

Registered Company: 11217433
Charity Number: 01177527

HARBORNE AND SMETHWICK CHARITABLE TRUST
(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

HARBORNE AND SMETHWICK CHARITABLE TRUST
(A company limited by guarantee)

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HARBORNE AND SMETHWICK CHARITABLE TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 30 JUNE 2021

| | |
|-----------------------------|---|
| Charity Name | Harborne and Smethwick Charitable Trust |
| Charity Registration Number | 01177527 |
| Company Registration Number | 11217433 |
| Principal Office | Hollingworth House 109 Court Oak Road Harborne Birmingham B17 9AA |

Board of Trustees

The Trustees and Directors of the Harborne and Smethwick Charitable Trust at the date this report was approved are:

| | |
|---------------------------|--|
| Trustees: | Cllr A Bostan Mrs B Chetiyawardana Mr Bawa Dhallu Cllr P Fowler Mr G Hewitt BA (Hons) Mr D Jeffery Mrs P Leadbeter Mrs R Silber Mr V Silvester MBE Mr N Thompson Mr F Wayt |
| Chairman: | Mr D Jeffery |
| External Auditors: | MHA MacIntyre Hudson Chartered Accountants Statutory Auditor Rutland House 148 Edmund Street Birmingham B3 2FD |
| Bankers: | National Westminster Bank Plc 4 th Floor 2 St Philip's Place Birmingham B3 2RB |

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS *(continued)*
FOR THE YEAR ENDED 30 JUNE 2021

| | |
|----------------------------|--|
| Solicitors | Anthony Collins 134 Edmund Street Birmingham B3 2ES |
| | Tyndallwoods 29 Woodbourne Road Edgbaston Birmingham B17 8BY |
| | Higgs & Sons 3 Waterfront Business Park Brierley Hill West Midlands DY5 1LX |
| Surveyors | Bruton Knowles 42 Bull Street Birmingham B4 6AF |
| Investment advisors | Smith & Williamson Investment Management Limited 3 rd Floor 9 Colmore Row Birmingham B3 2BJ |
| Internal auditors | Haines Watts (HW Controls and Assurance LLP) 30 Camp Road Farnborough Hampshire GU14 6EW |

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TRUSTEES' REPORT
FOR THE YEAR ENDED 30 JUNE 2021

Chairman's report

12 months ago, we were still in the teeth of the pandemic and subject to restrictions. I imagine that most of us thought that by now we would be back to "normal". To an extent we are but new infections are still high and the impact of the new "Omicron" variant remains to be seen. The big difference has been the rapid roll out of the vaccination programme and the majority of our residents are now jabbed once, twice and then boosted. Tragically we lost 2 residents during the depths of winter.

Despite the far-ranging problems created by Covid the value of our assets, particularly investments have not been impacted and, has actually increased. The income from them coupled with rents on investment properties has enabled us to continue to support our residents and provide much needed funds to benefit the needy in the Ancient Parish both organisations and individuals. Because some projects and property improvements have been put on hold, we have not spent as much on them as anticipated in the Budget. With the reduction in restrictions nationally we have been able to recommence limited visits to individuals and organisations who have applied for grants. This has given us the ability to be confident in their probity.

Over the year there have been many scares and we have been increasingly concerned with two issues with the Almshouse aspect of the Charities activities:

- The ability of our residents to live independently, and what becomes of them when they are not.
- Dealing with voids – extended re-let times owing to extra work involved in deep cleaning and difficulty in finding suitable new residents.

It has been a frustrating time for our residents but for the time being they are able to socialise, and activities have recommenced on a limited basis. With a few exceptions they have understood all the many and various measures that we have had to impose from time to time – it is testament to their success that we have had no evidence of infection being contracted at any of the 5 schemes.

During the year we have lost Kerry Bollister who had continued to help even after resigning as a full trustee. Her guidance and depth of knowledge particularly on housing matters was very helpful. We also received the resignation of Bawa Dhallu a nominative trustee from Sandwell MBC - he will be missed at Board Meetings and the committees that he was involved in. We have been notified of a new nominee who will be going through the necessary procedures soon.

Board and committee meetings have continued using the ZOOM platform and will do so until 2022. At least I have felt able to visit the office in person for the last couple of months – with masks and temperature checks.

As ever in this report each year it is my opportunity to say thank you myself and, on behalf of all of the trustees, to the staff of the Charity.

We are very lucky that we have, in Steven Simpson, a CEO for Harborne Parish Lands Charity who is totally committed to the Charity and who works long hours, often outside the normal working day. This has been a particularly frustrating year for him and his staff dealing with a few very difficult issues with residents who create problems for themselves and a total lack of support from the various statutory agencies who should be dealing with them. On top of that he has had to cope with problems relating to the ever-changing rules relating to mixing and Covid, problems with our IT system, new telephony, the loss of our property manager and a host of other potentially dreadful situations. He has an uncanny ability to anticipate problems coming and deal with them accordingly.

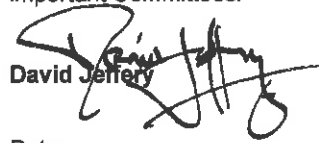
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TRUSTEES' REPORT *(continued)*
FOR THE YEAR ENDED 30 JUNE 2021

Chairman's report - continued

However, every member of the staff has been impacted by the problems alluded to and an inordinate of time and energy has had to be expended in dealing with them. They remain steadfast in being sensitive and caring and their professionalism is to be applauded. The day to day running of the Charity continues unabated and everyone has coped extraordinarily well despite these added burdens.

Finally, can I thank my fellow trustees for their commitment and attendance at board & committee meetings, albeit via Zoom, particularly Frank Wayt, Rachel Silber, Vic Sylvester and Nigel Thompson who chair the 4 important Committees.


David Jeffery

Date:
22nd March 2022

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TRUSTEES' REPORT *(continued)*
FOR THE YEAR ENDED 30 JUNE 2021

Objectives and Activities

Harborne and Smethwick Charitable Trust is linked to and the sole trustee of the Harborne Parish Lands Charity and presently uses the resources and staff of that charity to deliver its shared objectives. Harborne and Smethwick Charitable Trust is a registered charity and a company limited by guarantee. Harborne and Smethwick Charitable Trust provides a corporate trustee to the much older Harborne Parish Lands Charity. The origins of the Harborne Parish Lands Charity are lost in the mists of time, but it was mentioned in a document dated 1640 and may date from a bequest by Mrs Elizabeth Cowper (alias Piddock) in 1576. Today the charity owns various investments together with five almshouse properties which were part funded by the then Housing Corporation. The area of benefit is the Ancient Parish of Harborne, now in the County of West Midlands and the beneficiaries are the almspeople and those in need within the parish. The creation of the Harborne and Smethwick Charitable Trust enabled the staff and trustees of the Harborne Parish Lands Charity to modernise their governance arrangements while still holding true to the values and aims of the original gifts.

Throughout the Trustees' Report hereafter, all commentary regarding the activities, performance and position of the group relate to the ongoing activities of the Harborne Parish Lands Charity.

Objectives

3.1 Objectives

The Harborne and Smethwick Charitable Trust was set up for the public benefit or the prevention or relief of poverty and the relief of those in need, hardship or distress within the area of benefit.

The Charitable group does this by:

- Providing or managing housing accommodation appropriate to the needs of persons in necessitous circumstances who are inhabitants of the area of benefit
- Providing Support to persons resident in the area of benefit who are in condition of need, hardship or distress by making grants of money or providing for or paying for items, services or facilities calculated to reduce the need hardship or distress of such persons.

The area of benefit consists of the 12 parishes, which together make up the Ancient Parish of Harborne. These are:

- St Boniface Quinton Road West (Birmingham)
- St Faith and St Laurence (Harborne)
- St John (Harborne)
- St Peter (Harborne)
- St Albans (Smethwick)
- St Chad (Smethwick)
- St Mary (Smethwick)
- St Matthew (Smethwick)
- St Michael and All Angels (Smethwick)
- St Stephens (Smethwick)
- St Paul (Smethwick)
- Old Church (Smethwick)

This geographical area comprises most of Harborne and some of Quinton in the City of Birmingham as well as most of Smethwick and a small part of Bearwood in Sandwell Metropolitan Borough Council.

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TRUSTEES' REPORT *(continued)*
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3.2 Activities and Structure

To achieve these objectives the charity employs a team of 11 people through the linked charity the Harborne Parish Lands Charity. The Trustees have appointed a chief executive to run the Harborne Parish Lands Charity on a day to day basis.

Through the Harborne Parish Lands Charity, the charity operates 99 almshouses in five schemes to provide accommodation to those who cannot meet their own housing needs. Each almshouse is a self-contained one bedroom (or in exceptional cases two bedroom) flat or cottage in a sheltered housing scheme. All schemes have communal controlled entrances to ensure our residents feel safe and secure and pull cord systems to help with moments of crisis. The almshouses are the responsibility of a Housing Manager, who is supported by a Policy and Information Officer and Senior Building Manager. Each scheme then has a Building Manager who is responsible for providing the intensive housing management service at that scheme. The charity also employs a Support Officer to help our almshouse residents live independently for longer and an Activity Co-ordinator to provide a programme of stimulating activities and trips that increase our residents' quality of life. Two of the larger schemes also have a cleaner who supports the Building Managers to keep these schemes clean, tidy and safe.

The charity invites organisations delivering services in the Ancient Parish of Harborne to apply for grants to support public groups in need. The charity sets an annual grant strategy by reviewing the needs in the ancient parish through primary data where available and through local economic and social plans. Organisations are then invited to apply for grants in one of 4 or 5 target areas such as child poverty, debt management, food and household goods distribution, older people living social isolation or younger people at risk of becoming NEET (Not in Employment, Education or Training). Grant applications are assessed in four rounds each year and applying organisations are asked to detail the group they wish to work with, the outcomes they are expecting to achieve and why this is to the benefit of the public as a whole. After twelve months (or sooner if the project is shorter) the charity conducts a post grant monitoring exercise to ensure the money was spent on the stated purpose and the expected results were achieved. The charity aims to use grant funding to organisations to address long term structural issue that cause or result from poverty in the ancient parish of Harborne.

Finally, the charity runs an individual grants programme for those in immediate poverty and crisis. Referrals for this service predominantly come through third party agencies engaged with individuals such as health workers, family support workers and housing officers. Individual grants will not normally exceed £800 per household and could be for a diverse range of items that relieve need and cannot be easily funded elsewhere. Examples include the purchase of white goods or essential furniture. The charity employs a Grants Officer to manage and monitor grants to organisations and deliver our individual grants programme. The charity aims to use its individual grant programme to address far more acute and immediate, individualised effects of poverty.

These operations are supported by a central services team consisting of an Office Administrator and Finance Officer who are supported by the services of a part-time Finance Manager contracted from the Jericho Foundation.

The key management personal of the Harborne Parish Lands Charity that deliver on behalf of the Harborne and Smethwick Charitable Trust are:

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TRUSTEES' REPORT *(continued)*
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Steven Simpson, Chief Executive

Steven joined the charity in January 2014 having previously worked in senior national roles with Remploy Ltd and the Jericho Foundation. Steven is responsible for working with the board to set the strategic direction of the charity and ensuring the charity meets its objectives. Steven has an honours degree in history and is a member of the Chartered Institute of Housing. As chief executive Steven is responsible for working with the board to set the strategic direction of the charity, realising this strategy as an operational plan and then ensuring its delivery.

