

KENDAL ALMSHOUSE CHARITY

Registered Charity Number 1172208

Homes England 5097

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

**Stables Thompson & Briscoe
Chartered Accountants
Statutory Auditors**

KENDAL ALMSHOUSE CHARITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021
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KENDAL ALMSHOUSE CHARITY

CHARITY INFORMATION

Established as CIO	22 March 2017
Principal Office	36 Finkle Street Kendal Cumbria LA9 4AB
Registered Numbers	Registered Charity Number 1172208 Homes and Communities Agency Registration Number A1059
Trustees	Mr P G Ducksbury (Chair) Mrs C Dodwell (Vice Chair) Mr R M Cope (Resigned 6th April 2022) Mrs H Fitch Ms L Gray Mrs J Hale (Appointed 11th October 2021) Ms J Hartley (Resigned 10 May 2021) Miss D Lund Mr J Stirling
Managing agent	H & H Land & Estates 36 Finkle Street Kendal Cumbria LA9 4AB Tel: 01539 721375 Fax: 01539 732600
Bankers	Barclays Bank Plc 9 Highgate Kendal Cumbria LA9 4DF
Independent Auditors	Stables Thompson & Briscoe Chartered Accountants Statutory Auditors Lowther House Lowther Street Kendal Cumbria LA9 4DX

KENDAL ALMSHOUSE CHARITY

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

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

Governance, Aims, Structure and Management

Governing Document

The Kendal Almshouse Charity was originally five charitable organisations registered with the Charity Commission. In 1987, the charities were amalgamated to create the Kendal Almshouse Charity under a Memorandum of Association which established the objects and powers of the charitable organisation, dated 2 December 1987. In 2014 the assets and liabilities of Kendal War Memorial Trust were acquired by Kendal Almshouse Charity.

In March 2017, the Charity Commission approved the conversion to a Charitable Incorporated Organisation (CIO). All the assets and operations were transferred into the CIO from June 2017. The Charity Number of the CIO is 1172208.

Recruitment and Appointment of Trustees

There are seven Trustees at the date of this report.

An appointed resident's representative attends the quarterly meetings of Trustees but is not a Trustee.

Mr P G Ducksbury remains Chair. Mrs C Dodwell is appointed as Vice Chair.

Ten Trustees would be the ideal structure. Trustees are encouraged to "network" to find suitable new Trustees.

The skills of the Trustees are regularly reviewed, and they are all encouraged to take a lead in an aspect of the Charity business. Each Trustee is appointed to at least one of the three committees; Finance, Buildings or Lettings.

It is the policy of the Charity to appoint Trustees with experience in the letting of residential property, care of the elderly and those in need, building construction, finance, investment and legal matters.

Trustee Induction and Training

Prior to appointment of new Trustees, the candidates are provided with an induction pack which includes the Governing Instrument and minutes of recent quarterly meetings of the committees and the full Trustees.

The Chair and Clerk meet candidates to discuss the background, history and policy of the Charity, together with the future plans and objectives of the organisation, before their appointment. Each potential Trustee attends a quarterly Trustee meeting, as an observer, before being appointed.

Charity Commission publications are also made available, together with publications from the National Association of Almshouses of which Kendal Almshouse Charity is a member. The standard of Almshouse Management publication is made available for candidates.

New Trustees are issued with a Trustee Handbook which details how the Charity is run and what is expected of them.

The implications of being a Registered Social Housing Provider are also explained to new Trustees.

Organisational Structure

The Finance Committee meets at least every quarter, before each quarterly Trustee meeting. The Letting Committee and Building Committee meet regularly. Recently appointed Trustees are appointed to a specific Committee which is relevant to their experience.

KENDAL ALMSHOUSE CHARITY

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Organisational Structure (continued)

All committees comprise a minimum of three Trustees and operate under terms of reference.

The Letting Committee meets to decide to appoint applicants seeking a home, based on the aims and objectives of the Charity and the circumstances of the individual applicants. It also liaises with the Building Committee as regards upgrading of vacant units.

