore sensitive to the estimates used which are based on the current condition and the value in use of the assets to the trust. The estimates are reviewed annually.

##### Discounting of leases and sales prices for properties

The discounts applied to the sales prices for the properties, as well as the leases and subsequent calculation of income are based on the estimated life expectancy for each resident using the National Life Tables as published by the Office of National Statistics. If these estimates were incorrect, this could result in material misstatements to the accounts.

# THE THOMAS SCANLAN TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

### 3 Donations and legacies

	Unrestricted funds general 2021 £	Total 2020 £
Donations and gifts	385	-

### 4 Charitable activities

	Provision of housing 2021 £	Provision of housing 2020 £
Sales within charitable activities	202,907	265,979
Charitable rental income	20,168	14,411
Other income	19,002	19,042
	242,077	299,432

### 5 Investments

	Unrestricted funds general 2021 £	Unrestricted funds general 2020 £
Interest receivable	716	3,816

# THE THOMAS SCANLAN TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

### 6 Charitable activities

	Provision of housing 2021 £	Provision of housing 2020 £
Gardening	7,705	3,083
Insurance	3,160	2,109
Repairs and maintenance	40,908	67,975
Legal and professional	4,113	4,187
Provision for life interest refunds	25,496	55,808
Service charges	(2,924)	6,193
Light and heat	777	249
Rates	3,425	4,050
Bank charges	30	93
	<u>82,690</u>	<u>143,747</u>
Grant funding of activities (see note 7)	-	1,000
Share of support costs (see note 8)	63,899	72,108
Share of governance costs (see note 8)	8,118	6,894
	<u>154,707</u>	<u>223,749</u>
<b>Analysis by fund</b>		
Unrestricted funds - general	144,954	213,055
Unrestricted funds - designated	9,753	10,694
	<u>154,707</u>	<u>223,749</u>

### 7 Grants payable

	Provision of housing 2020 £
Grants to institutions:	
Other	1,000
	<u>1,000</u>

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# THE THOMAS SCANLAN TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

### 8 Support costs

	Support costs £	Governance costs £	2021 £	Support costs £	Governance costs £	2020 £
Staff costs	37,378	-	37,378	39,628	-	39,628
Depreciation	9,753	-	9,753	10,694	-	10,694
Light and heat	1,532	-	1,532	1,872	-	1,872
Postage, stationery and telephone	2,716	-	2,716	2,509	-	2,509
Rates	1,230	-	1,230	1,193	-	1,193
Computer costs	1,222	-	1,222	2,919	-	2,919
Travelling expenses	25	-	25	266	-	266
Legal and professional	7,234	-	7,234	3,095	-	3,095
Repairs	-	-	-	151	-	151
Sundry expenses	2,809	-	2,809	4,077	-	4,077
Audit fees	-	-	-	-	6,894	6,894
Accountancy	-	8,118	8,118	-	5,704	5,704
	<u>63,899</u>	<u>8,118</u>	<u>72,017</u>	<u>66,404</u>	<u>12,598</u>	<u>79,002</u>
Analysed between						
Charitable activities	<u>63,899</u>	<u>8,118</u>	<u>72,017</u>	<u>72,108</u>	<u>6,894</u>	<u>79,002</u>

Support costs includes payments to the Auditors of £NIL (2020: £6,894) for audit services (2020 - £2,850 for Independent Examination fees) and £5,268 (2020 - £5,704) for accountancy, payroll and other services.

### 9 Trustees

None of the trustees (or any persons connected with them) received any remuneration during the year, but 1 of them was reimbursed a total of £26 for expenses relating to travel, postage and telephone (2020 - 6 were reimbursed £266).

Donations of £385 were received from trustees towards expenses.

# THE THOMAS SCANLAN TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

### 10 Employees

The average monthly number of employees during the year was:

	2021 Number	2020 Number
Support staff	3	3

### Employment costs

	2021 £	2020 £
Wages and salaries	36,705	39,114
Other pension costs	673	514
	<u>37,378</u>	<u>39,628</u>

There were no employees whose annual remuneration was £60,000 or more.

