

REGISTERED COMPANY NUMBER: 09953572 (England and Wales)  
REGISTERED CHARITY NUMBER: 1169965

REPORT OF THE TRUSTEES AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2023  
FOR  
THORNGATE CHURCHER TRUST



# THORNGATE CHURCHER TRUST

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**THORNGATE CHURCHER TRUST**  
**REPORT OF THE TRUSTEES**  
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The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the 12 months ended 31 March 2023. The trustees have adopted the provisions of 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).

**OBJECTIVES AND ACTIVITIES**

**Principal Activities**

The principal activities of the Trust continues to be the provision of almshouse accommodation in one hundred and twenty four one-bedroom flats for older people and the provision of a modern forty four bedroom care home. The Trust is a registered charity.

**Our Vision**

Providing comfort and security to those in need since 1868, and committed to developing the highest standards of housing and professional care in a supportive, respectful and friendly community.

**Our Values**

- i. We seek to improve lives through passionately promoting excellence in support, care and housing
- ii. We will each commit to take responsibility for our role in our teams encouraging, respecting and supporting each other
- iii. We strive to be transparent, approachable, listening to each other and acting with empathy and consistency
- iv. We will respect and support everyone as individuals, treating residents and colleagues with dignity and compassion, and behaving professionally whatever our role

**Public benefit**

The trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning future activities. The trustees refer to public benefit throughout this report.

**FINANCIAL REVIEW**

**Business and Financial Review**

During the financial year 2022-23, the Trustees continued to review the care and housing offered to residents, seeking continuous improvement. In addition the board have had regard to the requirements of its three regulators, the Regulator of Social Housing (RSH), the Care Quality Commission (CQC) and the Charity Commission, not least of which being the standard from the RSH to evidence value for money. The Trust is a provider of residential care services to Hampshire County Council for a number of residents in its Russell Churcher Court care home.

The board is pleased to report a surplus for the 12 month period of £136,480 (2022: £407,045).

The change in the year has mainly been due to increased costs in the care home particularly related to agency cover in the autumn of 2022. In 2022 there was also a significant gain on investments which dropped back in 2022 due to the economic climate and this change accounted for £45,830 difference. Income in 2021-2022 was also bolstered by Covid19 grants (£107,296) which were not awarded in 2022-23. We have benefitted from maintaining excellent occupancy levels in both housing and care, despite an extensive refurbishment programme in the care home.

Operational surpluses (i.e. just including housing and social care) for the periods excluding valuation adjustments on the pension fund, investments, and the adjustments made for the maintenance reserve figures were £143,824 (2022: £336,682) (see note 12).

During the year the Trust made steady progress on its strategy to acquire and build new social housing on a site at Grove Road Gosport. Grove Road was acquired in February 2022. During the year architectural plans, cost plans and the tender documents were prepared and released. After the year end a further planning application was submitted relating to the air source heat pumps and other minor matters. Progress however has been affected by inflation and the interest rate increases. The executive continues to work after the year end on determining the best financing structure for this development. In addition, the Trust's digital journey has continued with the monitoring of energy use and analysis of a number of metrics through Power BI dashboards.

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Following the market research exercise in 2022 and the decision made to continue to invest in social care and upgrade rooms further over a period of four years to further enhance the Trust's position locally, refurbishment of the care home continued and remained ahead of schedule at the year end with 16 out of 44 rooms completed in a little over 13 months. Occupancy figures for the care home and housing remain among the best in our peer group.

Like recent years, Covid continue to dominate the financial year (restrictions were finally lifted in April 2023). We were able to cope through outbreaks and in the main we had excellent occupancy. Day-to-day operations were affected we maintained safe levels of staffing at all times in care and housing. Care staffing was however maintained for both filling vacancies and covering Covid19 outbreaks by the use of agency staffing at a heavy cost. These recruitment issues prompted the Trust to seek a Sponsorship Licence for non UK staff. This was granted in September 2022 and sponsored staff commenced employment in December 2022. A significant number of staff hours are now covered by sponsored employees.

The Trust maintained its accreditation under Real Living Wage Employer scheme.

The Trust has also sought to maintain its buildings to a high standard. Following the death of a child in Rochdale from mould the Trust immediately carried out a survey of its properties and established there were no damp issues. Further the Trust completed updated EPC assessments and established that it already meets the Regulator's targets of all properties being at EPC "C" or better by 2030.

Looking forward the Trust remains focussed on its principal aims of providing award winning social housing and excellent social care, its aim to be the employer of choice and the development of the Grove Road site while not losing sight of its carbon reduction journey.

Our income from housing and care activities (excluding grants) increased month on month in 2022-23 by 6% to £3,160,033 over the 12 month period (2022: £2,980,955). Housing voids continued to be controlled with void properties accounting for lost income of £2,319 over 12 months (2022: £2,058).

CCLA continue to be engaged as investment managers. Loss on investments for the year was £3,609, (2022: Gain of £42,221) during difficult trading conditions during the year.

Freehold properties are held at historical cost, with component accounting applied to result in a depreciated property figure. Under the Charities SORP social housing grant (SHG) is no longer deducted as in years prior to 2016. The properties are shown in these accounts at their historic cost of £10,762,581 (2022: 10,397,313). After depreciation the net book value of housing properties held at historic cost is £8,323,412 (2022: £8,043,893). The valuation undertaken by Lloyds Bank plc in May 2016 valued the Russell Churcher Court care home at £2.25M. The Trust's qualified Property Services Manager, carried out an extensive impairment review in 2019 and a stock condition survey after the year end in summer 2023, neither of which evidenced any indications of impairment. Accordingly the trustees believe the current market value exceeds the book value.

The balance sheet shows a net current asset at 31 March 2023 of -£444,167 (2022: £314,626). This is as a result of the interest only loan negotiated to August 2023, for the purchase of the Grove Road development site, and is intended to be rolled into a long term loan for the construction of Grove Road. This has been extended to November 2023 and if the development is unduly delayed this will be converted into a longer term loan.

**The trustees continue to be of the opinion that the overall financial position of the Trust is healthy and that it is able to meet its current and future commitments.**

During the year there has been one change to the board members when Mrs Diane Searle retired in May 2022. Mr Mark Hook was appointed to be Chairman from May 2022. The board continued with training and strategy days using external consultants and qualified professionals to provide facilitation, guidance and expertise in specific topics. During the 22-23 financial year two board days covered net zero strategy, recruitment and innovation, were carried out as well as a review of the strategy of investment in care services at the Trust.

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**Contribution from Volunteers**

The contribution from volunteers is not significant and does not affect the Trust's ability to carry out any of its activities.

**Reserves**

The Trustees have transferred monies to Reserve Funds in accordance with the Charity Commission Scheme over a long period in order to:

- a) Provide Designated and Restricted Reserves, which include the minimum annual amounts for future Repairs and Maintenance, required by the Charity Commission Scheme, plus income thereon, less related expenditure.
- b) Provide Unrestricted Reserves to:
  - i. Allow for fluctuations in cash flow and be able to meet budgeted expenditure and donations for one year ahead.
  - ii. Accumulate monies expected to be required for the refurbishment of the Almshouses over and above the minimum required by the Charity Commission Scheme.
  - iii. Purchase investments which provide income that can indirectly make it possible to subsidise the weekly maintenance contributions charged to residents of the almshouses and care home; thus fulfilling one of its charitable objectives.

As at 31 March 2023 unrestricted reserves were £7,406,179 of which £452,426 are designated reserves. Endowment reserves are £40,503.

**Social Investment Policies**

The Trust has not made any social investments during the year.