The function of the Building Committee is to advise the Trustees on major improvements, refurbishment schemes and the conclusions of the quinquennial survey reports. Quinquennial reports are obtained on the general condition of the housing stock with recommendations on improvements and urgent repairs needed. These reports are undertaken by a professional Building Surveyor. No quinquennial inspections were undertaken in 2021, but the Building Committee concentrates on the proposed redevelopment of the "Romleigh" site which has been vacant since 2019. Planning permission was obtained during the year to demolish the bungalow and rebuild with two semi-detached dwellings.

The charity follows the rules and regulations of the Homes England.

The Finance Committee monitors the suitability and adequacy of the investments, taking into account the operational and other requirements of the Charity. It normally meets immediately prior to the full trustees meeting, providing accurate and timely reporting.

Risk Management

The investments are monitored by the Finance Committee. The Accountants are Registered Auditors, and the Clerk is a member of the Royal Institute of Chartered Surveyors, H & H Land & Estates.

Together with the existing management structure and administrative arrangements in place, regular monitoring of the agreed risk management policy and applicable indemnity insurance arrangements, the Trustees are satisfied that appropriate risk management practices are in place to meet the needs of the Charity and protect its activities.

To address the potential risk associated with the impending retirement of the Clerk, the Trustees have agreed and signed a Service level Agreement with the Clerk's professional offices, Chartered Surveyors. The Clerk's Office has instigated the gradual transfer and delegation of the Clerk's duties to colleagues, including the Accounts and Administration Department. The Service Level Agreement is reviewed at each quarterly meeting.

Conflicts of Interest

At the start of each meeting of Trustees, including Committee meetings, attendees are asked to declare any conflicts of interest.

During the period all Trustees signed a declaration that they are not connected to any of the regular suppliers and contractors engaged by the Charity.

Objectives and Activities

Public Benefit

The Charity's principal objective is to provide a wide range of affordable unfurnished homes for those in need and who reside in the town of Kendal, Cumbria, and adjoining parishes, as defined in the Charity's Governing Instrument. Depending on the level of interest from these areas, it is permissible to extend the defined region into three District Councils.

KENDAL ALMSHOUSE CHARITY

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Public Benefit (continued)

The Trustees confirm that they have reviewed the Charity Commission's guidance on the provision of public benefit and consider that the public benefit requirement is duly satisfied by the activities carried out in achieving the Charity's objectives.

Vacancies for almshouses are advertised in a local weekly newspaper and on the Charity's website. Applicants are required to complete a detailed application form. All applications are formally considered by the Letting Committee, which will interview applicants as necessary. No restrictions are placed on applications by virtue of gender or for social, religious or ethnic reasons.

Under the provisions of the Governing Instrument, preference is given to persons aged 50 years or more. South Lakeland District Council works closely with the Charity to help identify those in need in the area. The Charity also liaises with Social Services to adapt properties for the benefit of occupiers.

Regular inspections covering the general condition of the Charity's properties are undertaken by the Clerk and where necessary a qualified building surveyor to highlight improvements and other work needed to maintain the buildings in a good state of long-term repair. Additionally, the opportunity is normally taken, when a property becomes vacant, to improve the facilities as necessary. Supporting initiatives involve upgrading the quality of the Charity's housing stock to achieve Decent Homes Standards, a requirement of the Homes England as Kendal Almshouse Charity is a Registered Social Housing Provider (RSHP).

In 2019 specialist surveyors were engaged to establish any immediate requirements necessary to the housing stock, excluding Sleddal Victoria Almshouses which were substantially refurbished and restored after the 2015 floods, to comply with Decent Home Standard Status. All items highlighted to be addressed in the medium term have been addressed.

Achievements and Performance

Target Rents

The weekly maintenance contributions are maintained within the guidelines of the Homes and Communities Agency. All the housing stock, with the exception of Romleigh, formerly the property of the Kendal War Memorial Trust, are now at target rents. The weekly maintenance contributions were reviewed and increased in line with the Homes England guidelines, with effect from November 2021.

Romleigh remains vacant since the departure of the occupier in 2019. The future redevelopment of the site is mentioned above.

Improvements and Maintenance

Nos 1 – 8, 9, 9A, 9B, 10 and 11 Nobles Rest, are located in a Conservation Area. The window frames, many of which are in-efficient single glazed metal units, and doors are in need of replacement. Planning permission was obtained to replace the units with a combination of double glazed upvc and timber framed. Work has commenced. The total cost will be £79,056. The work was completed in March 2022.