### 11 Other

	Unrestricted funds general 2021	Total £ 2020
Net loss on disposal of programme related investments	(7,125)	-

### 12 Net gains/(losses) on investments

	Unrestricted funds designated 2021 £	Unrestricted funds designated 2020 £
Revaluation of investments	387,287	506,700



# THE THOMAS SCANLAN TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

### 13 Property, plant and equipment

	Freehold land and buildings	Fixtures, fittings and equipment	Total
	£	£	£
<b>Cost</b>			
At 1 April 2020	360,668	4,303	364,971
At 31 March 2021	360,668	4,303	364,971
<b>Depreciation and impairment</b>			
At 1 April 2020	33,912	4,036	37,948
Depreciation charged in the year	9,618	135	9,753
At 31 March 2021	43,530	4,171	47,701
<b>Carrying amount</b>			
At 31 March 2021	317,138	132	317,270
At 31 March 2020	326,756	267	327,023

The buildings and other assets owned by the trust are necessary for its day to day charitable activities. For this reason, the assets have been ring-fenced into a separate designated fund to show that these monies are not realisable without having an impact on the trust's activities.

### 14 Investment property

	2021 £
<b>Fair value</b>	
At 1 April 2020	6,053,283
Additions through external acquisition	150,100
Disposals	(415,500)
Net gains or losses through fair value adjustments	387,287
At 31 March 2021	6,175,170

Investment property comprises the full open market value of properties leased to residents under a life interest lease or under a rental agreement, and the value of the reversionary interest of properties leased to residents under 125 year leases. The fair value of the investment property as at 31 March 2021 has been arrived at on the basis of a valuation carried out in August 2021 by Appleby Petfield Chartered Surveyors, who are not connected with the trust. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties.

### 15 Financial instruments

	2021 £	2020 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	-	15,285
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	35,532	10,124

# THE THOMAS SCANLAN TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

### 16 Trade and other receivables

	2021 £	2020 £
Amounts falling due within one year:		
Other receivables	-	15,285

### 17 Current liabilities

	Notes	2021 £	2020 £
Other taxation and social security		784	428
Deferred income	20	92,438	115,095
Trade payables		29,761	381
Accruals and deferred income		5,771	9,743
		128,754	125,647

### 18 Non-current liabilities

	Notes	2021 £	2020 £
Deferred income	20	936,590	1,109,780

### 19 Provisions for liabilities

	2021 £	2020 £
Provision for payments under the 'Money Back Guarantee'	22,384	88,207

Movements on provisions:

	Provision for payments under the 'Money Back Guarantee' £
At 1 April 2020	88,207
Reversal of provision	(65,823)
At 31 March 2021	22,384

The expected time and amount of the provisions is calculated based on the initial life expectancy of residents and the premiums paid, further information can be found in accounting policies 1.11.

# THE THOMAS SCANLAN TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

### 20 Deferred income

	2021 £	2020 £
Other deferred income	1,029,028	1,224,875

Deferred income is included in the financial statements as follows:

	2021 £	2020 £
Current liabilities	92,438	115,095
Non-current liabilities	936,590	1,109,780
	1,029,028	1,224,875

Analysis of movement on deferred income

Brought forward balance	1,224,875	1,210,322
Income deferred in year	-	241,380
Amounts released in year	(195,847)	(226,827)
Carried forward balance	1,029,028	1,224,875

Deferred income relates to the amounts received for the grant of life interest leases by the Trust. As the lease term is for the length of a resident's life, income is spread over the life expectancy of the resident at the year end date. 1 year's worth of income out of the total life expectancy is released to the SoFA in the financial year, with the balance relating to the life expectancy after the year end included in deferred income.

### 21 Retirement benefit schemes

#### Defined contribution schemes

The trust operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the trust in an independently administered fund.