**Fundraising Reporting Note**

Thorngate Churcher Trust does not normally carry out any significant fundraising activities. No fundraising has been done on behalf of the Trust by any other body. It does not employ a professional fundraiser or have a commercial participator arrangement. Accordingly the Trust has not registered with the Fundraising Regulator.

Within the Russell Churcher Court care home the activities team raise small amounts of money (typically less than £6,000 annually) through incidental raffles (i.e. not requiring a licence), from relatives to fund additional outings and entertainment for residents of the care home. Unconnected members of the general public are not approached, accordingly the Trust does not need to take measures to protect vulnerable members of the public.

No complaints were received by the charity in relation to fundraising.

**Financial Effect of Significant Events**

There were two significant events during the year:

1. Covid-19. This continued to be a dominant factor throughout the 2022-23 financial year, however despite the constraints, the Trust coped well, albeit having to utilise agency staffing.
2. Recruitment. The success in gaining a sponsorship licence enabled the Trust to widen the pool of possible employees and reduce agency costs very significantly.
3. The Trust pursued its ambition to develop the Grove Road site it acquired in the previous financial year. This is a long term strategy and costs were incurred during the year in drawing up plans with professional advisers and preparing tender documentation.

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**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Recruitment and Training of Trustees**

Trustees are recruited based on an analysis of skills gaps, and then this is publicised by adverts or through news articles/networking. Individuals are then interviewed, who may then, depending on the outcome be appointed. Trustee board days normally take place twice a year in addition to board meetings and encompass both strategy and training. In addition additional training is undertaken on an ad-hoc basis such as attendance at seminars as and when necessary or trustees are available, for example seminars given by local legal firms and by membership bodies.

**Pay and Remuneration of Key Personnel**

The Chief Executive's remuneration is set by means of an appraisal with a suitably qualified trustee, and taking into account salaries in comparable organisations and levels of skills, knowledge and experience required. Pay and remuneration decisions also take into account individual performance against organisational and personal targets.

**Code of Governance**

The trustees are pleased to report that the Trust complies with the Standards of Almshouse Management. The Trust also adopted the Charity Commission Code of Governance in 2014, and subsequently the new Code of Governance in 2018. No trustees have served more than nine years. Having given consideration to its effectiveness to make informed decisions, the board believes it does this because of the detailed information it considers, not just at board meetings but throughout the year through monthly management reporting packs and ad-hoc reports and notifications from the Chief Executive. The board continues to have challenging board days to ensure it refreshes its skills and knowledge and avoids "group think".

**Risk assessment – principal risks and uncertainties**

The Trustees have considered the major risks to which the Trust could be exposed and have reviewed the systems established to mitigate against such risks. A risk register is used to review key risks and is reviewed at board meetings and in addition on board days. The risks are recorded and assessed in terms of impact and probability and also uses a traffic light system to highlight areas of particular concern. Any significant changes are reported to the board monthly or quarterly as appropriate.

The four principal risks and uncertainties facing the charity and its mitigation strategies at present are:

1. **Income maintenance in the care home.** Following market research and a strategy day the Trust implemented a change in fees for new residents of the care home in 2022. Market research indicated that this fee structure should not result in excessive voids however this is being monitored. At the balance sheet date demand remained high.
2. **Covid-19 or other pandemic.** Covid-19 created both financial uncertainty and operational uncertainty within the care and social housing for older people sectors. The charity rose to the challenge by recruiting additional staff and having strong infection control procedures in both care and housing. Covid and other infections such as Norovirus remain a risk into 23-24 as new variants emerge and is still being treated as such.
3. **Cyber risk.** The Trust identified that, as a regulated body, it is vulnerable to a concerted cyber-attack. It has mitigated this by strengthening its IT investment and rolling out cyber training to all staff and trustees. The Trust has also completed the Digital Security and Protection Toolkit from NHS Digital. Most software packages are now cloud based but the Trust has identified that it needs to move its server based care plan system to the cloud which entails changing care plan software provider. This was researched in 2022-23, and is taking place in summer 2023. Once this is complete the remaining documents held on the server will be moved to cloud storage and the server decommissioned. The Trust intends to attain Cyber Essentials accreditation as soon as feasibly possible.
4. **Inflation and fuel costs.** In the year the Trust continued to benefit from low fuel costs previously negotiated. However from January 2024 fuel costs will increase when the current gas contract ends. This has been factored into future budgets. High levels of inflation have been resisted but some elements have come into costs for 2023-24. This has had a knock-on effect to charges to residents.
5. **CQC Inspection.** A CQC inspection of the care home is due in 2023. While major compliance steps are taken continuously, visit from the regulator constitute a risk however well managed.

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The board are not aware of any irregularities, including fraud, involving management or employees of the Trust; nor are they aware of any instances of actual or possible non-compliance with loan covenants, laws, contracts or agreements that might result in the Trust suffering significant penalties or other loss.

**Internal controls**

The board of Trustees is ultimately responsible for the Trust's systems of internal financial controls which are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information.

The board has through its quarterly meeting and reporting procedures reviewed the effectiveness of the Trust's internal financial control system for the period from 1 April 2021 to the date of this report.

The board of Trustees, through its adoption of policies and procedures is constantly reviewing the Trust's internal financial controls and has introduced the following mechanisms designed to provide effective internal control:

- Defined management and reporting structures, including segregation of financial management tasks.
- Employment of a Chief Executive Officer and Finance Manager qualified as a chartered certified accountants.
- Use of professional IT consultants to ensure updates of all IT systems including financial control.
- Management information and accounting systems and software, including with cash flow forecasts, annual budgets, business recovery plans and business plans. Board reports are prepared monthly, covering both financial and operational matters.

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**Thorngate's VFM Statement**

**Introduction:**

This is produced in accordance with the standard issued by the Regulator of Social Housing.

The purpose of the standard is to ask housing bodies to report on a set of standard metrics, and where these results are outliers for the organisation to report the reasons why this might be. Thorngate has an untypical profile, being both a provider of supported housing for older people and also a care home provider, which will inevitably distort some of our metric results.

Additionally the regulator asks the provider to provide a set of metrics relevant to their own business plan and operations, that they can measure themselves against in successive years and are also reflected in our reports to residents, staff and other stakeholders. For the purposes of transparency and for users of the accounts who may wish to check for consistency these reports will include those listed below, however as one or more of these may be confidential, they may not be publicly available on our website but would be available to users of the accounts (such as funders and regulators) on request:

- Annual Report to Residents 2022-23 (due to be published by 1 October 2023)
- Thorngate Business Plan

**PART 1**

**Industry-wide Value for Money Metrics**

The regulator has defined five key metrics around margin, development & gearing, reinvestment, return on capital employed and social housing cost per unit that must be reported by every registered provider for the financial year that is being audited.

Our approach to satisfying this is to utilise our membership of the Acuity benchmarking group where both the regulator's metrics, sector scorecard and other benchmarking data is entered. Accordingly this report reflects our data and that of other relevant organisations in the benchmarking group.

Further the year that we have had, involving receipt of grants through fundraising and also government grants has distorted the calculations, particularly around margin on our normal day to day operations, which have to be done according to the relevant formulae.

**Metric 1 Operating Margin and Earnings before interest, tax, depreciation and amortisation (EBITDA)**

a) Operating Margin Overall.

The Operating Margin demonstrates the profitability of operating assets before exceptional expenses are taken into account.