The bank loan of £370,000 obtained to assist with the cost of the refurbishment and restoration of Sleddal Victoria Almshouses after the devastation caused by flooding in 2015, is reduced £218,922.05 at the end of the financial year.

Trustees reviewed the strategy on how best to redevelop the site of "Romleigh" during the year and resolved that the most cost effective alternative is to demolish and replace with two "ECO" semi-detached units at an estimated cost of £395,000 to be financed by Homes England, some of the Charity's reserves and a bank loan. The intention is to start work in 2022.

KENDAL ALMSHOUSE CHARITY

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Financial Review

An annual budget was considered and agreed by the Trustees at the 2021 and 2022 meetings, based on the recommendations from the National Association of Almshouses for annual amounts for each of the three designated funds, being routine maintenance, extraordinary repairs and cyclical maintenance.

The outcome of the charity's operations for the year ended 31st December 2021 shows an operating deficit in the Statement of Comprehensive Income of £20,980 down £69,137 on 2020 which included the impairment of £45,000 on Romleigh. This was due to the catch up of cyclical maintenance and extraordinary repairs following the difficulties of getting work done under COVID. Total comprehensive income was £17,093 for the year which was lower than the total of £48,594 for 2020 but it would have been a deficit except that the movement in the fair value of the investments was an increase of £40,922 compared to £5,778 last year.

Reserves Policy

At 31 December 2021 the Charity had a surplus on accumulated income of £108,503 before the long term mortgage of £205,040.

The Trustees have adopted a reserves policy to build a free reserve of £198,000 (the equivalent of one year's income from weekly maintenance contributions). The trustees are confident that this can be achieved in the next two years.

The reserve set aside provides financial stability and the means to the development of the principle activity. Our reserve level is set with the knowledge that significant void levels may occur due to the age and type of properties. Trustees are aware that some properties lie within the Kendal Flood Zone and have experience of significant prolonged voids as a consequence of flooding.

The Trustees meet regularly, quarterly, to review the amount of reserves that are required to ensure that they are adequate to fulfil the continuing obligations.

Investment Policy

The Charity's objective for the investment of funds not required for short-term and medium-term operational reasons is to apply such funds so as to achieve a balance between income generation and capital growth over the longer term, consistent with the degree of risk considered acceptable by the Trustees. Accordingly, the funds are invested in COIF and NAACIF which are considered to provide an adequate spread of risk and an acceptable return and are monitored regularly by the Finance Committee.

Value for money

Kendal Almshouse Charity assesses how it is achieving value for money in delivering its purpose and objectives, in accordance with the regulator's standard on value for money. This means managing resources economically, efficiently and effectively to provide quality services and homes. The Trustees review Target rents, investment performance, expenses and the charity's resources while seeking to achieve decent homes standard and maintain the level of service expected by tenants.

KENDAL ALMSHOUSE CHARITY

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Value for money metrics

Kendal Almshouse Charity is a small provider for the purposes of disclosure of the Value for Money Metrics. Disclosures are as follows:

	2021	2020	2019	2018
Reinvestment %	0%	0%	0%	0%
New supply delivered	0%	0%	0%	0%
Gearing	8%	8%	12%	13%
EBITDA MRI Interest cover	-286%	1115%	713%	103%
Headline Social Housing Cost per unit	£5,033	£2,255	£2,411	£3,407
Operating margin	-11%	26%	46%	-211%
Return on Capital Employed	-1%	1%	2%	-9%

The results for 2018 were exceptional due to the renovation of Aynam Road, the Value for Money Metrics are more normal for 2019 and then 2020 and 2021 have been distorted by COVID.

Statement of compliance

Kendal Almshouse Charity as a registered provider of social housing assesses compliance with the Governance and Financial Viability Standard code of Practice issued by the Homes and Communities Agency in April 2015 on an annual basis. The Charity has in place procedures and policies to comply with the code of practice and the trustees review these regularly.

Approved by the Trustees on 11 April 2022 and signed on their behalf by:



P G Ducksbury
Chair

KENDAL ALMSHOUSE CHARITY

TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Charities Acts and registered social housing legislation require the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Charity and of the surplus or deficit for that period.