Carolyn Arnold, Housing Manager

Carolyn joined the charity in 2007 and has served in a number of roles before being appointed Housing Manager in March 2016. Carolyn is responsible for delivering the charity's housing and related services. Carolyn is a member of the Chartered Institute of Housing.

Gillian Rigby, Information and Policy Officer

Gill has over 20 years of housing management experience and holds degrees in political science and housing management. Gill is also a member of the Chartered Institute of Housing. Gill manages the charity's data, translates government policy and guidance in practical activities and writes many of the charity's policies and procedures.

Tony Whitehouse, Senior Building Manager

Tony has over 30 years of building trade experience included over 20 years spent maintaining HPLC properties on behalf of one of the charity's contractors. Having joined the charity in 2012 Tony was awarded the position of Senior Building Manager in 2016. Tony is responsible for the technical aspect of managing the charity's housing stock including planned maintenance and project management of major refurbishments.

Nick Wallace, Finance Manager

Nick joined the charity in May 2017 after the retirement of the charity's previous Finance Manager Alan Porter. Nick has over 17 years of experience working with charities across the West Midlands and is also the Finance Manager for the Birmingham based Jericho Foundation. Nick is responsible for preparing financial reports, helping the chief executive, senior management team and trustees to analyse those reports, preparing annual budgets, drafting financial rules and regulations and formulating financial policies.

These key management personnel form a Senior Management Team (SMT) that leads the charity through thematic responsibility for the charity's objectives and support operations. They meet once a month to monitor financial and non-financial performance, legislative changes, policy direction, staff development, strategy, health and safety, ICT and any other burning issues.

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TRUSTEES' REPORT *(continued)*
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4. Governance

4.1 Governing Documents

Harborne and Smethwick Charitable Trust's key governing document is its Memorandum and Articles incorporated on 21 February 2018. In June 2019 the trustees of the Harborne Parish Lands Charity passed a resolution making Harborne and Smethwick Charitable Trust the sole trustee of the Harborne Parish Lands Charity.

4.2 Trustees

Harborne and Smethwick Charitable Trust has 12 trustee positions, two of whom are nominated by Sandwell MBC and two by the City of Birmingham under imported nomination rights from the Harborne parish lands Charity. Nominative trustees serve for a term of four years. The remaining eight trustees are co-opted onto the board and serve for a five-year term. Co-opted trustees must know the area of benefit through residence, employment, or other special knowledge.

The trustees have formed four committees to govern each aspect of the charity's activity. The Almshouse Committee is formed of the almoners (trustees who are appointed to be advocates for the beneficiaries at each of our almshouse schemes) who monitor our almshouse performance as well as reviewing and approving new applicants for housing. The Property Committee monitors the activities of Bruton Knowles (the charity's appointed property management firm) and makes decisions about the strategic management of our investment property portfolio. The Finance and Audit Committee monitor the charity's management accounts, the performance of the charity's investment manager, our internal arrangements for value for money, weekly maintenance charges and ensure that the charity's resources are managed wisely. The Charitable Activity Committee reviews the annual grants strategy, individual grant approvals and reviews post grant-monitoring reports. Each committee meets four times each year and the full board of trustees meet five times a year to review the work of the committees and make any non-devolved decisions.

4.3 Induction and Training Arrangements

The Chief Executive of the Harborne Parish Lands Charity and the Chair of Harborne and Smethwick Charitable Trust outline the responsibilities of trustees to all new applicants at a one to one interview. During this interview they assess an applicant's eligibility to serve as a trustee using the charity's internal declaration form and the Charity Commission's guidance on eligibility to serve. Once eligibility is established the trustee is presented with a copy of the charity's policies and procedures, important contact information, the charity's business plan, schedule of meetings and the Charity Commission's document CC3 the essential trustee. They are notified of the next full board meeting and invited to attend.

After their attendance at the next board meeting trustees are offered a one to one session with either the chairman or the chief executive to discuss any questions they may have and to tour one or more of the charity's almshouses. Trustees are encouraged to think about which sub-committees they may wish to join the following February.

Trustees are offered a combination of in house training using Charity Commission resources and formal training through the charity's professional membership such as the Almshouse Association or Association of Charitable Foundations

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TRUSTEES' REPORT *(continued)*
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4.4 Pay and Remuneration

Trustees of the Harborne and Smethwick Charitable Trust are not paid however they may claim expenses. The charity has a documented policy for the claiming of trustee's expenses detailing what may be claimed for and what evidence is required to claim it.

The trustees of the Harborne and Smethwick Charitable Trust review pay and conditions for Harborne Parish Lands Charity annually at the February meeting of the Finance and Audit Committee who then make recommendations to the full board regarding cost of living increases, pension contributions and additional benefits. The annual review of pay and conditions is applied equally to all staff and is implemented the following April.

The charity has a documented pay scale. The pay scale details six key bands; staff, officer, senior officer, manager, executive and this year a trainee band was introduced. These bands correspond to the level of management responsibility and accountability each post holds. Each band has a pay level set in relation to the other bands.

Within each band there are four increments. Normally, all new staff are appointed on the lowest increment and progression to the next increment takes place at the discretion of the trustees in reward for a member of staff either significantly increasing their skills level, or undertaking additional responsibilities that are still commensurate with their banding.

All eligible staff are enrolled in an auto enrolment compliant pension scheme and the charity contributes 5% of staff earnings to these schemes.

The charity offers a number of additional benefits to all staff including participation in a cycle2work scheme, a salary sacrifice car scheme, BHSF healthcare cash back scheme, and a death in service insurance scheme.

In April 2020 the trustees undertook to extend the short-term, non-contractual, pension accelerator scheme originally undertaken in 2017 for another two years. The trustees hope that this will encourage the staff to save more for their retirement. This scheme matches staff personal pension contributions up to an additional 5% over the contractual 5%.

Staff expenses are paid in arrears and on the production of evidence of expenditure. The charity has a policy for the payment of staff expenses.

No member of staff has a remuneration package that exceeds £60,000 and the total amount of money spent on senior staff in the 2020/21 financial year was £174,499.

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4.5 Participation in Wider Networks

The charity is engaged in a variety of networks and subscribes to a number of services and publications to support both strategic and operational decision-making.

Trustees have access to Personnel, Governance, Third Sector and Charity Finance magazines subscriptions while 24 Housing, HABM and Association of Charitable Foundations (ACF) publications are available at our Hollingworth House offices. The senior management team have access to Tips and Advice Personnel, Tips and Advice Health and Safety and Tips and Advice Environment.

To ensure up to date Human Resource (HR) and Health and Safety (H&S) advice the trustees have instructed Harborne Parish lands Charity to contract Citation Ltd. to provide health and safety, audits, reports, advice and protection. This year's site inspections were once again conducted virtual because of the ongoing impact of the COVID-19 pandemic. Despite this inconvenience the charity still received glowing H&S and HR reports from citation with the charity's pandemic response and COVID-19 countermeasures being the subject of specific praise.

To ensure connectivity with best practices across the grant giving sector the trustees have established Harborne Parish Lands Charity as a member of the West Midlands Funders Network (WMFN) and the Association of Charitable Foundations (ACF). WMFN is an organisation established to provide an exchange of intelligence, information and best practice across all funding organisations in the West Midlands. Unfortunately, due to the ongoing pandemic all events in 2020/21 were virtual and included discussions about Diversity, equality, equity and inclusion, early action approaches to tackling poverty and disadvantage and what good governance looks like. The charity's links with West Midlands Funders Network have been further enhanced in 2020/21 as the charity's Grants Officer, Peter Hardisty, is now serving in a voluntary capacity as the Treasure of WMFN. ACF is a national umbrella body for trusts and foundations that donate money, goods or services. ACF publish a series of magazines and online bulletins that highlight trends and best practice within the sector.

To ensure connections to best practice across the housing sector the trustees have registered Harborne Parish Lands Charity as a member of the National Housing Federation (NHF) and at a more local level, the Birmingham Social Housing Partnership (BSHP) and the West Midlands Small Housing Associations Benchmarking Group (WMSHABG) which is run by Acuity. BSHP is an organisation that acts as an umbrella for all registered social landlords in Birmingham that aims to work together to influence housing policy in the city. BSHP is Birmingham City Council's preferred conduit for the release of information. WMSHABG comprises 14 local providers with less than 1000 units of social housing and works together to compare performance data, share intelligence regarding contractors, sector trends and market conditions, reporting and where possible jointly procure goods or services. The charity chairs and hosts the Sandwell Council Social Landlords Liaison Group. This group comprises all interested social landlords with housing stock in Sandwell and is the primary forum to receive updates on both performance and future changes from the Council. The charity is also a member of the Almshouse Association and is registered with the Housing Ombudsman.

In addition to these more formal arrangements the trustees work informally with Yardley Great Trust, Sir Josiah Mason Trust and Lench's Trust to share best practice and jointly procure/source services. For the past 4 years the partnership has participated in a joint resident scrutiny panel and appointed an external facilitator to run it. This panel has been formed in response to the difficulty in securing resident input from our small resident populations. By working together each organisation is able to benefit from an increased resident pool of potential participants and also compare and contrast services and responses within the group. Unfortunately, the pandemic has continued to make it dangerous for the scrutiny panel to meet however we hope to restart the committees review of resident engagement by December 2021.

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TRUSTEES' REPORT *(continued)*
FOR THE YEAR ENDED 30 JUNE 2021

4.6 Risk

The charity takes an active approach to managing risk. Key risks are identified, rated and mitigation strategies devised using the charity's risk register. The trustees review the risk register twice a year. Financial risks are stress tested to understand what level of financial management is required, what impact the risk will have and how severe the situation would have to become before the risk could no longer be managed.

On the risk register the likelihood of all risks is rated using a simple numeric scale where 1 is unlikely and 3 is probable. The impact of all risks is then assessed; again using a numeric scale where 1 is low impact and 3 is high impact. Each number is multiplied by the other to give a risk rating score between 1 and 9, where 1 is a risk of low priority and 9 is a fundamental risk. All risks scoring 6 or more are reported below.

In the 2020/21 financial year, the primary risks to the charity have been:

- Changes to the benefits system impacting WMC collection;
- Failure of the investment portfolio to generate the expected returns;
- Loss of commercial rent through property voids;
- Incurring substantial non-budgeted expenditure;
- Lack of attendance at trustee meetings;
- Serious Damage to Property;
- Uncertainty resulting from the United Kingdom's decision to leave the European Union; and
- The Global Covid-19 Pandemic negatively impacting, staff wellbeing, resident wellbeing, rental income, almshouses income, investment income and overall viability simultaneously.