On the regulator's formula Thorngate's margin is as follows:

	Thorngate 2023	Thorngate 2022	Thorngate 2021	Thorngate 2020	Position in Peer Group (out of 23)	Peer Group Median
Operating Margin Overall	4.57%	10.86%	10.55%	6.33%	8	7.6%

Overall operating margin fell significantly during 2022-23 due to issues within our care home related to recruitment and Covid19. These issues did not affect our housing provision.

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**b) Operating Margin Social Housing Lettings.**

This is the same as above but only including social housing.

	Thorngate 2023	Thorngate 2022	Thorngate 2021	Thorngate 2020	Position in Peer Group (out of 23)	Peer Group Median
Operating Margin Social Housing Lettings	18.1%	12.89%	15.5%	17.9%	2	13.18%

(2020 figures included some grant from Homes England)

**c) Earnings before interest, tax, depreciation and amortisation (EBITDA)**

The EBITDA MRI interest cover measure is a key indicator for liquidity and investment capacity. It seeks to measure the level of surplus that a registered provider generates compared to interest payable; the measure avoids any distortions stemming from the depreciation charge.

	Thorngate 2023	Thorngate 2022	Thorngate 2021	Thorngate 2020	Position in Peer Group (out of 23)	Peer Group Median
EBITDA MRI	3.23 times	16.6 times	12.1 times	8.4 times	Not avail	4.1

This is an acceptable position, but reflects that we increased borrowing to purchase Grove Road site, and also had a lower cash year due to issues with care home referred to above.

**Metric 2 Gearing and Supply**

**a) Gearing (RSH and Scorecard measure)**

This metric assesses how much of the adjusted assets are made up of debt and the degree of dependence on debt finance. It is often a key indicator of an organisation's appetite for growth. The ratio shows the proportion of borrowing in relation to the size of a provider's asset base.

	Thorngate 2023	Thorngate 2022	Thorngate 2021	Thorngate 2020	Position in Peer Group (out of 23)	Peer Group Median
Gearing	14.57%	15.66%	11.06%	12.01%	Not avail	6.77

Thorngate increased its borrowing in 2021-22 to fund the purchase of the Grove Road Gosport site.

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**b) New supply delivered (social housing units)**

Housing supply delivered as a percentage of stock owned, during the period April – March  
 Thorngate's measure is 0%. This is because we had delivered substantial schemes in 2015-18 and are preparing a new site for building in 2023-24.

	Thorngate 2023	Thorngate 2022	Thorngate 2021	Thorngate 2020	Position in Peer Group (out of 23)	Peer Group Median
New supply delivered (Social Housing)	0	0	0	0	4	0

**c) New supply delivered (non-social housing units) 0%**

No other units (care) were started or completed during the year and the Trust has no plans for any further care units. Other providers in the peer group also did not deliver non-housing new supply.

	Thorngate 2023	Thorngate 2022	Thorngate 2021	Thorngate 2020	Position in Peer Group (out of 23)	Peer Group Median
New supply delivered (Non- Social Housing)	0	0	0	0	4	0

**Metric 3 Reinvestment**

- a) 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.

Thorngate's measure is 7.97%

	Thorngate 2023	Thorngate 2022	Thorngate 2021	Thorngate 2020	Position in Peer Group (out of 23)	Peer Group Median
Reinvestment %	7.97%	9.6%	4.73%	2.91%	4	4.02%

**Metric 4 Return on Capital Employed (ROCE)**

- a) When looking at operating surplus figures, gain/loss on disposal of property, plant and equipment is not included. However these items are included in this measure as they can be considered to form part of the return on the capital investment in either fixed assets (or joint ventures).

Thorngate's measure 1.62%

	Thorngate 2023	Thorngate 2022	Thorngate 2021	Thorngate 2020	Position in Peer Group (out of 23)	Peer Group Median
Return on capital employed)	1.62%	3.83%	3.62%	2.07%	4	1.2%

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

This is a total of costs attributable to social housing property. This includes component depreciation. Our slightly higher than average figure reflects higher component depreciation due to new properties, as well as some higher grade management roles because of the care services we manage as well as housing. It should also be noted that we have been recognised for providing high quality housing that residents want to live in, by the receipt of two awards voted for by residents in 2019. We believe (reflected in our residents' survey and long waiting list of more than two years) that our offering of well-maintained stock and especially our support through on-site wardens delivers a service that residents and prospective residents want.

**When compared to other care providing organisations in the peer group we have the second lowest headline cost per unit.**

	Thorngate 2023	Thorngate 2022	Thorngate 2021	Thorngate 2020	Position in Peer Group (out of 5)	Peer Group Median
Headline social housing cost per unit	£6,627	£6,224	£6,715	£5,867	2	£5,755

**PART 2**

**Thorngate's Metrics**

The metrics we have chosen and have consistently reported on for the last few years are a mixture of both hard financial data and targets related to social impact, given that our mission defined by our charitable objects are:

*The Objects of the Charity are to relieve the needs of Residents who are in need by providing social housing in the form of almshouse accommodation and such other charitable relief for the benefit of such Residents (or other persons who are in need by reason of their age) as the Trustees think fit; and for the benefit of this clause, "Residents" shall mean poor persons of not less than 50 years of age.*

This translates into a number of monthly key performance indicators that the executive reports on monthly, procurement measures that we review periodically, and forward looking targets which reflect our forward focused business plan to 2023, as well as systematically examining our governance. The metrics reported below cover the following areas:

- Void Reporting
- Procurement
- Increased reach
- Governance and Board Development

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**1. Void Reporting**

Both housing and care home voids are reported monthly to board and Thorngate sets its own targets on voids. Thorngate also benchmarks itself against the Smaller Providers Benchmarking Group, and this figure has been reported on where relevant below.

We report voids on a percentage basis monthly and on a lost revenue basis annually. Our target is 2.5% or less voids. This can be affected by for example, increased development or major repairs, if this means more transfers of residents or decanting.

<b>Void pro-rata 12m</b>	<b>Thorngate 2022-23</b>	<b>Thorngate 2021-22</b>	<b>Thorngate 2020-21</b>	<b>Thorngate 2019-20</b>	<b>Peer group 2022-23</b>
Housing %	0.23%	0.22%	0.27%	0.25%	1.15%
Housing Value £	£2,319	£2,058	£2,423	£2,120	
Housing % (excl new schemes)	0.23%	0.22%	0.27%	0.25%	1.15%
Housing Value £	£2,319	£2,058	£2,423	£2,120	
Care %	4.67%	1.70%	3.90%	1.17%	9.5%
Care Value £	£108,208	£35,688	£72,296	£20,043	

We have once again turned in an excellent performance on housing voids and are ranked in the **first quartile yet again** in the peer group of smaller similar housing associations. This reflects just how desirable our combined package of high quality housing and high quality housing support delivered by on-site staff are to residents. This is also reflected in our very long waiting list for units (currently around 90 applications for 124 flats) with a wait time of 18 months. Our care voids for 2022-2023 have risen due to the refurbishments in Russell Churcher Court.

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**2. Procurement**

Since the VFM standard was first introduced, Thorngate has reported its performance against prior years in a number of areas. This has shown useful trends and this has been continued this year. The focus areas continue to be gas and electric purchases, and care home food costs. These have been chosen because almost all our properties have gas included in the weekly maintenance charges, communal electricity is a large costs and for our care home, food is one of the largest costs. These figures can only be considered year on year within the same organisation because of different characteristics between different providers.

While we seek to reduce our utility costs, we seek to at least maintain our food cost budget per person level, as there is a correlation between quality and cost and the case of food for care home residents, and nutrition is a key part of caring for frail residents.