In preparing the financial statements the Trustees are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 charity will continue in operation.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the Charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2019. The Trustees are responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Trustees on 11 April 2022 and signed on their behalf by:



P G Ducksbury
Chair

Independent Auditor's report to the Trustees of Kendal Almshouse Charity

Opinion

We have audited the financial statements of Kendal Almshouse Charity for the year ended 31 December 2021, which comprise the Statement of Comprehensive Income, the Statement of Changes in Reserves, the Statement of Financial Position and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the association's affairs as at 31 December 2021, and of its incoming resources and application of resources, including its income and expenditure, for the period 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 Charities Act 2011, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2019.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the association 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 board's 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 association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the board report; or
- sufficient accounting records have not been kept; or

Independent Auditor's report to the Trustees of Kendal Almshouse Charity (continued)

Matters on which we are required to report by exception continued

- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

In addition, we have nothing to report in respect of the following matter where the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained.

Responsibilities of the board

As explained more fully in the board's responsibilities statement set out on page 7, the board members (who are also the trustees of the association for the purposes of charity 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 board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our experience and from discussions with management. We reviewed any related correspondence and records of trustee meetings to assess compliance with laws and regulations and discussed the current position with management. We ensured the audit team were alert for any indications of non-compliance throughout the audit work.

The charitable company is managed by a management company which reduces the risk of fraud. We assessed the management company's policies and procedures on fraud risks. No instances of actual, suspected or alleged fraud were identified by us or the managing company in the year.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of controls. We are not responsible for preventing non-compliance and cannot be expected to detect compliance with all laws and regulations.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

Independent Auditor's report to the Trustees of Kendal Almshouse Charity (continued)

Use of this report

This report is made solely to the association's board, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008 and section 137 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the association's board those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association and the association's board as a body, for our audit work, for this report, or for the opinions we have formed.



Stables Thompson & Briscoe
Statutory Auditor

Lowther House
Lowther Street
Kendal
Cumbria
LA9 4DX

Date: 9 June 2022

Stables Thompson & Briscoe is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

KENDAL ALMSHOUSE CHARITY

STATEMENT OF COMPREHENSIVE INCOME (INCLUDING INCOME AND EXPENDITURE)

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Year ended 31/12/2021 £	Year ended 31/12/2020 £
Turnover			
Maintenance contributions from residents		193,194	190,540
Less: losses from voids		(7,929)	(5,048)
		<u>185,265</u>	<u>185,492</u>
Operating Costs			
Services		40,265	35,683
Routine maintenance		25,309	12,349
Cyclical maintenance		79,022	8,452
Extraordinary repairs		25,045	1,083
Management		36,717	34,264
Refurbishment costs		-	612
Impairment	3	-	45,000
		<u>(206,358)</u>	<u>(137,443)</u>
Other income			
Donations and wayleave		113	108
Grants received		-	-
		<u>113</u>	<u>108</u>
Operating Surplus/(Deficit)		<u>(20,980)</u>	<u>48,157</u>
Income from fixed asset investments		3,310	3,052
Interest receivable and similar income		23	255
Interest and financing costs		(6,182)	(8,648)
Movement in fair value of investments	5	40,922	5,778
Surplus/(Deficit) on Ordinary Activities Before Taxation	3	<u>17,093</u>	<u>48,594</u>
Taxation on surplus on ordinary activities	1 (n)	-	-
Total comprehensive income for the year		<u><u>17,093</u></u>	<u><u>48,594</u></u>

These financial statements were approved by the Trustees on 11 April 2022 and signed on their behalf by:



P G Ducksbury
Trustee



Mrs C Dodwell
Trustee

The annexed notes form part of these financial statements.