These risks were represented on the risk register as follows:

| Risk | Current Control | New Mitigating Actions | Accountable |
|--|---|---------------------------------------|-----------------------------------|
| Changes to the benefits system impact WMC collection | Liaison with Housing Benefit sections. Networking and keeping abreast of developments. Make use of specialist advice where required. Information and Policy Officer to track policy changes in policy at local and national level. Finance team to undertake stress testing to assess the charity's critical decision points. | None – Risk unchanged since last year | Chief Executive & Housing Manager |

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| Risk | Current Control | New Mitigating Actions | Accountable |
|--|--|---|---------------------------|
| Failure of the investment portfolio to generate the expected returns | <p>Investment managers appointed to advise and manage portfolio.</p> <p>Use of bench-marking.</p> <p>Dynamic dialogue with investment managers to ensure maximum flexibility during uncertainty and volatility.</p> <p>Revising the asset allocation to move a proportion of funds from UK equities to rest of the world should insulate the charity from some more dramatic post Brexit consequences.</p> | None – Risk unchanged since last year | Finance & Audit Committee |
| Loss of commercial rent through property voids | <p>Expert management of stock. Regular monitoring and reporting.</p> <p>Using investment of receipts from sales to diversify portfolio.</p> <p>Appoint dual agents on properties that do not let quickly</p> <p>Increased monitoring of costs and income at individual property levels to ensure underperforming stock is identifies and removed</p> | None – Risk unchanged since last year | Property Committee |
| Incurring substantial non-budgeted expenditure | <p>Completing regular stock condition surveys to assess and plan repairs and improvements to the charity's estate</p> <p>Complete and work to a comprehensive business plan to predict income and expenditure requirements years in advance</p> | Monitor COVID-19 specific expenditure and report to the trustees at each board meeting. | Chief Executive |
| Lack of attendance at meetings | <p>Attendance monitoring reporting</p> <p>Careful planning of meeting calendar to avoid known conflicts</p> | None – Risk unchanged since last year | All Trustees |

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TRUSTEES' REPORT *(continued)*
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| Risk | Current Control | New Mitigating Actions | Accountable |
|---|--|--|-------------------------------------|
| Serious Damage to Property | Insured risk, limits reviewed. Regular property inspections Review insurance arrangement after 2019/20 renewal point. | None – Risk unchanged since last year | Chief Executive and Finance Manager |
| Disruption caused by the United Kingdom's exit from the European Union | Develop Brexit action plan for 'No Deal' scenario Write to residents before exit day detailing the key consequences of Brexit on them and action they should take to minimise the impact. | Assume longer lead times with all imported components. Manage Resident expectation regarding repair times reducing essential repairs to infrastructure components like lifts and warden call systems from 6 hours to 4 weeks. Manage resident expectation regarding the amount of support the charity is able to provide if care packages are unable to be serviced. Highlight that the charity is not able to provide care and replace these services if they are not being delivered. Encourage residents to plan food and household shopping a little in advance to ensure deliveries arrive in time. Develop a comprehensive winter plan to include fuel and supply shortages. | Chief Executive and SMT |
| The Global Covid-19 Pandemic negatively impacting, staff wellbeing, resident wellbeing, rental income, almshouses income, investment income and overall viability simultaneously. | New risk for 2020/21 | Develop a comprehensive pandemic risk assessment and action plan. | |

It is unsurprising that the risk with greatest overall potential impact on the charity is the Covid-19 pandemic. The pandemic has impacted and influenced every single area of the charity's operation from our service delivery to our governance and from our investment management to our day to day financial transactions. The charity's COVID-19 Risk Assessment identifies risks and control measures across the charity's operations.

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The risk assessment covers risks such as:

- The number of people in the office;
- Travelling to and from work;
- Moving around work spaces;
- Maintaining social distancing;
- Meeting face to face;
- Communal areas;
- Responding to accidents and other safety risks such as fire and flood;
- Cleaning;
- Hygiene;
- Personal Protective Equipment (PPE);
- Communications;
- Working from home;
- Impacted financial performance;
- Activities that require home visits; and
- Staff mental health.

Risks are assessed using the same scoring methodology as the charity's primary risk assessment. Risks scoring 6 or higher are details below:

| Risk | Why is this a problem | Action taken |
|----------------------------|--|--|
| Communal areas | Large congregations of residents and staff in a single space make transmission and spread of the virus more likely | <p>All communal lounges and kitchens will remain closed and will only open once infection rates have declined to a pre-determined level and all residents wishing to be vaccinated have been double vaccinated. Upon opening communal lounges occupancy will be limited, records of attendance will be kept and the space will be supervised by staff to ensure adequate ventilation is maintained and social distancing measures are adhered to.</p> <p>Communal corridors, hand rails, door controls/handles laundry rooms, entrances and other shared spaces will be cleaned twice daily with anti-viral cleaner.</p> <p>Kitchens on-site to be used by staff on a one person at a time basis. Each staff member will spray all hard surfaces after use with anti-viral spray.</p> <p>Kitchen and corridors will be ventilated by opening windows at all time while a building is occupied.</p> |
| Poor financial performance | The impact Covid-19 has had on our investments and investment property must impact our sustainability as an organisation | <p>The charity has suspended all non-essential repairs and capital upgrades to the Almshouses. While this has been done on safety grounds it has the added benefit of reducing expenditure significantly.</p> <p>The charity has ceased to make organisational grants further reducing expenditure.</p> <p>The charity will complete a new, more detailed budget in November 2020 that more accurately forecasts the true financial impact of the pandemic.</p> |

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TRUSTEES' REPORT *(continued)*
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| Risk | Why is this a problem | Action taken |
|-------------------------------------|--|--|
| Activities that require home visits | Home visits to new almshouse applicants and grant applicants require our staff to go into an enclosed space with people who may or may not have been infected with COVID-19. | <p>There is no way of limiting the risk a home visit poses to an acceptable level at the present time. As a result, all home visits are banned. New housing applicants will be interviewed by telephone and individual grant applications will be assessed by a combination of telephone call to the applicant and discussion with the referring agency. The individual grant upper limit has been reduced to limit the impact of any potential fraud.</p> <p>Once infection rates have dropped to a predetermined level or a substantial proportion of the population have been double vaccinated housing interviews may resume using the board room at Holligworth House which can become a controlled environment and grant visits may recommence in the form of 'doorstep visits'; visits where the grants officer attends but does not enter the property and conducts the interview on the doorstep.</p> |
| Staff mental health | Our staff are working hard to keep residents safe and services functioning. It is possible that as the pandemic unfolds some of the team may become mentally exhausted, depressed or fearful due to constant COVID-19 related pressures, family losses or the loss of residents. | <p>BHSF COVID mental health hotline number distributed.</p> <p>Daily face time calls to help to 'normalise' the situation</p> <p>Support and counselling from Elizabeth Doggart Associates (professional counsellors) where necessary</p> |

Managing the charity's communal areas and the risks they present to residents is a challenging problem. Communal lounges on each scheme are small and do not allow sufficient space or ventilation for large groups of people. This could be mitigated by reducing the maximum number of occupants but that would then require staff resources to police the spaces and ensure compliance with new rules. This staff time is required to keep essential communal spaces such as the laundry areas, corridors and entrance ways clean and disinfected and so it has been necessary to close communal lounges and kitchens to residents. As infection rates reduce the charity will need to pivot its operations and ensure that the impact of isolation from the closure of the communal spaces does not start to exceed the risk of opening up those spaces. This will entail a very difficult judgment call on the part of the chief executive and the trustees.

Outside of the COVID-19 Pandemic the risks with the highest rating for 2019/20 remain the risk posed by uncertainty and disruption resulting from the United Kingdom's exit from the European Union. This risk was first identified on the 2018/19 risk register. Since that time the impact of Brexit has become inextricably linked to the impact of the pandemic however staff shortages and supply challenges have become a key feature of the world we are operating in. While the most high-profile sector experiencing staff shortages is logistics (and this has had a significant impact on the supply of parts for systems such as the warden call or lifts) the greatest impact of these staff shortages for the charity is likely to be in health and social care sector where there are between 100,000 and 150,000 unfilled vacancies. It is likely that this will soon start affecting the ability of care companies to deliver care packages which will inevitably lead to an expectation on the part of the charity residents that we will be able to step in and bridge the gap. The staff at the charity are neither adequately trained nor resourced to provide care and all staff will need to provide a coordinated response while still working to find alternative providers or delivery mechanisms for that care. It is also likely that as care packages become harder to deliver that more residents will be discharged from hospital with unsuitable or inappropriate arrangements for home support; staff at the charity will need to tread a tightrope between balancing the needs and time available for an individual resident, the requirements of the resident population as a whole and the risks of resident injury or death.

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Reforms to the welfare system continue to represent a significant risk; a risk that becomes increasingly difficult to manage as government strategies regarding both housing and welfare can best be described as fluid. Over the last 5 years the charity has contended with 5 different housing ministers, 4 secretaries of state for Housing Communities and Local government and 3 ministers for charity's (a post now abolished and merged with Department for Digital, Culture, Media and Sport). This constantly changing landscape has resulted in little in the way of long-term planning. This fluidity has been further exacerbated by the priority given to the COVID-19 pandemic and the cladding crisis which has relegated issues that were, until 2019, very important to the back burner. In addition, at a local level the situation is just as opaque with local authorities piloting projects that define and expand the scope of supported exempt accommodation alongside projects designed to reduce the cost of housing benefit and remove that supported exempt status. Future planning has become almost impossible in this context and assessing the impact of changes when those changes are poorly detailed, some way from fruition and subject to change becomes both time consuming and ineffectual. In this environment the charity can only continue to assess the impact of projected worst-case scenarios; even if the capping of Housing Benefit to local Housing Allowance rates has been scrapped we must assume a scheme with a similar potential saving to the state is being assessed for the future. The charity thinks it prudent to continue to forecast a £200,000 reduction in housing benefit income in the 5-year projections and to maintain a reserve of £200,000 to manage any transition.

4.7 Code of governance

The charity uses the National Housing Federation's Code of Governance. The charity also measures itself every two years against the Charity Commission document CC10 'The Hallmarks of an Effective Charity'.

The charity is registered with the Fundraising Regulator however, the charity did not undertake any fundraising activities in 2020/21 either directly or through a 3rd party organisation. The charity did not employ any professional fundraisers and the charity has not received any complaints about its fundraising activities. In this context the charity has not needed to take any action to protect vulnerable people however should fundraising become a priority in the future the charity will ensure it has robust methods for protecting vulnerable people within the context of fundraising.

4.8 Internal control

The Trustees have overall responsibility for the charity's systems of internal control and the Finance and Audit Committee review the effectiveness of these systems annually through the charity's finance and audit committee. The charity's internal control systems are detailed in the charity's financial rules and regulations and consist of:

- A clearly defined structure which delegates authority, responsibility and accountability for financial activity including responsibility for internal control.
- A clear and effective process for budgeting and reporting, budgets and performance against them, are monitored through both the finance and audit committee and the full board of trustee's meetings.
- Investment evaluation process with clear performance benchmarks and indicators.
- Regular risk review processes that detail the area of risk and the steps the charity and its trustees have taken to mitigate those risks.

The charity's appointed internal auditor Haines Watts audits aspects of the charity's internal controls annually. However, the COVID-19 pandemic prevented the auditors from attending the charity's premises as they normally would in March or April. The charity has worked with Haines Watts to refine audit briefs for remote inspection and anticipates examining key financial controls, IT systems and investment management before the end of the calendar year.