Year	Gas	% change on prior year	Electric	% change on prior year	Food (Care home per resident per annum)	% change on prior year
2012-13	£67,354		£36,604		£1,519	
2013-14	£56,061	-17%	£37,233	+2%	£1,542	+2%
2014-15	£59,257	+6%	£33,561	-10%	£1,510	-2%
2015-16	£52,013	-12%	£33,148	-1%	£1,446	-4%
2016-17 (pro rata)	£47,100	-9%	£33,252	0%	£1,371	-5%
2017-18 (pro rata)	£45,363	-4%	£36,872	+11%	£1,651	+20%
2018-19	£51,551	+14%	£42,669	+16%	£1,687	+2%
2019-20	£63,471	+23%	£46,916	+10%	£1,516	-10%
2020-21	£61,045	-3.8%	£49,983	+6.5%	£1,404	-31%
2021-22	£46,305	-24.1%	£50,515	+1.1%	£2,164	+54%
2022-23	£43,739	-5.54%	£48,418	-4.15%	£2,040	-5.73%

On gas and electric procurement we go to the market and we are currently in three year deals on both gas and electric, concluding in December 2023 and June 2024 respectively. We were extremely lucky to get a good deal in Spring/Summer 2020. We typically tender a host of suppliers, both brokers and direct and usually are looking at around 15 projections. Gas is used for heating and hot water in both housing and care homes and only the new developments of Lucas Court, Garden View and Station Road buy their own gas. It should be noted that if housing residents had to buy their own gas or electric they would not be able to buy this as competitively as we do, however of course they would have more control over usage.

**Gas:** Our spend on gas has fallen again this year. After the year end we have fitted new industrial boilers at Thorngate Court to operate our district heating systems as efficiently as possible. Overall unit usage dropped by 7.05%

**Electric:** Spend on electricity has decreased for the first time in six years. Given that our price has not changed this is the result of using fewer units. Our sensor project which monitors for unusual use of electricity has highlighted occasions when action needed to be taken and therefore reduced our usage. Overall unit usage dropped by 8.2%

**Food:** The cost of food increased during the year due to inflation however we employed a new catering manager midway through the year. This enabled us to have more control over budgets, resulting in more efficient purchasing. The longer term food cost environment remains uncertain and the current budget for 2023-2024 period is £2,196 per person.

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**3. Increased reach**

Thorngate considers, in line with its objects, it can increase its reach in the following two key ways: either development of new homes and facilities, and increased engagement of "*persons who are in need by reason of their age*"

**Development:**

Although we have not completed any new flats in 2021-22, we concluded a sizeable building programme for us in 2018-19. During 2021-22 we secured planning consent on a new site which we then acquired by completing the option agreement negotiated in 2021. Throughout 2022-3 we

	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18
Units completed	0	0	0	0	10	4
Increase in stock as % of current stock at start of year	0%	0%	0%	0%	9%	3%

The board has a stated aspiration that it will identify sites when they become available as follows:  
*To acquire further land in the Borough of Gosport to enhance the land bank available for future development if it becomes available and without erosion of reserves*

**4. Governance & Board Development**

For a well-run organisation the board recognises it must ensure it is well equipped in terms of skills and continuous professional development.

Consequently, the board undertakes training and strategic board days normally twice a year in addition to board meetings and monthly (at least) briefings from the Chief Executive.

In 2022-23 the board has undertaken training over two separate board days looking at its care strategy, environmental strategy, and innovation.

**Target:**

The target for 2023-24 which we can be measured against is at least one board day including strategy and ESG sessions.

**THORNGATE CHURCHER TRUST**  
**REPORT OF THE TRUSTEES**  
**FOR THE YEAR ENDED 31 MARCH 2023**

**REFERENCE AND ADMINISTRATIVE DETAILS**

**Registered Charity number**

1169965

**Company Registration Number**

9953572

**Registered Provider of Social Housing Number**

4839

**Principal address**

Clare House  
Melrose Gardens  
Gosport  
PO12 3BZ

**Trustees**

Mark Hook (Chairman)

Became Chairman on 20 May 2022

James Gilhooley

Christopher Matthews

Diane Searle

Retired on 19 May 2022

Julie Palmer

Reeta Ram

John Clark

Oliver Zaki

David Popoola Smith

**Chief Executive Officer and Clerk to the Trustees**

Anne Taylor FCCA

**Auditors**

Morris Crocker Limited, Chartered Accountants

Statutory Auditors

Station House

North Street

Havant

Hampshire

PO9 1QU

**Solicitors**

Coffin Mew

1000 Lakeside

North Harbour

Portsmouth

PO6 3EN

**Bankers**

Lloyds Bank plc

43 West Street

Fareham

Hampshire

PO16 0BE

**Investment Managers**

CCLA

Senator House

85 Queen Victoria Street

London EC4V 4ET

**THORNGATE CHURCHER TRUST**  
**REPORT OF THE TRUSTEES**  
**FOR THE YEAR ENDED 31 MARCH 2023**

**STATEMENT OF TRUSTEES' RESPONSIBILITIES**

The trustees (who are also the directors of Thorngate Churcher Trust for the purposes of company law) are responsible for preparing the Report of the Trustees 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 incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- 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 which disclose with reasonable accuracy at any time the financial position of the charitable company and to 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.


In so far as the trustees are aware:

- 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.

**AUDITORS**

The auditors, Morris Crocker Limited, will be proposed for re-appointment at the forthcoming Board Meeting.

Approved by order of the board of trustees on 24 August 2023 and signed on its behalf by:

  
.....  
M Hook - Trustee

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THORNGATE CHURCHER TRUST**

### **Opinion**

We have audited the financial statements of Thorngate Churcher Trust (the 'charitable company') for the year ended 31 March 2023 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement 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 (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 2023 and of its incoming resources and application of resources, including its 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.

### **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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

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

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 Annual Report, other than the financial statements and our Report of the Independent Auditors thereon.

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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THORNGATE CHURCHER TRUST**

### **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 Report of the Trustees.

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

### **Responsibilities of trustees**

As explained more fully in the Statement of Trustees' Responsibilities, 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.

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THORNGATE CHURCHER TRUST**

### **Our 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 a Report of the Independent Auditors 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.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

From discussion with management and those charged with governance information about the entity is documented to assess the activity within the organisation. We discuss managements assessment of risk in respect of irregularities, fraud and going concern.

Based on these discussions and our own assessments we determined that the key risk areas were income recognition in respect of cut off issues concerning income recognition and management override concerning the size of the organisation.

We set financial statement materiality level based on the level of income. As a not for profit organisation raising income is its primary focus which is why income was used to determine the level of materiality. Our overall assessment of risk was used to determine performance materiality at an appropriate level.

Substantive audit tests were designed after assessing and testing systems and controls. The systems and controls which have been designed to act as a preventative measure against fraud and error were operating as documented. Substantive testing tested a sample of the population, representative of the population, to identify errors. The testing did not identify any material misstatements in areas tested.

Audit substantive tests concluded no material errors over the key risk areas of income recognition and management override.

The audit considers the organisation is not exposed to material risk of error as a result of assessing laws and regulations that are appropriate to the organisation.


Management assessed there is no going concern risk.