KENDAL ALMSHOUSE CHARITY

STATEMENT OF CHANGES IN RESERVES

FOR THE YEAR ENDED 31 DECEMBER 2021

	Restricted reserves £	Endowment reserves £	Designated reserves £	Property Revaluation reserve £	Investment Revaluation reserve £	Accumulated income £	Total £
At 31 December 2019 and 1 January 2020	-	53,250	1,948,609	714,290	138,252	202,539	3,056,940
Surplus (deficit) for the period	-	1,333			4,445	42,816	48,594
Transfers between reserves	-		133,180			(133,180)	-
Investment in property							-
Total comprehensive income	-	1,333	133,180	-	4,445	(90,364)	48,594
At 31 December 2020 and 1 January 2021	-	54,583	2,081,789	714,290	142,697	112,175	3,105,534
Surplus (deficit) for the period	-	7,048			33,874	(23,829)	17,093
Transfers between reserves	-		(20,157)			20,157	-
Investment in property							-
Total comprehensive income	-	7,048	(20,157)	-	33,874	(3,672)	17,093
At 31 December 2021	-	61,631	2,061,632	714,290	176,571	108,503	3,122,627

The annexed notes form part of these financial statements.

KENDAL ALMSHOUSE CHARITY

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Notes	31/12/2021		31/12/2020	
		£	£	£	£
Fixed Assets					
Tangible fixed assets	4		2,795,000		2,795,000
Investments	5		328,661		287,739
			<u>3,123,661</u>		<u>3,082,739</u>
Current Assets					
Debtors	6	16,614		16,516	
Bank Current account		23,559		86,856	
Bank Deposit accounts		185,747		158,153	
		<u>225,920</u>		<u>261,525</u>	
Creditors					
Amounts falling due within one year	7	(21,914)		(20,646)	
Net Current Assets			<u>204,006</u>		<u>240,879</u>
Total assets less current liabilities			<u>3,327,667</u>		<u>3,323,618</u>
Creditors					
Amounts falling due after one year	8		(205,040)		(218,084)
Total Net Assets	14		<u><u>£3,122,627</u></u>		<u><u>£3,105,534</u></u>
The Funds of the Charity					
Permanent endowment funds	10		61,631		54,583
Designated funds	11		2,061,632		2,081,789
Property revaluation reserve	12		714,290		714,290
Investment revaluation reserve	13		176,571		142,697
Accumulated income reserve	14		108,503		112,175
			<u><u>£3,122,627</u></u>		<u><u>£3,105,534</u></u>

These financial statements were approved by the Trustees on 11 April 2022
and signed on their behalf by:



P G Ducksbury
Trustee



Mrs C Dodwell
Trustee

The annexed notes form part of these financial statements.

KENDAL ALMSHOUSE CHARITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1 Principal Accounting Policies

a) Legal status

Kendal Almshouse Charity is an Incorporated Charitable Entity (CIO) registered with the Charity Commission on 22 March 2017 (number 1172208) and is a private registered provider of social housing in the United Kingdom.

The Charity constitutes a public benefit entity as defined by FRS 102.

b) Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland" (FRS 102), the Statement of Recommended Practice for Social Housing Providers 2014, and with the Accounting Direction for private registered providers of social housing in England 2015. The financial statements are also prepared under the requirements of the Housing and Regeneration Act 2008 and the Charities Act 2011. The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are prepared in sterling, which is the functional currency of the Registered Provider, and rounded to the nearest £.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

As a small entity, the Charity is not required to produce a Cash Flow Statement.

c) Going concern

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

d) Tangible fixed assets

Tangible fixed assets (including social housing properties) are stated at cost or valuation less accumulated depreciation and accumulated impairment losses as appropriate. Cost includes costs directly attributable to making the asset capable of operating as intended such as the cost of acquiring land and buildings, development costs, interest charges on loans during the development period and expenditure on improvements. Expenditure on improvements will only be capitalised when it results in incremental future benefits such as increasing rental income, reducing maintenance costs or resulting in a significant extension of the useful economic life of the property.

The Charity's tangible fixed assets are made up of housing properties which are principally almshouses some of which were acquired in 1887 and have previously been recorded in the accounts at cost, which was well below the existing use value as social housing (EUV - SH) or open market value. When the properties were transferred to the CIO the opportunity was taken to value the properties and the EUV-SH value has been brought into these accounts (see note 4).

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value. In the case of the housing properties held at valuation, depreciation is considered to be immaterial due to the high residual value and so is not provided.

Freehold land is not depreciated. Housing properties under construction are not depreciated until they are in use and the useful economic lives of all tangible fixed assets are reviewed annually.