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4.9 Public Benefit

The trustees of the Harborne and Smethwick Charitable Trust ensures that all decisions are made in accordance with the charity's purpose, are for public benefit (with the exception of individual grant approvals), take into consideration the Charity Commission's guidance on public benefit and are in accordance with the Charity Commission's general framework for trustee decision making.

The charity makes decisions in ways that manage risks or harm to the charity and its beneficiaries consistent with the purpose of the charity and makes decisions to ensure that, outside of the individual grant programme, no personal benefit is more than incidental.

The obvious exception is the charity's individual grant programme of £23,900 which provided relief to people in poverty and crisis in the ancient parish of Harborne. Decisions made by the trustees regarding the individual grant programme are still consistent with the charity's purpose but only satisfy the 'benefit' aspect of the public benefit requirement as detailed in Charity Commission guidance.

5. Achievements and Performance

5.1 Almshouses Performance

It is not an understatement to say that 2020/21 has been the most challenging year on record for the charity's almshouses team. While 2019/20 saw the charity overhaul and adjust its operations to meet the needs of our residents presented by the covid-19 pandemic 2020/21 has seen the team dig deep to respond to an ever-changing governmental response and increasing levels of isolation and frustration in our residents.

In April 2020 the charity implemented a COVID-19 response plan that comprised:

- Closing all communal lounges and kitchens to residents;
- Suspending all grant making activity;
- Redeploying the Activity Coordinator, Grants Officer, Administration Officer, and Support Officer into a new resident support team to provide intensive resident focused services;
- Calling all residents on a daily basis to ensure they had social contact during the national lock down and periods of restrictions;
- Arranging for the delivery of or collected and delivered prescriptions for almshouse residents;
- Ensuring that shielding residents had access to food parcels and completed shopping trips for residents who were vulnerable but not part of the shielding group;
- Implementing a new cleaning regime that ensured all handrails and communal laundry areas were disinfected and cleaned with anti-viral agents at least twice a day and that common touch points such as door entry control panels and door handles were cleaned with anti-viral agents' event more frequently;
- Giving the charity's cleaner a new rota that ensured common touch points were cleaned over the weekend;
- Closing the charity's offices to the public, marking out two-meter zones around the two remaining essential workstations and asking all other staff to work from home;
- Cancelling all internal works although statutory, safety and external works continued; and
- Adapting void processes to ensure that only one contractor was in a void flat at any time and that spaces were adequately ventilated and cleaned before and after works and viewings.

These measures obviously had an enormous impact on the charity's day to day operations and impacted every aspect of the charity's performance. Void times have increased from 20 days in 2019/20 to 22 days in 2020/21 and there have been 7 void properties. 8 new residents have been admitted to the charity's housing schemes. While this performance is a little shy of the charity's internal target of 21 days the trustees feel it is impressive considering the restrictions placed on moving house in the early part of the year.

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In 2020/21 the charity has provided high quality housing for 112 beneficiaries.

The charity's treasury management has remained robust and, when compared to our peer group, best in class. For the fifth year in a row new arrears have been 0.0% and current tenant arrears have reduced to 0.37% of annual charges; both well within the trustees target of 2.5%. Void Losses and bad dates remained low at 0.34%. While this is a marginal increase on last years figure of 0.32% it is still considerably ahead of the trustees target of 4%.

Although the pandemic reduced the amount of programmed ERF and CMF works that could be undertaken the charity still managed to spend £66,797 improving the almshouses in 2020/2021. Major works of note include:

- Five-year fixed mains electrical testing and any associated rectification works at all schemes
- External decorating at Harborne House, Firs Close and Dore House.
- Repairing and painting railing and fences at Harborne House.
- Cleaning carpets and chairs in communal spaces at Harborne House and Firs Close while they are not in use.
- Replacing and refurbishing both communal bathrooms at Firs Close while they were not in use.
- Removing old wooden shiplap from the final 10 dormer windows at Firs Close that had not been refurbished and replacing it with a long lasting UPVC alternative.
- Stripping and redecorating the courtyard fire doors at Harborne Cottages.
- Renewing all guttering at Harborne Cottages.
- Pollarding trees in the gardens at Larksfield.

The charity's COVID-19 controls were mostly successful. Only 10 residents (9.3% of the resident population) had a confirmed case of COVID-19 resulting in 6 (5.5%) hospitalisations and 2 deaths (1.8% of residents). It is also worth noting that all of the residents taken ill with COVID-19 contracted the virus from outside of the charity's schemes (50% contracted COVID-19 through their family and support bubbles while 50% contracted the virus while in hospital). The charity has not had a single case of onward transmission despite challenging circumstances such as residents discharged from hospital to the charity's schemes while COVID-19 positive and receiving complex care packages that utilities shared facilities such as laundries.

While it is deeply upsetting that any of the charity's residents had to succumb to this dreadful virus anecdotal evidence tells us that the charity's fatality rate is considerably lower than other comparable organisations. Naturally the thoughts of all of the staff and trustees are with the affected families.

While redeployed the charity COVID-19 response team has completed an estimated 12,000 wellbeing calls to residents that have, in some cases, provided a residents only social interaction during the national lock downs and completed an estimated 480 essential shopping trips.

5.2 Charitable Activity Performance

In 2020/21 the charity committed £119,963 to 2,318 beneficiaries. £96,000 of the grants made were to organisations split across four grant priorities;

- £59,997 was spent on 7 grants supporting services for older people;
- £14,185 was spent of 2 grants supporting debt and money management services;
- £10,924 was spent on a single grant supporting food and household goods distribution services;
- £10,894 was spent on 2 grants supporting provision for 16-24 year old NEET (Not in Education, Employment or Training) provision or provision for those at risk of becoming NEET.

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- £23,962 was spent on the charity's individual grant programme;
- £10,948 supported 109 beneficiaries of 36 grants in Birmingham; and
- £13,015 Supported 95 beneficiaries of 36 grants in Smethwick.

Total grant funding has increased marginally over the 2019/20 figure of £117,908. Grant making has continued to be hamstrung by the effects of the pandemic and this reduction in grant funding is reflective of:

- the trustees being less confident committing funds in light of uncertain economic conditions;
- less organisations in a position to submit application given that stay at home orders were in force for 6 months of this financial year any many organisations were forced to close;
- the inability of the Grant Officer to safely conduct home visits has led to the charity introducing a lower individual grant cap to help manage the inherent fraud risk of making awards to individuals whose needs cannot be verified; and
- The pandemic has impacted all 12 months of this financial year as opposed to just 5 months of the preceding financial year.

The charity's four largest grants were:

Cape Community Care Day Centre (CCCCDC)

The centre provides day-to-day caring-based services (freshly prepared meals through their luncheon club, crafts and gentle exercise) for the elderly and vulnerable. They also provide meals on wheels for those who are housebound. The centre is open 3 days a week and it ensures that people feel less isolated and can discuss any problems/issues they may have. Their service users feel more independent and more confident and can socialise. They report that dementia-focused problems affect c.70% of their clients.

CCCCDC asked for a grant to fund a full time Centre Co-ordinator role responsible for all of the training, HR and most of the administration of the day care services. She also networks and develops the centre to meet the needs of the users. They provide a weekly structure of activities to include crafts, gentle exercise, cooked meals for three days/week, befriending support and shopping/prescription collection. Also, they deliver quarterly social outings, to stimulate mental wellbeing (addressing dementia), and help tackle social isolation. In addition, they facilitate outpatients' support, on leaving hospital to a strong support network, and signposting service users to health services to avoid long term issues. Lastly, a monthly on-site Primary care service is available with Community Nurses, to check blood pressure, Diabetes, medication checks and referrals, etc.

Part of the requested grant is for upskilling a Development Manager to manage and build on existing sessions that are currently on offer, and seek new emerging community services and revenue streams for the centre. The role will include some of the administration duties, relevant HR associated with references, and charge rates pertaining to service providers etc., and to ensure activity sessions are community led. Some of the funding is for an increased stronger/professional role of security and general maintenance, and also to fund a centre cleaner as the Centre Co-ordinator needs a lot of ancillary support. The Security aspect to the funding was part of their grant application in the last three years.

Soho and Victoria Friends and Neighbours CIC (SVF&N)

SVF&N support utilises a community development approach, with a good knowledge and understanding of the needs of their local community, enabling residents to get engaged in developing their own grass roots networks and mutual support, building on a tradition in Sandwell of close-knit communities. The CIC was set up in 2011 to support the older residents within Sandwell/Smethwick who may be facing isolation and lacking the community inclusion. SVF&N are drawing up plans to expand their services to support NEETs/risk-of-NEETs within the community, which may be of consideration with regards to future funding applications made to HPLC.

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The focus of SVF&N over the past four years has been to work with the over 55s. They want to use the majority of the grant to fund an Outreach Worker for another year who will continue to support older service users resident in the Ancient Parish through a range of services/training, such as safety in the home, saving money, reducing isolation, health and well-being, empowerment, advocacy, welfare rights and referrals to other organisations. Some of the grant will also be used to cover training costs and supporting a growing team of volunteers.

The Outreach Worker, previously funded by HPLC, successfully piloted a project to 'help people to support themselves' through the project "Just Around The Corner", developing a mobile hub as a resource for local community from which more isolated people can be reached and able to access services. Through this outreach they reached more isolated older people closer to where they live. The approach used has previously been successful, thus demonstrating performance track record. They previously identified two particular hubs where residents have particular ideas they want to develop, such as the Regent Street 'one stop shop' using the local Baptist church premises as a base from which more isolated people can access services, particularly allowing people in new housing in the area and new-build estates, currently cut off from facilities and local networks, to be supported, and wish to develop these further.

West Smethwick Enterprise Family Centre (WSEFC)

WSEFC is a charity based in Smethwick which was established in 1984 to serve the local community, with particular reference to the over 50s and pre-school children (2-5 years). They do this work on behalf of West Smethwick Methodist Church and express Christian values of care. The charity has four pre-schools within Smethwick, offering free and affordable childcare to those in Sandwell. WSEFC have delivered a successful Family Support service over the last few years, supporting families with a range of short and long term difficulties, such as housing issues, benefits, financial difficulties and parenting support, as well as working closely with other agencies in particular Children Services, schools, health visitors, Early Years and Children Centres. As a result of changes to Universal Credit, additional benefit caps, and on-going financial difficulties, a lot of their particular focus over the recent years has been working with people facing financial hardship, with a developed programme of advice and support.

WSEFC have a Family Support Service operating from the centre, consisting of one Family Support Worker and three Child Development Workers. Their funding is for these Support Workers, who provide valuable advice to local families on debt awareness and money management through outreach and one-to-one support, particularly relevant and needed since the implementation of Universal Credit across the borough. These service users will be identified through WSEFC's own four pre-schools within Smethwick, and their own internal family support referrals. WSEFC has had similar funding before, and as a result their previous service users have been able to make long term sustainable changes with regards to their financial capability which inevitably has improved their quality of life. The evidence shows this has had a positive impact on the whole family and in turn positively impacts the whole community. Their unemployed service users find they can focus on job hunting and are more ready to start working again, greatly benefiting the family, the community as a whole, and greatly alleviating local and national welfare resources.