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 Report of the Independent Auditors.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
THORNGATE CHURCHER TRUST**

**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 auditors' 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.



Paul Underwood (Senior Statutory Auditor)  
for and on behalf of Morris Crocker Limited  
Chartered Accountants  
Statutory Auditors  
Station House  
North Street  
Havant  
Hampshire  
PO9 1QU

Date: 5 September 2023

**THORNGATE CHURCHER TRUST**

**STATEMENT OF FINANCIAL ACTIVITIES  
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)  
FOR THE YEAR ENDED 31 MARCH 2023**

	Notes	Unrestricted funds £	Restricted fund £	Endowment fund £	2023 Total funds £	2022 Total funds £
<b>INCOME AND ENDOWMENTS FROM</b>						
Donations and legacies	2	1,211	-	-	1,211	7,208
<b>Charitable activities</b>	4					
Housing for older people		948,999	-	-	948,999	918,723
Care home		2,210,955	-	-	2,210,955	2,173,810
Investment income	3	620	-	-	620	27
<b>Total</b>		<u>3,161,785</u>	<u>-</u>	<u>-</u>	<u>3,161,785</u>	<u>3,099,768</u>
<b>EXPENDITURE ON</b>						
<b>Charitable activities</b>	5					
Housing for older people		782,691	-	-	782,691	770,616
Care home		2,239,005	-	-	2,239,005	1,964,328
<b>Total</b>		<u>3,021,696</u>	<u>-</u>	<u>-</u>	<u>3,021,696</u>	<u>2,734,944</u>
Net gains/(losses) on investments		(3,609)	-	-	(3,609)	42,221
<b>NET INCOME</b>		136,480	-	-	136,480	407,045
<b>Other recognised gains/(losses)</b>						
Actuarial gains/(losses) on defined benefit schemes		(44,987)	-	-	(44,987)	65,005
<b>Net movement in funds</b>		91,493	-	-	91,493	472,050
<b>RECONCILIATION OF FUNDS</b>						
Total funds brought forward		7,314,686	-	40,503	7,355,189	6,883,139
<b>TOTAL FUNDS CARRIED FORWARD</b>		<u>7,406,179</u>	<u>-</u>	<u>40,503</u>	<u>7,446,682</u>	<u>7,355,189</u>

The notes form part of these financial statements


THORNGATE CHURCHER TRUST (REGISTERED NUMBER: 09953572)

**BALANCE SHEET**  
**31 MARCH 2023**

	Notes	2023 £	2022 £
<b>FIXED ASSETS</b>			
Tangible assets	13	8,403,518	8,137,083
Investments	14	<u>448,009</u>	<u>409,979</u>
		8,851,527	8,547,062
<b>CURRENT ASSETS</b>			
Stocks	15	8,871	6,685
Debtors	16	105,408	88,675
Cash at bank		<u>302,735</u>	<u>565,066</u>
		417,014	660,426
<b>CREDITORS</b>			
Amounts falling due within one year	17	<u>(861,181)</u>	<u>(345,800)</u>
<b>NET CURRENT ASSETS</b>		<u>(444,167)</u>	<u>314,626</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		8,407,360	8,861,688
<b>CREDITORS</b>			
Amounts falling due after more than one year	18	(666,193)	(1,190,738)
<b>PROVISIONS FOR LIABILITIES</b>	21	<u>(294,485)</u>	<u>(315,761)</u>
<b>NET ASSETS</b>		<u><u>7,446,682</u></u>	<u><u>7,355,189</u></u>
<b>FUNDS</b>	23		
Unrestricted funds		7,406,179	7,314,686
Endowment funds		<u>40,503</u>	<u>40,503</u>
<b>TOTAL FUNDS</b>		<u><u>7,446,682</u></u>	<u><u>7,355,189</u></u>

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

The financial statements were approved by the Board of Trustees and authorised for issue on 24 August 2023 and were signed on its behalf by:

  
.....  
M Hook - Trustee

The notes form part of these financial statements

**THORNGATE CHURCHER TRUST**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2023**

	Notes	2023 £	2022 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	300,307	621,159
Interest paid		(36,078)	(35,394)
Finance costs paid		<u>(8,014)</u>	<u>(9,021)</u>
Net cash provided by operating activities		<u>256,215</u>	<u>576,744</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(454,112)	(699,005)
Purchase of fixed asset investments		(41,639)	(4,706)
Interest received		<u>620</u>	<u>27</u>
Net cash used in investing activities		<u>(495,131)</u>	<u>(703,684)</u>
<b>Cash flows from financing activities</b>			
New loans in year		-	500,000
Loan repayments in year		<u>(23,415)</u>	<u>(75,789)</u>
Net cash (used in)/provided by financing activities		<u>(23,415)</u>	<u>424,211</u>
<b>Change in cash and cash equivalents in the reporting period</b>		<u>(262,331)</u>	<u>297,271</u>
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<u>565,066</u>	<u>267,795</u>
<b>Cash and cash equivalents at the end of the reporting period</b>		<u><u>302,735</u></u>	<u><u>565,066</u></u>

The notes form part of these financial statements

**THORNGATE CHURCHER TRUST**

**NOTES TO THE CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2023**

**1. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	2023 £	2022 £
<b>Net income for the reporting period (as per the Statement of Financial Activities)</b>	136,480	407,045
<b>Adjustments for:</b>		
Depreciation charges	181,459	178,952
Losses/(gain) on investments	3,609	(42,221)
Loss on disposal of fixed assets	6,218	392
Interest received	(620)	(27)
Interest paid	36,078	35,394
Finance costs	8,014	9,021
Increase in stocks	(2,186)	(6,685)
(Increase)/decrease in debtors	(16,733)	2,362
Increase in creditors	14,251	85,835
Difference between pension charge and cash contributions	<u>(66,263)</u>	<u>(48,909)</u>
<b>Net cash provided by operations</b>	<u><u>300,307</u></u>	<u><u>621,159</u></u>

**2. ANALYSIS OF CHANGES IN NET DEBT**

	At 1.4.22 £	Cash flow £	At 31.3.23 £
<b>Net cash</b>			
Cash at bank	<u>565,066</u>	<u>(262,331)</u>	<u>302,735</u>
	<u>565,066</u>	<u>(262,331)</u>	<u>302,735</u>
<b>Debt</b>			
Debts falling due within 1 year	(26,494)	(501,130)	(527,624)
Debts falling due after 1 year	<u>(1,190,738)</u>	<u>524,545</u>	<u>(666,193)</u>
	<u>(1,217,232)</u>	<u>23,415</u>	<u>(1,193,817)</u>
<b>Total</b>	<u><u>(652,166)</u></u>	<u><u>(238,916)</u></u>	<u><u>(891,082)</u></u>

The notes form part of these financial statements

## THORNGATE CHURCHER TRUST

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

#### 1. ACCOUNTING POLICIES

##### **Basis of preparing the financial statements**

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) '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)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value, as modified by the revaluation of certain assets.

The trustees consider that there are no material uncertainties regarding the charity's ability to continue as a going concern.

##### **Income**

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

The charity recognises grant income in relation to housing properties when the conditions of the grant contract have been performed. A condition of the grant is that the monies would become repayable if the properties were sold. A liability is not recognised in respect of this. The trustees will provide for a liability in the event of a decision being made to sell one of the properties.

##### **Expenditure**

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

##### **Allocation and apportionment of costs**

Finance and administration costs are apportioned to specified headings of expenditure whereas employees are charged directly to specified headings. Other administration costs are allocated as considered appropriate.

##### **Pension costs and other post-retirement benefits**

The Trust participates in a multi-employer defined benefit scheme, the Social Housing Pension Scheme (SHPS). For the SHPS, it has not been possible to identify the share of underlying assets and liabilities belonging to the individual participating employers. The income and expenditure charge represents the employer contribution payable to the scheme for the accounting period.