KENDAL ALMSHOUSE CHARITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1 Principal Accounting Policies (continued)

d) Tangible fixed assets (continued)

As the housing properties are now shown at existing use valuation for social housing, and the open market value of these properties is roughly twice the EUV-SH value, the residual value of the properties is considered to be higher than the carrying value and as such depreciation is not provided.

The valuations will be reviewed on a regular basis.

e) Debtors and creditors receivable / payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the statement of comprehensive income in other administrative expenses.

Rights of social landlords to have improvement works carried out to properties by a third party (such as a local authority) are recognised as prepayments where payment has occurred in advance of the works being carried out and receipts in advance from the same third party recognised as liabilities. Assets and liabilities or income and expenditure are not offset.

f) Investments

Investments are recognised initially at cost. Subsequently, they are measured at fair value through the statement of comprehensive income if the shares are publicly traded or their fair value can otherwise be measured reliably. Other investments are measured at cost less impairment.

g) Loans and borrowings

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment. If an arrangement constitutes a financing transaction it is measured at present value.

h) Social Housing Grants (SHG) and Other Grants

SHG received as a grant towards revenue expenditure is matched against that expenditure by being included in turnover in the income and expenditure account. The related expenditure is included under operating costs. SHG is recognised in the same period as the related expenditure provided the conditions for its receipt have been satisfied and there is reasonable assurance that the grant will be received.

i) Provisions

Provisions are recognised when the Charity has an obligation at the balance sheet date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

Provisions for cyclical maintenance or major works to existing stock are not made unless they represent commitments or obligations at the Balance Sheet date where there is no discretion to avoid or delay the expenditure.

Recycled Capital Grants Fund

Capital grants can be recycled under certain condition, if a property is sold, or if another relevant event takes place. Recycled grants can be used for projects approved by the Homes and Communities Agency (HCA) and they are credited to the Recycled Capital Grant Fund within liabilities.

KENDAL ALMSHOUSE CHARITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1 Principal Accounting Policies (continued)

i) Provisions (continued)

In certain circumstances, such as the sale of housing properties, capital grants may be repayable, and, in that event, is subordinated to the repayment of other loans by agreement with the Homes and Communities Agency (HCA). It is accounted for as soon as the liability arises within Creditors: Amounts falling due within one year. When any grant to be recycled or repaid is less than the grant relating to the disposal, the difference is treated as abated grant. Abated capital grants are treated as a component of the surplus or deficit on disposal.

j) Turnover and other income

Turnover is measured at the fair value of the consideration received or receivable net of VAT and trade discounts. The policies adopted for the recognition of turnover are as follows:

Turnover represents rental and service charges income receivable in the year net of rent and service charge losses from voids, revenue grants from the government (local authorities) and the Homes and Communities Agency.

Property Managed by Agents

Where the Charity carries the financial risk on property managed by agents, all the income and expenditure arising from the property is included in the Statement of Comprehensive Income.

Where the agency carries the financial risk, the Statement of Comprehensive Income includes only that income and expenditure which relates solely to the Charity.

Interest and dividends receivable

Interest income is recognised using the effective interest method and dividend income is recognised as the Charity's right to receive payment is established.

k) Routine Repairs and Maintenance

The costs of routine repairs and maintenance are charged to the Income and Expenditure Account in the year in which they are incurred.

l) Extraordinary Repairs

Costs of extraordinary repairs, unless representing capital improvements to the properties, are charged to the Income and Expenditure Account in the year in which they are incurred.

m) Value Added Tax

Kendal Almshouse Charity is not registered for VAT. In these financial statements, where applicable, expenditure is shown inclusive of VAT.

n) Current Taxation

No taxation is payable by Kendal Almshouse Charity since it has charitable status and its charitable activities are exempt from tax.

o) Designated and Restricted Funds

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity and which have not been designated for other purposes.

KENDAL ALMSHOUSE CHARITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1 Principal Accounting Policies (continued)

o) Designated and Restricted Funds (continued)

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each fund is set out in the notes to the financial statements.

Endowment funds represent those assets which must be held permanently by the Charity, principally investments. Income arising on the endowment funds can be used in accordance with the objects of the Charity and is included as unrestricted income. Any capital gains or losses arising on the investments form part of the fund. Investment management charges and legal fees relating to the fund are charged against the fund.