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Brushstrokes Community Project

Brushstrokes offer support to the most vulnerable residents of Smethwick, by providing food, outreach visits, a befriending service, and advice on areas such as employment, housing, debt, and domestic abuse. They distribute food, household items, and clothes to the vulnerable, particularly those who are destitute and homeless, asylum seekers and newcomers with no recourse to public funds. There is still high demand for food and other items; they cite the statistic that Smethwick is home to over 60% of the influx to immigrant communities as a driving factor in the massive rise in the demand for their services. Brushstrokes also continue to deliver their service for the prevention of infant mortality for Sandwell and Birmingham CCG, but to a lesser extent as the funding is reduced. This is linked to the basic baby packs they provide to new mothers to be, which were set up with the help of local health visitors, and throughout the previous year they have helped over 80 people with baby equipment.

Brushstrokes have been awarded a grant to continue delivery of their distribution services. They report that as a result of many benefit claimants switching to Universal Credit, and cutbacks to many services that were once statutory but now are gone, they have seen a massive (several-fold) rise in demand for their services. To this end, they have increased their own targets to 1,235 service users to be reached with this support. The greater part of the grant would pay for the Resource Assistant in post, whose role is to receive the donations and distribute them to those in need accordingly. In addition, this year's funding will go towards continued support of a Resource Co-ordinator (funded in 2018 by the Big Lottery), who works alongside the Resource Assistant. The small remainder would be used to pay the FARESHARE subscription, which ensures that they get the regular delivery of fresh food for the food bank. They have just developed a Community Café using donated food from supermarkets that is at its 'use-by/sell-by' date, providing local people with a cheap/free nutritious meal, and also helping to address social isolation, and provide access to signposting services.

The four largest grants accounted for £51,623 (43%) of the charity's grant spend and 1,509 (65%) of the beneficiaries reached.

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6. Financial Review

6.1 Financial Position

The Charity's Income

Income received 2020 – 2021

| | |
|-----------------------------------|----------|
| Financial Investment Income | £124,791 |
| Income from Investment Properties | £455,232 |
| Housing Activities | £870,605 |
| Other | £2,450 |

£1,453,078

The Charity's Expenditure

How the income was spent in 2020
-2021

| | |
|---------------------------------|----------|
| Grants | £162,490 |
| Housing Activities | £869,937 |
| Governance | £47,617 |
| Investment property management | £168,469 |
| Financial investment management | £30,205 |

£1,278,718

Balance Sheet

The value of assets (less liabilities) of the charity is shown below

| | |
|---|-------------------|
| | £ |
| Housing Properties | 3,826,091 |
| Land, fixtures & fittings | 624,619 |
| Investments (stocks and shares) | 5,738,018 |
| Investment properties | 10,213,584 |
| <i>Subtotal</i> | 20,402,312 |
| <hr/> | |
| Current assets less liabilities | 1,848,217 |
| Creditors (due over more than one year) | (66,310) |
| Net Assets | 22,184,219 |
| <hr/> | |

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6.2 Commentary on the Accounts

Despite an incredibly challenging operating and operational environment the charity's finances have remained remarkably positive. Total income has remained stable in real terms at £1,453,078 (a c. 1.5% increase over the 2019/20 figure of £1,431,307) while annual expenditure has reduced slightly to £1,278,718.

The charity's housing team have once again turned in an outstanding performance in the face of adversity. Income has exceeded budget by £43,265 while expenditure was £54,220 less than budget. Throughout 2020/21 COVID-19 safety restrictions prevented the team from undertaking many more comprehensive or internal improvements to our housing schemes and this accounts for much of the reduced expenditure. While government pandemic controls have increased the re-let times for flats to 35 days void and arrear management continues to be class leading ranking 1st in our peer group of 14 similar housing associations this year. This solid result has ensured a stable financial platform for all of the charity's operations this year.

The charity's financial investments have performed well given the global disruption with an income (net of fees) of £94,586. While this is only 87% of the budget figure it is a comparatively strong performance given the global economic circumstances. It is worth noting that for the 12-month period ending 30 June 2021 the charity's portfolio has generated a gross performance of 16.8%, well above the benchmark figure of 15.2%. Indeed, over all time frames excepting 6 months the charity's investments have exceeded benchmark performance in both gross and net terms.

Property investments have also performed well with a net income of £276,809 or 93% of the budget figure. This performance has been achieved despite the number of rent relief requests made by the charity tenants and granted in support of the Trustees wish to be a 'good steward of the high street'.

Staff and central costs have remained broadly static excepting additional Covid-19 related expenditure such as PPE, emergency IT equipment purchases and cleaning materials of £13,282 in this financial year (or £30,102 over the life of the pandemic).

6.3 Reserves

It is the charity's policy to hold 6 months' operating expenditure (£639,359) and 12 months' maintenance expenditure (£221,806) in reserve in the form of cash. As of 30 June 2020 the charity was holding £1,880,256 in cash and a total of £7,618,274 in either cash or easily liquidated investments.

The charity holds £221,806 of this cash and £221,806 of these easily liquidated investments as a designated planned maintenance fund.

While the charity's reserves policy and planned maintenance funds only calls for £861,165 of cash and a further £221,806 of easily liquidated investments the trustees think it prudent to hold more in anticipation of not only any potential costs associated with the major risks identified earlier in this report (principally welfare reform and likely to cost £200,000) but also the high costs of refurbishing some of the charity's older investment properties (anticipated to exceed £280,000 next year).

It is also worth noting that the healthy reserve level of the charity has enabled it to better cope with the COVID-19 pandemic which has had both an indirect impact through increased material and labour costs as well as a direct impact through reduced income and unplanned expenditure such as PPE.

In light of these factors the charity's cash reserve does not seem excessive.

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6.4 Investments

The charity's financial investments have performed well given the circumstances generating an income of £124,791 before costs and a NET income of £92,516. The total value of the investment portfolio had increased to £5,738,018 in June 2021 from £5,225,420 in June 2020. As of the 30 June 2021 the portfolio was invested in:

| | |
|--------------------|-------|
| UK Equity | 30.9% |
| Overseas Equity | 38.6% |
| Bonds | 11.5% |
| Alternative Assets | 10.9% |
| Cash | 2.5% |
| UK Property | 5.6% |

The trustees have appointed Smith & Williamson to manage the charity's investment portfolio and have set the firm the following objectives:

- The creation of a sufficient financial return to enable the Charity to carry out its purposes effectively and without interruption.
- The maintenance and enhancement of the investment funds over the long term.
- To obtain a reasonable balance between capital growth and income so that the Charity can meet future as well as current needs.
- To maintain a medium risk profile.

As of the 30 June 2021 the portfolio has performed well against benchmark over 3 months (5.5% against a benchmark figure of 4.9%) annualised over 3 years (8.1% against a benchmark figure of 6.1%) and 5 years (9.5% against a benchmark figure of 7.7%). Since inception the fund has generated an annualised return of 9.8% against a benchmark figure of 9.1% and a cumulative figure of 223.8% against a benchmark of 198.9%.

The Trustees' policy is to invest in an appropriate mix of real assets i.e. equities, fixed interest securities, alternative assets and monetary assets. Trustees recognise that the returns on equities, while expected to be greater over the longer term than those of fixed interest and monetary assets, are likely to be more volatile. Investment in a mix of asset classes should nevertheless provide the levels of return required for the Trust to achieve its objectives, whilst mitigating volatility. The charity's cash position has been beneficial over the last 12 months. While income from the charity financial investments portfolio has reduced the charity has had sufficient cash to meet its objectives and has not been forced to prioritise income over long term growth.

The charity's property investments are managed by Bruton Knowles. The charity's property investments generated £455,232 of income in 2020/21. This is a particularly pleasing figure given the challenges COVID-19 presented to the commercial property market. Property investment costs were £168,423. Much of this cost was the repair and refurbishment costs associated with one of the charity's older investment properties that had previously been let on a regulated tenancy. This refurbishment resulted in a 227% increase in rental income for that property.

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7. Value for Money

Value for Money (VFM) is always at the forefront when managing the delivery of our charitable mission and objectives.

For HPLC VFM is maximising our value to:

- enable our residents to live independently in an environment that improves their health and wellbeing, thus lessening the burden on the NHS by reducing the need for GP and hospital visits and admissions to care homes.
- support our individual grant recipients through provision of necessities such as white goods and baby items.
- assist local organisations in their attempts to improve the health, welfare and employment opportunities of the inhabitants of the ancient parish and help them reach their full potential.

7.1 Arrangements to Ensure VFM

VFM drives our strategic objectives of risk, assets, people and procurement. As such it runs through all aspect of our strategic plans. Progress is rigorously monitored at committee meetings and by the full board on a quarterly basis.

The Finance & Audit Committee scrutinise all aspects of financial performance and ensures we have sound financial rules and regulations. Our returns on investment are benchmarked so that we can be certain that our stocks and shares are appropriate and performing well. Expenditure against budget for all aspects of the charity is checked monthly by the Senior Management Team.

The Properties Committee monitors the performance of our non-social housing and investment properties to ensure a healthy balance of income and long term growth.

The Almshouse Committee monitors void loss, arrears and repairs and maintenance in relation to our five almshouses. We undertook our latest five-year stock condition survey in 2019 and this has formed the basis of our planned maintenance programme over the next few years. We continue to take a balanced view of maintenance, realising the importance of keeping our properties at a high standard, so that they remain desirable and ensure low void rates, without carrying out work before it is necessary.

The almshouse committee also reviews large tendering activities to ensure that contract are competitively tendered and that the charity is getting the best quality for the money it is spending.

The charity is a member of the SPBM Benchmarking Group which assesses our performance against that of similar organisations and enables us to share good practice. We also have a robust Code of Conduct and Complaints policy and procedure that was reviewed in 2019 by the resident scrutiny panel.

The Charitable Activities Committee oversees our programme of organisational and individual grants to ensure we are adhering to the charity's grants strategy, which outlines our key priorities for the year. These priorities are regularly reviewed and altered over time according to identified patterns of need established from local resources such as Sandwell's Neighbourhood Employment and Skills Plan. Any applications made to the charity are assessed against these priorities and only applications that demonstrate an ability to evidence these needs are funded. The committee received reports on the achievements each award made and compare the costs of each intervention against the number of beneficiaries it supported and the impact it achieved.