##### **Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Structure	1%
Roofs	1.4%
Windows and Doors	3.3%
Boilers	6.7%
Kitchens	5%
Bathrooms	3.3%
Mechanical Systems	3.3%
Electrical Systems	2.5%
Lifts	5%
Furniture and equipment	25%
Computers and office equipment	25%

## THORNGATE CHURCHER TRUST

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2023

#### 1. ACCOUNTING POLICIES - continued

##### **Tangible fixed assets**

Individual fixed assets costing £250 or more are capitalised at cost.

##### **Stocks**

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

##### **Taxation**

The charity is exempt from corporation tax on its charitable activities.

##### **Fund accounting**

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

##### **Investments**

Fixed asset investments are included at market value at the balance sheet date.

Realised gains and losses on investments are calculated as the difference between sale proceeds and their market value at the start of the year or their subsequent cost, and are charged or credited to the statement of financial activities in the year of disposal.

Unrealised gains and losses represent the movement in market values during the year and are credited or charged to the statement of financial activities based on market value at the end of the year.

##### **Financial instruments**

The charity only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable investments in stocks and shares. The measurement basis used for these instruments is detailed below.

##### **Debtors and cash at bank**

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. Cash at bank and in hand included cash held on deposit or in a current account.

##### **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.

**THORNGATE CHURCHER TRUST**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2023**

**2. DONATIONS AND LEGACIES**

	2023	2022
	£	£
Donations	<u>1,211</u>	<u>7,208</u>

**3. INVESTMENT INCOME**

	2023	2022
	£	£
Deposit account interest	<u>620</u>	<u>27</u>

All investment income is derived from assets held in the United Kingdom.

**4. INCOME FROM CHARITABLE ACTIVITIES**

		2023	2022
	Activity	£	£
Social housing maintenance contributions	Housing for older people	948,999	917,323
Grants	Housing for older people	-	1,400
Residential care home	Care home	2,208,879	2,063,632
Grants	Care home	<u>2,076</u>	<u>110,178</u>
		<u>3,159,954</u>	<u>3,092,533</u>

Grants received, included in the above, are as follows:

	2023	2022
	£	£
Hampshire County Council	2,076	107,296
HMRC - CJRS and SSP Grants	<u>-</u>	<u>4,282</u>
	<u>2,076</u>	<u>111,578</u>

**5. CHARITABLE ACTIVITIES COSTS**

	Direct Costs (see note 6) £	Support costs (see note 7) £	Totals £
Housing for older people	576,194	206,497	782,691
Care home	<u>2,032,669</u>	<u>206,336</u>	<u>2,239,005</u>
	<u>2,608,863</u>	<u>412,833</u>	<u>3,021,696</u>

**THORNGATE CHURCHER TRUST**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2023**

**6. DIRECT COSTS OF CHARITABLE ACTIVITIES**

	2023 £	2022 £
Services	2,116,950	1,917,196
Day to day maintenance	147,252	127,415
Cyclical maintenance	53,660	25,006
Extraordinary maintenance	64,582	32,804
Other costs	6,217	524
Depreciation	176,110	173,742
Interest payable and similar charges	44,092	44,415
	<u>2,608,863</u>	<u>2,321,102</u>

**7. SUPPORT COSTS**

	Management £	Governance costs £	Totals £
Housing for older people	203,270	3,227	206,497
Care home	200,405	5,931	206,336
	<u>403,675</u>	<u>9,158</u>	<u>412,833</u>

Support costs, included in the above, are as follows:

**Management**

	2023 £	2022 £
Housing for older people	16,171	16,171
Care home	3,942	3,942
IT expenses	458	458
Personnel	19,472	19,472
Building and office costs	4,680	4,680
PR and advertising costs	162,489	162,489
Management costs	<u>203,270</u>	<u>200,405</u>
	<u>403,675</u>	<u>401,591</u>

**Governance costs**

	2023 £	2022 £
Housing for older people	1,788	1,788
Care home	4,242	4,242
Auditors' remuneration	250	250
Auditors' remuneration for non audit work	1,189	1,189
Governance costs	<u>3,227</u>	<u>5,597</u>
	<u>9,158</u>	<u>12,251</u>

# **THORNGATE CHURCHER TRUST**

## **NOTES TO THE FINANCIAL STATEMENTS - continued** **FOR THE YEAR ENDED 31 MARCH 2023**

### **8. NET INCOME/(EXPENDITURE)**

Net income/(expenditure) is stated after charging/(crediting):

	2023	2022
	£	£
Auditors' remuneration	6,030	5,904
Other non-audit services	750	750
Depreciation - owned assets	<u>181,459</u>	<u>178,952</u>

### **9. TRUSTEES' REMUNERATION AND BENEFITS**

There were no trustees' remuneration or other benefits for the year ended 31 March 2023 nor for the year ended 31 March 2022.

#### **Trustees' expenses**

During the period one trustees (2022: Two) were reimbursed £118 (2022: £337) for out of pocket expenses.

### **10. STAFF COSTS**

	2023	2022
	£	£
Wages and salaries	1,610,345	1,445,644
Social security costs	123,924	97,457
Employer's pension costs	<u>61,749</u>	<u>44,290</u>
	<u>1,796,018</u>	<u>1,587,391</u>

#### **Key management remuneration**

The key management personnel of the charity comprise the trustees and the Chief Executive Officer. The total employee benefits of the key management personnel of the charitable company were £100,914 (2022: £96,834). This does not include remuneration for trustees, all of which is reported as per note 9.

The average monthly number of employees during the year was as follows:

	2023	2022
Administration	4	3
Maintenance	4	3
Housing, support and care	<u>63</u>	<u>64</u>
	<u>71</u>	<u>70</u>

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2023	2022
£70,001 - £80,000	<u>1</u>	<u>1</u>

**THORNGATE CHURCHER TRUST**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2023**

**11. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES**

	Unrestricted funds £	Restricted fund £	Endowment fund £	Total funds £
<b>INCOME AND ENDOWMENTS FROM</b>				
Donations and legacies	7,208	-	-	7,208
<b>Charitable activities</b>				
Housing for older people	917,323	1,400	-	918,723
Care home	2,063,632	110,178	-	2,173,810
Investment income	<u>27</u>	<u>-</u>	<u>-</u>	<u>27</u>
<b>Total</b>	<u>2,988,190</u>	<u>111,578</u>	<u>-</u>	<u>3,099,768</u>
<b>EXPENDITURE ON</b>				
<b>Charitable activities</b>				
Housing for older people	770,616	-	-	770,616
Care home	<u>1,852,750</u>	<u>111,578</u>	<u>-</u>	<u>1,964,328</u>
<b>Total</b>	<u>2,623,366</u>	<u>111,578</u>	<u>-</u>	<u>2,734,944</u>
Net gains on investments	<u>42,221</u>	<u>-</u>	<u>-</u>	<u>42,221</u>
<b>NET INCOME</b>	407,045	-	-	407,045
<b>Other recognised gains/(losses)</b>				
Actuarial gains on defined benefit schemes	<u>65,005</u>	<u>-</u>	<u>-</u>	<u>65,005</u>
<b>Net movement in funds</b>	472,050	-	-	472,050
<b>RECONCILIATION OF FUNDS</b>				
Total funds brought forward	6,842,636	-	40,503	6,883,139
<b>TOTAL FUNDS CARRIED FORWARD</b>	<u>7,314,686</u>	<u>-</u>	<u>40,503</u>	<u>7,355,189</u>