Investment income and gains are allocated to the appropriate fund.

There are three designated funds in these accounts:

Property Fund

This represents that proportion of the cost of properties which was financed by charitable donations and the Charity's own resources.

Cyclical Maintenance Fund

This Fund represents amounts set aside for cyclical maintenance to meet costs in excess of budgeted expenditure for any year.

Extraordinary Repairs Fund

This Fund represents amounts set aside to carry out unexpected repairs and capital improvements on housing properties.

2 Board and key management personnel remuneration

Key management are defined as the Trustees.

None of the Trustees received any emoluments or had reimbursed expenses. The Trustees have a service agreement with H&H Land & Estates who manage the properties on a day to day basis. The management fees payable were as follows:

	31/12/2021	31/12/2020
	£	£
Management fees	<u>£36,717</u>	<u>£34,264</u>

KENDAL ALMSHOUSE CHARITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

3 Surplus on Ordinary Activities	31/12/2021	31/12/2020
	£	£
Surplus on ordinary activities is stated after charging:		
Auditors' remuneration in their capacity as Auditors	£5,976	£6,118
Surplus/(deficit) on fair value movement of investments	<u>£40,922</u>	<u>£5,778</u>
Exceptional item:		
Impairment	<u>-</u>	<u>£45,000</u>

The impairment last year related to Romleigh bungalow which is currently empty awaiting redevelopment.

4 Fixed Assets: Freehold Housing Property

	Sledall Vistoria and Aynam Chapel £	Nobles Rest £	Sandes Hospital £	John Aston Watkins £	Romleigh and War Memorial Gardens £	Total £
Valuation 1 January 2021	1,370,000	715,000	450,000	180,000	80,000	2,795,000
Additions	-	-	-	-	-	-
(Impairment)/ (Reverse revaluation)	-	-	-	-	-	-
Valuation as at 31/12/2021	<u>£1,370,000</u>	<u>£715,000</u>	<u>£450,000</u>	<u>£180,000</u>	<u>£80,000</u>	<u>£2,795,000</u>

The properties were independently valued on the transfer of assets to the CIO by Thomson Associates on 31 May 2018. Two valuations were prepared, one for market value with vacant possession which totalled £5,615,000 and one subject to almshouse and residency restrictions which equates to existing use value - social housing as required by the Housing SORP 2014. The latter is the value used in these accounts to comply with the SORP.

The properties were all held for letting and represented 41 general housing units.

General works to properties amounted to £129,376 (2020 - £21,884).

KENDAL ALMSHOUSE CHARITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

5 Investments	Extraordinary Repairs Fund	Permanent Endowment Fund	Cyclical Maintenance Fund	Total
	£	£	£	£
Historical cost at 1 January 2021	46,102	13,714	44,357	104,173
Historical cost at 31 December 2021	<u>£46,102</u>	<u>£13,714</u>	<u>£44,357</u>	<u>£104,173</u>
Market value at 1 January 2021	170,424	54,583	62,732	287,739
Unrealised surplus/(deficit)	22,588	7,048	11,286	40,922
Market value at 31 December 2021	<u>£193,012</u>	<u>£61,631</u>	<u>£74,018</u>	<u>£328,661</u>

All the investments are placed with COIF and M&G.

6 Debtors: Amounts Falling Due Within One Year	31/12/2021	31/12/2020
	£	£
Weekly maintenance contributions	776	1,250
Less: provision for bad and doubtful debts	-	-
	<u>776</u>	<u>1,250</u>
Other debtors	-	-
Prepayments	15,838	15,266
	<u>£16,614</u>	<u>£16,516</u>

7 Creditors: Amounts Falling Due Within One Year	31/12/2021	31/12/2020
	£	£
Trade creditors	287	514
Bank loan due within one year	13,882	13,882
Accruals and deferred income	7,745	6,250
	<u>£21,914</u>	<u>£20,646</u>

8 Creditors: Amounts Falling Due After One Year	31/12/2021	31/12/2020
	£	£
Bank loan due after one year	205,040	218,084
	<u>£205,040</u>	<u>£218,084</u>

The loan is repayable over 20 years by 222 monthly instalments of £2,063.22, with interest charged on a floating rate basis with a margin of 2.6% per annum.