The charge to the Statement of Financial Activities in respect of defined contribution schemes was £673 (2020 - £514).

# THE THOMAS SCANLAN TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2021

#### 22 Designated funds

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	Balance at 1 April 2019	Resources expended	Transfers	Revaluation gains and losses	Balance at 1 April 2020	Resources expended	Transfers	Revaluation gains and losses	Balance at 31 March 2021
	£	£	£	£	£	£	£	£	£
Property fund	5,656,301	(10,694)	228,000	506,700	6,380,308	(9,753)	(265,402)	387,287	6,492,440
	<u>5,656,301</u>	<u>(10,694)</u>	<u>228,000</u>	<u>506,700</u>	<u>6,380,308</u>	<u>(9,753)</u>	<u>(265,402)</u>	<u>387,287</u>	<u>6,492,440</u>

The designated fund represents the net book value of the Trust's fixed assets, which have been set aside in a separate fund to demonstrate the true "free" unrestricted funds of the Trust. The Trust's fixed assets are considered to be integral to its activities, and the sale or disposal of these to provide funds for day to day running is not preferred as this will limit the amount of housing that can be provided.

Transfers take place to ensure the value of the designated fund equals the book value of fixed assets at the year end.

# THE THOMAS SCANLAN TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2021

#### 23 Analysis of net assets between funds

	Unrestricted funds 2021 £	Designated funds 2021 £	Total 2021 £	Unrestricted funds 2020 £	Designated funds 2020 £	Total 2020 £
Fund balances at 31 March 2021 are represented by:						
Property, plant and equipment	-	317,270	317,270	-	327,023	327,023
Investment properties	-	6,175,170	6,175,170	-	6,053,283	6,053,283
Current assets/ (liabilities)	814,820	-	814,820	683,083	-	683,083
Long term liabilities	(936,590)	-	(936,590)	(1,109,780)	-	(1,109,780)
Provisions	(22,384)	-	(22,384)	(88,207)	-	(88,207)
	<u>(144,154)</u>	<u>6,492,440</u>	<u>6,348,286</u>	<u>(514,904)</u>	<u>6,380,306</u>	<u>5,865,402</u>

#### 24 Financial commitments, guarantees and contingent liabilities

Under the 'old' Money Back Guarantee conditions, if the life expectancy of a tenant on a discounted lease is less than 10 years at the year end and is within the first 10 years of the lease, a provision is calculated to reflect the payment that is anticipated if the resident dies within the first 10 years. If the life expectancy of the tenant is more than 10 years at the year end and is within the first 10 years of the lease, a contingent liability is included to recognise the amounts that would potentially fall due if the tenant were to die within the first 10 years.

Under the 'new' conditions, the life expectancy of a tenant will be greater than the term of the guarantee and so a contingent liability will be disclosed for potential amounts due for all life interest leases.

At 31 March 2021 the total contingent liability is calculated to be £621,470 (2020: £775,279).

#### 25 Related party transactions

##### Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2021 £	2020 £
Aggregate compensation	<u>27,633</u>	<u>21,933</u>

There were no disclosable related party transactions during the year (2020 - none).

# THE THOMAS SCANLAN TRUST

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

26	Cash generated from operations	2021 £	2020 £
	Surplus for the year	482,883	586,199
	Adjustments for:		
	Investment income recognised in statement of financial activities	(716)	(3,816)
	Fair value gains and losses on investments	(387,287)	(506,700)
	Depreciation and impairment of property, plant and equipment	9,753	10,694
	Movements in working capital:		
	Decrease/(increase) in trade and other receivables	15,285	(15,285)
	Increase in trade and other payables	25,765	1,642
	Increase in provisions	(65,823)	(65,197)
	(Decrease)/increase in deferred income	(195,847)	14,553
	<b>Cash (absorbed by)/generated from operations</b>	<b>(115,987)</b>	<b>22,090</b>
27	<b>Analysis of changes in net funds</b>		
	The trust had no debt during the year.		