**12. INCOME AND EXPENDITURE FROM SOCIAL HOUSING ACTIVITIES**

	2023	2022
	£	£
Charitable income - fees and maintenance contributions	3,160,033	2,980,955
Charitable income - donations and legacies	1,987	7,208
Charitable income - grants	-	111,578
Charitable expenditure	<u>(3,022,551)</u>	<u>(2,734,944)</u>
	139,469	364,797
Adjustment for pension funds, investments, maintenance reserve and capital grant	<u>4,355</u>	<u>(28,115)</u>
Charitable surplus	<u>143,824</u>	<u>336,682</u>

**THORNGATE CHURCHER TRUST**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2023**

**13. TANGIBLE FIXED ASSETS**

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Totals £
<b>COST</b>				
At 1 April 2022	10,397,313	108,668	459,436	10,965,417
Additions	420,302	10,872	22,938	454,112
Disposals	(55,034)	(28,744)	(182,679)	(266,457)
At 31 March 2023	<u>10,762,581</u>	<u>90,796</u>	<u>299,695</u>	<u>11,153,072</u>
<b>DEPRECIATION</b>				
At 1 April 2022	2,353,420	79,563	395,351	2,828,334
Charge for year	135,676	17,315	28,468	181,459
Eliminated on disposal	(49,927)	(28,204)	(182,108)	(260,239)
At 31 March 2023	<u>2,439,169</u>	<u>68,674</u>	<u>241,711</u>	<u>2,749,554</u>
<b>NET BOOK VALUE</b>				
At 31 March 2023	<u>8,323,412</u>	<u>22,122</u>	<u>57,984</u>	<u>8,403,518</u>
At 31 March 2022	<u>8,043,893</u>	<u>29,105</u>	<u>64,085</u>	<u>8,137,083</u>

Included in cost or valuation of land and buildings is freehold land of £2,192,331 (2022 - £2,192,331) which is not depreciated.

Freehold property also includes schemes in progress with a net book value of £498,884 (2022: £230,120).

**14. FIXED ASSET INVESTMENTS**

	Listed investments £	Unlisted investments £	Totals £
<b>MARKET VALUE</b>			
At 1 April 2022	405,273	4,706	409,979
Additions	-	41,639	41,639
Revaluations	(3,609)	-	(3,609)
At 31 March 2023	<u>401,664</u>	<u>46,345</u>	<u>448,009</u>
<b>NET BOOK VALUE</b>			
At 31 March 2023	<u>401,664</u>	<u>46,345</u>	<u>448,009</u>
At 31 March 2022	<u>405,273</u>	<u>4,706</u>	<u>409,979</u>

The unlisted investments are solely made up of nitrate credits.

There were no investments assets held outside the UK.

Cost or valuation at 31 March 2023 is represented by:

	Listed investments £	Unlisted investments £	Totals £
Valuation in 2023	<u>401,664</u>	<u>46,345</u>	<u>448,009</u>

**THORNGATE CHURCHER TRUST**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2023**

**15. STOCKS**

	2023	2022
	£	£
Stocks	<u>8,871</u>	<u>6,685</u>

**16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2023	2022
	£	£
Arrears of maintenance contributions and care home fees	8,638	13,326
Other debtors	479	8
Prepayments and accrued income	<u>96,291</u>	<u>75,341</u>
	<u>105,408</u>	<u>88,675</u>

**17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2023	2022
	£	£
Bank loans and overdrafts (see note 19)	525,694	24,706
Other loans (see note 19)	1,930	1,788
Trade creditors	114,744	79,846
Maintenance contributions and care home fees received in advance	102,581	135,923
Social security and other taxes	20,748	26,241
Other creditors	<u>95,484</u>	<u>77,296</u>
	<u>861,181</u>	<u>345,800</u>

	2023	2022
	£	£
Brought forward	135,923	94,311
Amount released to incoming resources	(135,923)	(94,311)
Amount deferred in year	<u>102,581</u>	<u>135,923</u>
Carried forward	<u>102,581</u>	<u>135,923</u>

Deferred income relates to maintenance contributions and care home fees received in advance.

**18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2023	2022
	£	£
Bank loans (see note 19)	652,307	1,174,922
Other loans (see note 19)	<u>13,886</u>	<u>15,816</u>
	<u>666,193</u>	<u>1,190,738</u>

# **THORNGATE CHURCHER TRUST**

## **NOTES TO THE FINANCIAL STATEMENTS - continued** **FOR THE YEAR ENDED 31 MARCH 2023**

### **19. LOANS**

An analysis of the maturity of loans is given below:

	2023 £	2022 £
Amounts falling due within one year		
Bank loans	525,694	24,706
Other loans	<u>1,930</u>	<u>1,788</u>
	<u>527,624</u>	<u>26,494</u>
 Amounts falling due between two and five years		
Bank loans	106,021	602,154
Other loans	<u>13,886</u>	<u>12,602</u>
	<u>119,907</u>	<u>614,756</u>
 Amounts falling due in more than five years		
Bank loans	546,286	572,768
Other loans	<u>-</u>	<u>3,214</u>
	<u>546,286</u>	<u>575,982</u>

The loan from the NAA included in other loans is interest free and being repaid over 10 years. In accordance with the SORP the loan has been discounted at a similar interest rate in line with other borrowings.

### **20. SECURED DEBTS**

The following secured debts are included within creditors:

	2023 £	2022 £
Bank loans	<u>1,178,001</u>	<u>1,199,628</u>

The bank loans are secured by a first and second charge over the Russell Churcher Court care home and Goyda House both situated in Melrose Gardens.

### **21. PROVISIONS FOR LIABILITIES**

	2023 £	2022 £
Provisions	<u>294,485</u>	<u>315,761</u>

A full actuarial valuation for the scheme was carried out with an effective date of 30 September 2020. This actuarial valuation was issued to employers in August 2021 and showed assets of £5,148m, liabilities of £6,708m and a deficit of £1,560m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid.

Where the scheme is in deficit and where the Trust has agreed to a deficit funding arrangement, the Trust has recognised a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

# **THORNGATE CHURCHER TRUST**

## **NOTES TO THE FINANCIAL STATEMENTS - continued** **FOR THE YEAR ENDED 31 MARCH 2023**

### **21. PROVISIONS FOR LIABILITIES - continued**

#### **Reconciliation of opening and closing provisions**

	31 March 2023	31 March 2022
	£	£
Provision at start of period	315,000	426,000
Unwinding of the discount factor	8,000	9,000
Deficit contribution paid	(88,000)	(83,000)
Impact of change in assumptions	45,000	(63,000)
Current service cost	9,000	21,000
Expenses	5,000	5,000
	<u>294,085</u>	<u>315,000</u>
SHPS Provision at end of period	<u>294,085</u>	<u>315,000</u>
TPT Retirement Solutions - The Growth Plan	<u>485</u>	<u>761</u>
Provision at end of period	<u><u>294,485</u></u>	<u><u>315,761</u></u>

#### **Income and expenditure impact**

	31 March 2023	31 March 2022
	£	£
Interest expense	8,000	9,000
Impact of change in assumptions & contribution schedule	45,000	(63,000)
Current service cost	9,000	21,000
Expenses	5,000	5,000

#### **Assumptions**

	31 March 2023	31 March 2022	31 March 2021
	% per annum	% per annum	% per annum
Rate of discount	4.88	2.79	2.15

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

### **22. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds	Restricted fund	Endowment fund	2023 Total funds	2022 Total funds
	£	£	£	£	£
Fixed assets	8,403,518	-	-	8,403,518	8,137,083
Investments	448,009	-	-	448,009	409,979
Current assets	376,511	-	40,503	417,014	660,426
Current liabilities	(861,181)	-	-	(861,181)	(345,800)
Long term liabilities	(666,193)	-	-	(666,193)	(1,190,738)
Provision for liabilities	(294,485)	-	-	(294,485)	(315,761)
	<u>7,406,179</u>	<u>-</u>	<u>40,503</u>	<u>7,446,682</u>	<u>7,355,189</u>