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7.2 Benchmarking Ranking

The charity has compared its performance against local housing charities that form the SPBM Benchmarking group. The charity has a combination of mandatory metrics from the Regulator for Social Housing (RSH) and others metrics shared across this group to assess its relative performance. The results of this comparison are detailed in the table below showing how this years performance compares to last and giving a short narrative explanation of what the metric means and why the charities performance is what it is. Finally, the charity has included its rank out of the 14 SPBM members:

| Metric (As defined by the Regulator for Social Housing) | 2018/19 | 2019/20 | 2020/21 | Narrative Explanation | | SPBM Rank (Out of 14) |
|--|---------|---------|---------|--|---|--------------------------|
| Stock managed | 99 | 99 | 99 | The total social housing stock managed by the charity has remained unchanged since 2017/18 | ↔ | N/A |
| Void losses (%) | 0.46 | 0.2 | 0.38 | The percentage of income lost to voids (empty Units) has increased. This year the charity had more voids and each void took slightly longer to fill meaning the amount of money lost through voids has increased slightly. | ↑ | 1st |
| Ave. re-let time of all re-lets (days) | 14 | 17 | 22 | The restrictions placed on moving home during the COVID-19 pandemic has impacted the charity's re-let time. | ↑ | 1st |
| Rent collected (% of charges due) | 98.5 | 100.29 | 99.37 | Rent (WMC) collected as a percentage of charges due has increased slightly. While the total is slightly less than 100% of the charges due this figure does not include Housing Benefit payments that are owing. If these payments are included the collected figure would just exceed 100%. | ↓ | 2nd |
| Current tenant arrears (%) | 2.5 | 1.69 | 0.37 | Current tenant arrears have reduced as those few longer-term debts are paid off and fewer new arrears are created | ↓ | 1st |
| Overall operating margin (%) (RSH 101) | 84.63 | 2.89 | 63.13 | The charity's overall operating margin has increased. This is reflective of the pandemic crisis measures the charity took to manage finances and ensure sufficient financial resources remained available to continue the charity's operations. Cutting grant making had a positive impact on the overall operating margin. We expect this to reduce in future years as capital commitments are met and grant making returns to pre-pandemic levels. | ↑ | 1st |

HARBORNE AND SMETHWICK CHARITABLE TRUST
(A company limited by guarantee)

TRUSTEES' REPORT *(continued)*
FOR THE YEAR ENDED 30 JUNE 2021

| Metric (As defined by the Regulator for Social Housing) | 2018/19 | 2019/20 | 2020/21 | Narrative Explanation | | SPBM Rank (Out of 14) |
|---|---------|---------|---------|--|---|--------------------------|
| Social housing lettings operating margin (%) (RSH 102) | -1.87 | 3.58 | 0.46 | The charity's social housing operating margins has decreased significantly. This reflects the cost of the charity's pandemic response such as the expense of home working IT upgrades, PPE and an increase in bought in services such as cleaning. We expect margins to improve slightly in future years but remain proud that the charity does not profit significantly from its housing activity | ↓ | 14 th |
| EBITDA MRI (as a percentage of interest) (RSH 103) | 145.94% | 1.53% | 146.63% | The charity's EBITDA MRI rating indicates that the charity can cover the interest on its loans 146 time over. Liquidity should not be an issue for the charity and the charity's assets are available for investment elsewhere. | ↑ | N/A |
| Gearing (RSH and Scorecard measure) (RSH 203) | -35.82% | -39.16% | -47% | The charity is low geared. The charity is paying off its one small loan slowly and the outstanding balance decreases from year to year. The charity has looked into paying the loan off early but redemption costs make this uneconomical. | ↑ | N/A |
| New supply of social housing units delivered as a percentage of total social housing units held (RSH 204) | 0 | 0 | 0 | The charity has not developed any new social housing units this year. The charity would like to develop new social housing units but requires greater clarity regarding future welfare reforms before it can commit | ↔ | 4 th |
| Reinvestment % (RSH 304) | 9.19 | 4.69 | 0.66 | The freeze on capital projects has impacted the charity reinvestment this year. | ↓ | 10 th |

HARBORNE AND SMETHWICK CHARITABLE TRUST
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TRUSTEES' REPORT *(continued)*
FOR THE YEAR ENDED 30 JUNE 2021

| Metric (As defined by the Regulator for Social Housing) | 2018/19 | 2019/20 | 2020/21 | Narrative Explanation | | SPBM Rank (Out of 14) |
|--|---------|---------|---------|---|---|--------------------------|
| Return on Capital Employed (ROCE) % (RSH 401) | 5.91% | 0.19% | 4.12% | The return on capital employed is indelibly linked to the performance of the charity's investments. The charity's investment portfolio generated significant unrealised investment gains in this year. | ↑ | 6 th |
| Headline social housing cost per unit (RSH 501) | £12,312 | £10,146 | £9,085 | The total headline cost per social housing unit has decreased moderately. This is reflective of the lower amount of capital spend and refurbishments the charity has undertaken. The charity's cost are often higher when compared to other providers because of the additional cost we carry to support and provide activities to our residents. These costs are not passed on to residents and are not HB eligible meaning that the charity's WMC remains competitive with the rest of our sector with an average total weekly charge of £160.74. We might almost describe ourselves as proud to be expensive here as we are utilising the charity's funds to provide an enhanced service that goes above and beyond that of a standard sheltered accommodation provider. | ↓ | 12 th |

8. Plans for the future

Where 2020/21 provided rays of hope that the pandemic will be managed and eventually overcome everybody hopes that 2021/22 will provide a return to a more normal way of operating. Until then the staff will continue to provide the essential cleaning, social contact and essential services that our residents and beneficiaries have found so essential. Assuming that the global and local situation the staff and the trustees of the charity have many aims they wish to achieve.

Charitable activity

The charity hopes to increase the amount committed to grant making to pre-pandemic levels by the 2022/23 financial year although this will obviously be dependent on the economic challenges presented over the coming years.

The charity hopes to restart individual grant visit in 2021/22 initially in the form of doorstep visits that will help us to balance the risks of fraud against the risks of COVID-19 infections and allow the trustees to feel comfortable increasing the individual grant limit.

HARBORNE AND SMETHWICK CHARITABLE TRUST
(A company limited by guarantee)

TRUSTEES' REPORT *(continued)*
FOR THE YEAR ENDED 30 JUNE 2021

Almshouses

The almshouse improvement programme for 2020/21 is expected to total £179,790 and includes:

Harborne House

- Refurbishment of the car park;
- Redecorating the internal communal spaces;
- Replacing damaged ceiling tiles;
- Planned repairs and maintenance to Fire Doors, Skirting and Architraves;
- Fitting window restrictors to all ground floor properties;
- Upgrading the CCTV to include more cameras for better coverage and higher definition night vision cameras; and
- Repointing and maintenance to the pedestrian ramp access to the car park.

Harborne Cottages

- Repointing ridge tiles and hip ends on the roofs;
- Redecorating the laundry rooms and store rooms; and
- Cutting back, pollarding and generally maintaining the trees around the scheme.

Dore House

- Replacing the hall and stairs carpets;
- Survey and repair stone work;
- Redecorating the internal communal spaces; and
- Replacing two wooden sheds.

Larksfield

- Redecorating the internal communal spaces;
- Upgrading the satellite television system to accept Sky Q installations; and
- Re-sculpting and revising the hedge layout around the scheme.

Firs Close

- Pointing, re-hipping and general repairs to the roof;
- Redecorating the internal communal spaces;
- Crowning, pollarding or cutting back trees in the back garden; and
- Pruning and re-sculpting hedgerow across the scheme.

The energy crisis of late 2021 has made it difficult for the charity renew its gas contracts at economical rates. The charity hopes to renegotiate these contracts in 2021/22. It is hoped that the renewal will give the charity the option to continue its ecological commitment by purchasing environmentally friendly 'green' gas at a competitive price.

The charity also hopes to begin a green energy audit of all schemes and premises not currently electrically heated with a view to finding energy efficient and environmentally sound ways of heating them when existing equipment starts to expire.

The charity anticipates restarting resident activities in the latter half of the 2021 calendar year.

HARBORNE AND SMETHWICK CHARITABLE TRUST
(A company limited by guarantee)

TRUSTEES' REPORT *(continued)*
FOR THE YEAR ENDED 30 JUNE 2021

Finance and Investment Management

The charity is still concerned regarding the fragility of the post Covid-19 recovery and the underlying impact of the UK's exit from the European Union. As a result, the charity's investment strategy will remain unchanged with only 28% of the portfolio invested in UK equities and 35-37% held in overseas equities. The charity will continue to explore the options presented by alternative assets to maintain income levels in this market.

The charity is also increasingly concerned about the impact that higher inflation and subsequent higher interest rates could have on the investment portfolio in the coming year. The charity (through its investment brokers) will be carefully monitoring the performance of and exposure to bonds and gilts in this environment to ensure the charity is not negatively impacted.

The charity will monitor the property market and should favourable buying conditions present themselves the charity may purchase another residential property however the charity anticipates investing heavily in its existing housing stock as regulated tenancies reach an end and substantial refurbishments are required. Planned refurbishments include the renovation of two properties in the centre of Harborne anticipated to cost approximately £280,560.

Governance

The charity hopes to finish the process of incorporation by uniting both Harborne and Smethwick Charitable Trust and Harborne Parish Lands Charity with a deed of united direction from the charity commission making future accounts and submissions easier.

Information Communications Technology (ICT)

During 2022 the charity hopes to install new servers and off-site back-up systems at Hollingworth House and Harborne House to allow more reliable and resilient home working solutions and allow the charity increase the level of security afforded to our electronic data.

In 2019 the charity completed a service life extension programme on all viable computers in use across the charity offices; In 2022 the charity anticipates commencing a replacement programme that will finally retire this now old equipment and will better integrate desktop, home working and mobile communications equipment. Mobile phones and desktop PC's will be replaced at this time.

The charity anticipates replacing and increasing the number of resident PC's available at both Harborne House and Firs close with a target of at least three machines at each site.

The charity also intends to modernise the telephone systems on each site replace the multiple ISDN lines with a single unified IP phone system that allows for better connectivity across all sites. We also hope that this will generate a significant like for like saving over our existing contracts.

HARBORNE AND SMETHWICK CHARITABLE TRUST
(A company limited by guarantee)

TRUSTEES' REPORT *(continued)*
FOR THE YEAR ENDED 30 JUNE 2021

Statement of Trustees' responsibilities

The Trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England & Wales 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 charity and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the trustees are required to:-

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departure 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 business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information to auditor

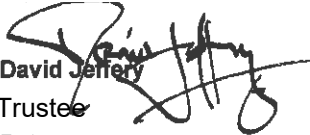
Each of the persons who are trustees at the time when this Trustees' Report is approved has confirmed that:

- So far as the Trustees are aware, there is no relevant audit information of which the charity's auditor is unaware; and
- The Trustees have taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

Auditor

The auditor, MHA MacIntyre Hudson, has indicated their willingness to continue in office. The designated Trustees will propose a motion reappointing the auditor at a meeting of the Trustees.

Approved by order of the members of the board of Trustees and signed on their behalf by:-


David Jeffery
Trustee

Date:

23rd March 2022

HARBORNE AND SMETHWICK CHARITABLE TRUST
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF HARBORNE AND SMETHWICK CHARITABLE TRUST

Opinion

We have audited the financial statements of Harborne and Smethwick Charitable Trust (the 'parent charitable company') and its subsidiary ("the group") for the year ended 30 June 2021 which comprise the consolidated statement of financial activities, the consolidated and charity balance sheet and the consolidated statement of cash flows and related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

The financial statements have been prepared in accordance with Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has been withdrawn.

This has been done in order for the accounts to provide a true and fair view in accordance with the Generally Accepted Accounting Practice effective for reporting periods beginning on or after 1 January 2015.