The loan is secured by a legal charge on the freehold housing property.

KENDAL ALMSHOUSE CHARITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

8 Creditors: Amounts Falling Due After One Year (continued)

Debt analysis

Based on the lenders earliest repayment date, borrowings are repayable as follows:

	31/12/2021	31/12/2020
	£	£
Within one year or on demand	13,882	13,882
One year or more but less than two years	14,354	14,354
Two years or more but less than five years	44,713	44,713
Five years or more	145,973	159,017
	<u>£218,922</u>	<u>£231,966</u>

9 Capital grants received

The charity has received assistance in renovation projects from the Homes and Community Agency and SLDC by way of grants which would only be repayable if the charity were to sell the properties or cease acting as a social housing trust. As this is a remote possibility no provision for these has been made in these accounts. The amounts involved are as follows:

	31/12/2021	31/12/2020
	£	£
Sleddall Victoria and Aynam Chapel	618,960	618,960
Nobles Rest	115,423	115,423
Sandes Hospital	102,197	102,197
John Aston Watkins	27,540	27,540
Romleigh and War Memorial Gardens	-	-
	<u>£864,120</u>	<u>£864,120</u>

10 Permanent Endowment Funds

	Permanent Endowment Fund	Investment Revaluation Fund	Total
	£	£	£
Balance at 1 January 2021	13,714	40,869	54,583
Unrealised surplus/(deficit)		7,048	7,048
Balance at 31 December 2021	<u>£13,714</u>	<u>£47,917</u>	<u>£61,631</u>

KENDAL ALMSHOUSE CHARITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

11 Designated Funds	Property Fund	Extraordinary Repairs Fund	Cyclical Maintenance Fund	Total
	£	£	£	£
Balance at 1 January 2021	1,862,626	135,866	83,297	2,081,789
Trfs (to)/from Accumulated Income reserve		(3,677)	(44,524)	(48,201)
Investment in property	13,044	-	-	13,044
Transfer for Decent Homes Standard		7,500	7,500	15,000
Balance at 31 December 2021	<u>£1,875,670</u>	<u>£139,689</u>	<u>£46,273</u>	<u>£2,061,632</u>

The Property fund represents internal funds invested in property.
The other funds represent funds set aside for future works on property.

12 Property Revaluation Reserve	Social Housing Revaluation Reserve	Total
	£	£
Balance at 1 January 2021	714,290	714,290
Movement in the year	-	-
Balance at 31 December 2021	<u>£714,290</u>	<u>£714,290</u>

13 Investment Revaluation Reserve	Extraordinary Repairs Revaluation	Cyclical Maintenance Revaluation	Total
	£	£	£
Balance at 1 January 2021	124,322	18,375	142,697
Unrealised surplus/(deficit)	22,588	11,286	33,874
Balance at 31 December 2021	<u>£146,910</u>	<u>£29,661</u>	<u>£176,571</u>

14 Accumulated Income Reserve	£
Balance at 1 January 2021	112,175
(Deficit) Surplus for the period ended 31 December 2021	(23,829)
Transfer from/(to):	
Investment in property - mortgage repayments	(13,044)
Impairment of property to property fund	
Designated funds - extraordinary repair fund over spend	3,677
Designated funds - cyclical maintenance fund over spend	44,524
Designated funds - Decent Homes Standard	(15,000)
Balance at 31 December 2021	<u>108,503</u>

KENDAL ALMSHOUSE CHARITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

16 Analysis of net assets between funds

	Tangible Fixed Assets £	Investments £	Net Current Assets £	Creditors due after one year £	Total £
Permanent endowment funds	-	61,631	-	-	61,631
Designated funds	2,080,710	90,459	95,503	(205,040)	2,061,632
Property revaluation reserve	714,290	-	-	-	714,290
Investment revaluation reserve	-	176,571	-	-	176,571
Accumulated income reserve	-	-	108,503	-	108,503
	<u>£2,795,000</u>	<u>£328,661</u>	<u>£204,006</u>	<u>(205,040)</u>	<u>£3,122,627</u>