**THORNGATE CHURCHER TRUST**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE YEAR ENDED 31 MARCH 2023**

**23. MOVEMENT IN FUNDS**

	At 1.4.22 £	Net movement in funds £	At 31.3.23 £
<b>Unrestricted funds</b>			
General fund	6,850,654	103,099	6,953,753
Cyclical maintenance reserve	323,762	(16,539)	307,223
Extraordinary repairs reserve	<u>140,270</u>	<u>4,933</u>	<u>145,203</u>
	7,314,686	91,493	7,406,179
<b>Endowment funds</b>			
Endowment reserve	<u>40,503</u>	<u>-</u>	<u>40,503</u>
<b>TOTAL FUNDS</b>	<u><u>7,355,189</u></u>	<u><u>91,493</u></u>	<u><u>7,446,682</u></u>

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
<b>Unrestricted funds</b>				
General fund	3,161,785	(3,010,090)	(48,596)	103,099
Cyclical maintenance reserve	-	(16,539)	-	(16,539)
Extraordinary repairs reserve	<u>-</u>	<u>4,933</u>	<u>-</u>	<u>4,933</u>
	<u>3,161,785</u>	<u>(3,021,696)</u>	<u>(48,596)</u>	<u>91,493</u>
<b>TOTAL FUNDS</b>	<u><u>3,161,785</u></u>	<u><u>(3,021,696)</u></u>	<u><u>(48,596)</u></u>	<u><u>91,493</u></u>

**Comparatives for movement in funds**

	At 1.4.21 £	Net movement in funds £	At 31.3.22 £
<b>Unrestricted funds</b>			
General fund	6,428,794	421,860	6,850,654
Cyclical maintenance reserve	289,368	34,394	323,762
Extraordinary repairs reserve	<u>124,474</u>	<u>15,796</u>	<u>140,270</u>
	6,842,636	472,050	7,314,686
<b>Endowment funds</b>			
Endowment reserve	<u>40,503</u>	<u>-</u>	<u>40,503</u>
<b>TOTAL FUNDS</b>	<u><u>6,883,139</u></u>	<u><u>472,050</u></u>	<u><u>7,355,189</u></u>

# THORNGATE CHURCHER TRUST

## NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2023

### 23. MOVEMENT IN FUNDS - continued

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
<b>Unrestricted funds</b>				
General fund	2,988,190	(2,673,556)	107,226	421,860
Cyclical maintenance reserve	-	34,394	-	34,394
Extraordinary repairs reserve	-	15,796	-	15,796
	2,988,190	(2,623,366)	107,226	472,050
<b>Restricted funds</b>				
Coronavirus Support Fund	111,578	(111,578)	-	-
<b>TOTAL FUNDS</b>	<u>3,099,768</u>	<u>(2,734,944)</u>	<u>107,226</u>	<u>472,050</u>

**General fund** - This reserve represents accumulated surpluses within the general fund. Within the general fund is an amortised balance of £3,654,476 (2022: £3,707,755) which represents the income recognised from the Social Housing Grants. The charity recognised grant income in relation to housing properties when the conditions of the grant contract have been performed. A condition of the grant is that should the properties be sold (or in the case of Russell Churcher Court converted to another use) a crystallising event would occur which would result in any grant attached to that specific property being either repayable or allocated to one of the trust's other social housing properties. A liability is not recognised in respect of this. The trustees will provide for a liability in the event of a decision being made to sell one of the properties

**Capital reserve** - This reserve is established for capital expenditure on property.

**Cyclical maintenance reserve** - This reserve is established for regular maintenance including internal and external decoration.

**Extraordinary repairs reserve** - This reserve is established for long term modernisation and repairs.

**Endowment reserve** - This reserve represents assets which formed part of the original governing document.

**HMRC Covid Support Reserve** - Being monies received from HMRC in relation to the Coronavirus Job Retention Scheme and Coronavirus Statutory Sick Pay Rebate Scheme to reimburse staff costs during the Covid 19 Pandemic and monies from Hampshire County Council in relation to the Infection Control Grant, Workforce Grant and Rapid Testing Grant.

### 24. RELATED PARTY DISCLOSURES

Mr Mark Hook became Chairman of the Trust on 20 May 22. Mr Hook was the Mayor of Gosport until 19 May 2022. All transactions with the council are on normal commercial terms and Mr Hook was not able to use his position to his advantage. Mr Hook is a director of GS Building Services. No transactions between this company and the Trust have occurred during the year.

Mr James Gilhooley, Trustee was Chairman until 20 May 2022, thereafter continuing as a trustee. Mr Gilhooley was appointed an ex-officio associate Trustee of University of 3Rd Age (Solent) on 1 May 2023. No transactions between this organisation and the Trust have occurred during the year.

Mr Chris Matthews, Trustee is a solicitor and partner in the firm Churchers Solicitors LLP. No transactions occurred between Churchers Solicitors and the Trust during the year.

## THORNGATE CHURCHER TRUST

### NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 MARCH 2023

#### 24. RELATED PARTY DISCLOSURES - continued

Mrs Julie Palmer, a Trustee is a committee member of the Lee on the Solent Residents' Association. No transactions between this organisation and the Trust have occurred during the year.

Ms Reeta Ram, Trustee is the sole director of DPR Housing Limited and Dementia Partners Limited. These are organisations that provide supported housing living schemes to support vulnerable adults to live in the community in London. No transactions between either of these companies and the Trust occurred during the year.

John Clark, Trustee, is Executive Director of Orione Care, a housing and social care charity. There are no transactions between the Trust and this organisation.

Mr Oliver Zaki, Trustee is a solicitor and partner at Glanvilles LLP. No transactions occurred between the Trust and Glanvilles Solicitors during the year. Mr Zaki's partner is a partner at Knights LLP. All transactions between the Trust and Knights are on normal commercial terms.

Mr David Popoola Smith is a social worker for Bromley Councils. There are no transactions between the Trust and these councils. Mr Popoola Smith is also a director of Danifab Ltd and Seacole Support Limited. There are no transactions between the Trust and these companies.

Mrs Diane Searle was a trustee until her retirement on 19 May 2022. Mrs Searle was not associated with any other organisations.

Ms Anne Taylor, Chief Executive and Company Secretary, is the Vice Chair of Trustees and Non-Executive Director of the Fusion21 Foundation, a grant giving charity. No transactions have occurred between this charity or its trading subsidiary Fusion21 Limited and the Trust during the year. Ms Taylor is a Trustee of Trust 2000, a community charity. Ms Taylor is also a director of John Taylor Motorsport Limited. No transactions have occurred between this charity or the limited company and the Trust during the year.

#### 25. ULTIMATE CONTROLLING PARTY

The charitable company is not under the control of another entity or any one individual.

#### 26. LEGAL STATUS

The charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding up is limited to £1.

#### 27. CAPITAL COMMITMENTS

As at 31 March 2023 the charitable company had contracted to purchase nitrate credits amounting to £nil (2022: £41,639).

As at 31 March 2023 the charitable company had contracted to professional services in relation the Grove Road Development with Andrews Newby Partnership (Structural and Civil Consulting Engineers) amounting to £2,148 and McCarty Bainbridge Ltd (Mechanical & Electrical Consultant Engineers) amounting to £8,275.