In our opinion the financial statements:

- Give a true and fair view of the state of the group's and charity's affairs as at 30 June 2021 and of the group's incoming resources and application of resources 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 Charities Act 2011.

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 group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- The Trustees use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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 Auditor's report thereon. Our opinion on the financial statements does not cover the other information and we not express any form of assurance conclusion thereon.

HARBORNE AND SMETHWICK CHARITABLE TRUST
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF HARBORNE AND SMETHWICK CHARITABLE TRUST *(continued)*

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- the information given in the Trustees' report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees are responsible for the preparation of the financial statements which 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 group's and parent 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 group or parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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.

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. This description forms part of our Auditor's report.

HARBORNE AND SMETHWICK CHARITABLE TRUST
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF HARBORNE AND SMETHWICK CHARITABLE TRUST *(continued)*

Use of our report

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



MHA MacIntyre Hudson
Chartered Accountants
Statutory Auditors
Rutland House
148 Edmund Street
Birmingham
B3 2FD

Date: 28 March 2022

MHA MacIntyre Hudson are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

HARBORNE AND SMETHWICK CHARITABLE TRUST
(A company limited by guarantee)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 30 JUNE 2021

| | Note | Unrestricted Funds £ | Endowment Funds £ | Total Funds 2021 £ | Total Funds 2020 £ |
|------------------------------------|-------------|-------------------------------------|----------------------------------|---------------------------------------|---------------------------------------|
| Income and endowment funds | | | | | |
| Charitable activities | 4 | 870,605 | - | 870,605 | 850,959 |
| Investments | 5 | 580,023 | - | 580,023 | 587,029 |
| Other income | | <u>2,450</u> | <u>-</u> | <u>2,450</u> | <u>319</u> |
| Total income and endowments | | <u>1,453,078</u> | <u>-</u> | <u>1,453,078</u> | <u>1,438,307</u> |
| Expenditure on: | | | | | |
| Raising funds | 6 | 22,967 | 175,707 | 198,674 | 260,502 |
| Charitable activities: | 7 | | | | |
| Housing activities | | 741,695 | 128,242 | 869,937 | 820,541 |
| Grants for relief in need | | 162,490 | - | 162,490 | 162,230 |
| Governance costs | | <u>47,617</u> | <u>-</u> | <u>47,617</u> | <u>55,040</u> |
| Total expenditure | | <u>974,769</u> | <u>303,949</u> | <u>1,278,718</u> | <u>1,298,313</u> |
| Net movement in funds before | | | | | |
| Gains/(losses) on investments | | 478,309 | (303,949) | 174,360 | 139,994 |
| Net (losses)/gains on investments | | <u>440,551</u> | <u>302,365</u> | <u>742,916</u> | <u>(98,486)</u> |
| Net movement in funds | | <u>918,860</u> | <u>(1,584)</u> | <u>917,276</u> | <u>41,508</u> |
| Reconciliation of funds: | | | | | |
| Total funds brought forward | | 5,187,965 | 16,078,978 | 21,266,943 | 21,225,435 |
| Net movement in funds | | <u>918,860</u> | <u>(1,584)</u> | <u>917,276</u> | <u>41,508</u> |
| Total funds carried forward | | <u>6,106,825</u> | <u>16,077,394</u> | <u>22,184,219</u> | <u>21,266,943</u> |

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

The notes on pages 38 to 53 form part of these financial statements.

HARBORNE AND SMETHWICK CHARITABLE TRUST
(A company limited by guarantee)

CONSOLIDATED AND CHARITY BALANCE SHEET
AS AT 30 JUNE 2021

| | Note | 2021 Group £ | Charity £ | 2020 Group £ | Charity £ |
|---|------|--------------------------|--------------|--------------------------|--------------|
| Fixed assets | | | | | |
| Tangible fixed assets | 12 | 4,450,710 | - | 4,562,845 | - |
| Investment property | 13 | 5,738,018 | - | 10,213,584 | - |
| Investments | 14 | <u>10,213,584</u> | - | <u>5,225,420</u> | - |
| | | 20,402,312 | - | 20,001,849 | - |
| Current assets | | | | | |
| Debtors | 15 | 219,071 | - | 118,294 | - |
| Cash at bank and in hand | | <u>1,880,256</u> | - | <u>1,605,408</u> | - |
| | | 2,099,327 | - | 1,723,702 | - |
| Creditors: amounts falling due within one year | 16 | <u>(251,110)</u> | - | <u>(391,614)</u> | - |
| Net current assets | | 1,848,217 | - | 1,332,088 | - |
| Total assets less current liabilities | | 22,250,529 | - | 21,333,937 | - |
| Creditors: amounts falling due after more than one year | 17 | <u>(66,310)</u> | - | <u>(66,994)</u> | - |
| Total net assets | | <u>22,184,219</u> | - | <u>21,266,943</u> | - |
| Charity funds | | | | | |
| Endowment funds | 19 | 16,077,394 | - | 16,078,978 | - |
| Unrestricted funds | 19 | <u>6,106,825</u> | - | <u>5,187,965</u> | - |
| | | <u>22,184,219</u> | - | <u>21,266,943</u> | - |

The company was entitled to exemption from audit under section 480 of the Companies Act 2006 but as the group is a charitable group, it is subject to audit under the Charities Act 2011.

The members have not required the company to obtain an audit for the period in question in accordance with section 476 of the Companies Act 2006.

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect of accounting records and preparation of financial statements.

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

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:


D Jeffery
Trustee
Date: 23rd March 2022

The notes on pages 38 to 53 form part of these financial statements.

HARBORNE AND SMETHWICK CHARITABLE TRUST
(A company limited by guarantee)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

| | Note | 2021 £ | 2020 £ |
|---|-------------|-------------------------|-------------------------|
| Cash flows from operating activities | | | |
| Net cash used in operating activities | 21 | <u>(305,608)</u> | <u>(60,444)</u> |
| Cash flows from investing activities | | | |
| Dividends, interests and rents from investments | | 580,023 | 592,467 |
| Proceeds from the sale of tangible assets | | | 13,116 |
| Proceeds from the sale of investments and investment property | | 884,458 | 575,083 |
| Purchase of tangible fixed assets | | <u>(32,746)</u> | <u>(184,005)</u> |
| Purchase of investments and investment property | | <u>(888,594)</u> | <u>(882,521)</u> |
| Net cash provided by investing activities | | <u>543,141</u> | <u>114,140</u> |
| Cash flows from financing activities | | | |
| Repayments of borrowing | | <u>(684)</u> | <u>(619)</u> |
| Net cash used in financing activities | | <u>(684)</u> | <u>(619)</u> |
| Change in cash and cash equivalents in the year | | 236,849 | 53,077 |
| Cash and cash equivalents at the beginning of the year | | <u>1,789,460</u> | <u>1,736,383</u> |
| Cash and cash equivalents at the end of the year | | <u>2,026,309</u> | <u>1,789,460</u> |

The notes on pages 38 to 53 form part of these financial statements.

HARBORNE AND SMETHWICK CHARITABLE TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

1. General information

The Harborne and Smethwick Charitable Trust is a private company limited by guarantee registered with the Charity Commission and Companies House in England and Wales. Its registered office is 109 Court Oak Road, Harborne, Birmingham, B17 9AA.

The nature of the operations and principal activities of the group are relieving need in the ancient parish of Harborne.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements 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), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair' view. This departure has involved following the Charities SORP (FRS 102) published in October 2019 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective 1 April 2005 which has since been withdrawn.

Harborne and Smethwick Charitable Trust meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

Harborne and Smethwick Charitable Trust became the sole corporate Trustee of Harborne Parish Lands Charity with effect from 13 June 2019. For accounting purposes, this has been treated as a merger and therefore financial information about the Group is presented as if it has always existed. All of the activity and reserves relate to Harborne Parish Lands Charity, and the objects of both charities are the same.

The consolidated statement of financial activities and consolidated balance sheet consolidate the financial statements of the charity and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

The charity has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of financial activities in these financial statements.

The charity was dormant throughout the period.

The financial statement are presented in Sterling being the functional currency of the charity and rounded to the nearest £.

2.2 Company status

The charity is a company limited by guarantee. The members of the company are the trustees named on page 1. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member.

HARBORNE AND SMETHWICK CHARITABLE TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

2. Accounting policies (continued)

2.3 Income

All income is recognised once the Charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Income from housing activities represents rental and service charges income receivable in the year net of rent and service charges losses from voids.

Investment income from investment properties is recognised as it falls due. Dividends and interest income is recognised as the charity's right to receive payment is established.

Rental income from investment properties is recognised on a receivable basis.

2.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, 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 classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charged allocated on the portion of the assets use.

Support costs are those costs incurred directly in support of expenditure on the objects of the charity. Governance costs are those incurred in connection with administration of the charity and compliance with constitutional and statutory requirements.

Charitable activities and governance costs are costs incurred in the charity's operations, including support costs and costs relating to the governance of the charity apportioned to charitable activities.

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

All expenditure is inclusive of irrecoverable VAT.

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2. Accounting policies (continued)

2.5 Tangible fixed assets and depreciation

Tangible fixed assets (including social housing properties) are carried at cost (or deemed cost), net of depreciation and any provision for any impairment. 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 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.

Housing properties in the course of construction are included at costs incurred to date. Depreciation on these assets is not charged until they are brought into use.

Major components of housing properties, such as lifts and warden alarm systems have been accounted for and depreciated separately from the connected housing property, over their expected useful economic lives. The useful economic lives of tangible fixed assets are reviewed annually.

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives.

Depreciation is provided on the following bases:

| | |
|-----------------------------|---------------------|
| Land | - not depreciated |
| Office building | - 20 years |
| Fixtures and fittings | - 15% straight line |
| Computer equipment | - 3 years |
| Housing: | |
| Roof structure and covering | - 70 years |
| Windows and external doors | - 30 years |
| Heating | - 8 - 15 years |
| Kitchens | - 20 years |
| Bathrooms | - 30 years |
| Mechanical | - 30 years |
| Electrical | - 40 years |
| Lifts | - 20 years |

2.6 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the balance sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised are combined and presented as 'Gains/(Losses) on investments' in the statement of financial activities.

Investments in subsidiaries are valued at cost less provision for impairment.

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FOR THE YEAR ENDED 30 JUNE 2021

2. Accounting policies (continued)

2.7 Investment property

All investment properties are included at market value. Any changes in fair value are recognised in the statement of financial activities.

Properties rented to provide social housing are treated as tangible fixed assets and not investment properties.

2.8 Debtors

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

2.9 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

2.10 Liabilities and provisions

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event. It is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the Charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised in the Statement of financial activities as a finance cost.

2.12 Financial instruments

The group only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

2.13 Pensions

The group operates a defined contribution pension scheme and the pension charge represents the amounts payable by the group to the fund in respect of the year.

HARBORNE AND SMETHWICK CHARITABLE TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

2. Accounting policies (continued)

2.14 Fund accounting

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.

Endowed funds are those funds which are available for use in accordance with the wishes of the funder or regulator body. Endowment funds represent gifts where the income may be used for general charitable purposes but the capital must be retained.

Income generated from permanently endowed assets is allocated to unrestricted income. Gains and losses on those assets are attributed to the endowment fund. Where income funds are used to build, extend or improve buildings which are endowed properties or on endowed land, then the enhancement to the asset will be included within the endowment fund.

3. Critical accounting estimates and areas of judgment

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The group has made the following estimates and assumptions that have a significant impact on the amounts recognised in the financial statements:

Useful lives of buildings and components – this is assessed based on experience and best practice in the sector. The useful lives are regularly reviewed.

Valuation of investment properties – fair value is assessed based on a combination of professional opinion, market values, actual occupancy and knowledge of the local area.

Critical areas of judgment:

Permanent endowment funds – due to the age of the subsidiary and changes in modern day regulation, the trustees are aware that it is difficult to ascertain with certainty the absolute values and components of the permanent endowment funds. They have applied judgment to the split of assets and allocation and apportionment of eligible costs to those funds based on historic evidence and practice.

HARBORNE AND SMETHWICK CHARITABLE TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

| | | |
|--|--|---------------------------------------|
| 4. Income from charitable activities | Unrestricted Funds 2021 £ | Total funds 2021 £ |
| Rent charges receivable | 526,569 | 526,569 |
| Service charges receivable | 255,917 | 255,917 |
| Utilities recharges | <u>88,119</u> | <u>88,119</u> |
| Total 2021 | <u>870,605</u> | <u>870,605</u> |
| | Unrestricted Funds 2020 £ | Total funds 2020 £ |
| Rent charges receivable | 515,339 | 515,339 |
| Service charges receivable | 251,258 | 251,258 |
| Utilities recharges | <u>84,362</u> | <u>84,362</u> |
| Total 2020 | <u>850,959</u> | <u>850,959</u> |
| At 30 June 2021 there were 99 units of housing accommodation (2020: 99). | | |
| 5. Investment income | Unrestricted Funds 2021 £ | Total funds 2021 £ |
| Rental income from investment properties | 455,232 | 455,232 |
| Dividends and interest receivable | <u>124,791</u> | <u>124,791</u> |
| Total 2021 | <u>580,023</u> | <u>580,023</u> |
| | Unrestricted Funds 2020 £ | Total funds 2020 £ |
| Rental income from investment properties | 433,547 | 433,547 |
| Dividends and interest receivable | <u>153,482</u> | <u>153,482</u> |
| Total 2020 | <u>587,029</u> | <u>587,029</u> |

HARBORNE AND SMETHWICK CHARITABLE TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

| | | | |
|--|---------------------------|------------------------|-------------------------|
| 6. Investment management costs | Unrestricted funds | Endowment funds | Total funds |
| | 2021 | 2021 | 2021 |
| | £ | £ | £ |
| Repairs | 3,043 | 98,392 | 101,435 |
| Insurance | 229 | 7,416 | 7,645 |
| Legal and property management fees | 714 | 23,068 | 23,782 |
| Agent's commission | 756 | 24,425 | 25,181 |
| Investment management fee | 17,912 | 12,293 | 30,205 |
| Voids | 313 | 10,113 | 10,426 |
| Total 2021 | <u>22,967</u> | <u>175,707</u> | <u>198,674</u> |
| | Unrestricted funds | Endowment funds | Total funds |
| | 2020 | 2020 | 2020 |
| | £ | £ | £ |
| Repairs | 5,106 | 165,084 | 170,190 |
| Insurance | 220 | 7,103 | 7,323 |
| Legal and property management fees | 744 | 24,066 | 24,810 |
| Agent's commission | 759 | 24,557 | 25,316 |
| Investment management fee | 18,622 | 12,781 | 31,403 |
| Voids | 44 | 1,416 | 1,460 |
| Total 2020 | <u>25,495</u> | <u>235,007</u> | <u>260,502</u> |
| 7. Analysis of expenditure on charitable activities | | | |
| Summary by fund type | Unrestricted funds | Endowment funds | Total funds |
| | 2021 | 2021 | 2021 |
| | £ | £ | £ |
| Housing activities | 789,312 | 128,242 | 917,554 |
| Grants for relief in need | 162,490 | - | 162,490 |
| Total 2021 | <u>951,802</u> | <u>128,242</u> | <u>1,080,044</u> |
| Summary by fund type | Unrestricted funds | Endowment funds | Total funds |
| | 2020 | 2020 | 2020 |
| | £ | £ | £ |
| Housing activities | 748,669 | 126,913 | 875,582 |
| Grants for relief in need | 162,229 | - | 162,229 |
| Total 2020 | <u>910,898</u> | <u>126,913</u> | <u>1,037,811</u> |

Included within housing activities is governance costs of £47,617 (2020: £55,040). See note 9 for details.

HARBORNE AND SMETHWICK CHARITABLE TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

8. Analysis of grants

| | Grants to Institutions 2021 £ | Grants to Individuals 2021 £ | Total Funds 2021 £ |
|---------------------------|--|---|---------------------------------------|
| Grants for relief in need | <u>96,000</u> | <u>23,963</u> | <u>119,963</u> |
| | <i>Grants to Institutions 2020 £</i> | <i>Grants to Individuals 2020 £</i> | <i>Total Funds 2020 £</i> |
| Grants for relief in need | <u>83,224</u> | <u>34,784</u> | <u>117,908</u> |

During the year, 72 (2020: 26) grants were awarded to individuals referred to the charity by agencies in Birmingham and Sandwell. Appendix 1 provides details of grants awarded to organisations in the year.

9. Analysis of expenditure by activities

| | Activities undertaken directly 2021 £ | Grant funding of activities 2021 £ | Support costs 2021 £ | Total funds 2021 £ |
|---------------------------|--|---|---|---------------------------------------|
| Housing activities | 869,937 | - | 47,617 | 917,554 |
| Grants for relief in need | - | <u>119,963</u> | <u>42,527</u> | <u>162,490</u> |
| Total 2021 | <u>869,937</u> | <u>119,963</u> | <u>90,144</u> | <u>1,080,044</u> |
| | <i>Activities undertaken directly 2020 £</i> | <i>Grant funding of activities 2020 £</i> | <i>Support costs 2020 £</i> | <i>Total funds 2020 £</i> |
| Housing activities | 820,542 | - | 55,040 | 875,582 |
| Grants for relief in need | - | <u>117,908</u> | <u>44,321</u> | <u>162,229</u> |
| Total 2020 | <u>820,542</u> | <u>117,908</u> | <u>99,361</u> | <u>1,037,811</u> |

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NOTES TO THE FINANCIAL STATEMENTS
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9. Analysis of expenditure by activities (continued)

| Analysis of direct costs | Housing activities 2021 £ | Total funds 2021 £ |
|---------------------------------|--|---------------------------------------|
| Staff costs | 291,820 | 291,820 |
| Operating costs | 571,210 | 571,210 |
| Interest payable | <u>6,907</u> | <u>6,907</u> |
| Total 2021 | <u>869,937</u> | <u>869,937</u> |

| Analysis of direct costs | Housing activities 2020 £ | Total funds 2020 £ |
|---------------------------------|--|---------------------------------------|
| Staff costs | 265,541 | 265,541 |
| Operating costs | 548,029 | 548,029 |
| Interest payable | <u>6,972</u> | <u>6,972</u> |
| Total 2020 | <u>820,542</u> | <u>820,542</u> |

Analysis of support costs

| | Housing activities 2021 £ | Grants for relief in need 2021 £ | Total funds 2021 £ |
|-------------------|--|---|---------------------------------------|
| Staff costs | - | 42,527 | 42,527 |
| Governance costs | <u>47,617</u> | <u>-</u> | <u>47,617</u> |
| Total 2021 | <u>47,617</u> | <u>42,527</u> | <u>90,144</u> |

| Analysis of support costs | Housing activities 2020 £ | Grants for relief in need 2020 £ | Total funds 2020 £ |
|--------------------------------------|--|---|---------------------------------------|
| Staff costs | - | 40,318 | 40,318 |
| Legal and professional fees | - | 740 | 740 |
| Premises and office running expenses | - | 3,263 | 3,263 |
| Governance costs | <u>55,040</u> | <u>-</u> | <u>55,040</u> |
| Total 2020 | <u>55,040</u> | <u>44,321</u> | <u>99,361</u> |

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FOR THE YEAR ENDED 30 JUNE 2021

| 10. Governance costs | Unrestricted funds | Total funds |
|--------------------------------------|---------------------------|-----------------------|
| | 2021 | 2021 |
| | £ | £ |
| Auditor's remuneration | 13,806 | 13,806 |
| Other costs | 9,388 | 9,388 |
| Premises and office running expenses | 1,311 | 1,311 |
| Wages and salaries | 19,187 | 19,187 |
| National insurance | 2,063 | 2,063 |
| Pension cost | <u>1,862</u> | <u>1,862</u> |
| Total 2021 | <u>47,617</u> | <u>47,617</u> |
| | <i>Unrestricted funds</i> | <i>Total funds</i> |
| | <i>2020</i> | <i>2020</i> |
| | <i>£</i> | <i>£</i> |
| Auditor's remuneration | 16,300 | 16,300 |
| Other costs | 8,040 | 8,040 |
| Legal and professional costs | 3,606 | 3,606 |
| Premises and office running expenses | 4,108 | 4,108 |
| Wages and salaries | 19,045 | 19,045 |
| National insurance | 2,074 | 2,074 |
| Pension cost | <u>1,867</u> | <u>1,867</u> |
| Total 2020 | <u>55,040</u> | <u>55,040</u> |
| 11. Staff costs | 2021 | 2020 |
| | £ | £ |
| Wages and salaries | 306,845 | 282,466 |
| Social security costs | 24,080 | 21,781 |
| Other pension costs | <u>26,534</u> | <u>24,598</u> |
| | <u>357,459</u> | <u>328,845</u> |

The average number of persons employed by the Group during the year was as follows:-

| | 2021 | 2020 |
|---|------------------|------------------|
| | No. | No. |
| Employed wholly on housing activities | <u>6</u> | <u>7</u> |
| Employed on housing activities, grant making and governance | <u>6</u> | <u>4</u> |
| | <u>12</u> | <u>11</u> |

No employees received remuneration amounting to more than £60,000 in either year.

Aggregate remuneration and benefits received by key management personnel (including employer pension contributions, national insurance and benefits) amounted to £174,499 (2020: £179,563). Key management personnel comprises the Trustees, Chief Executive, Housing Manager, Senior Building Manager and Information and Policy Officer. Trustees receive no remuneration or benefits.

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NOTES TO THE FINANCIAL STATEMENTS
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| | | | | |
|----------------------------------|--------------------------|------------------------------|---------------------------|------------------|
| 12. Tangible fixed assets | | | | |
| Group | Freehold property | Fixtures and fittings | Housing properties | Total |
| Cost or valuation | £ | £ | £ | £ |
| At 1 July 2020 | 657,493 | 99,327 | 5,953,350 | 6,710,170 |
| Additions | - | 5,148 | 27,598 | 32,746 |
| At 30 June 2021 | 657,493 | 104,475 | 5,980,948 | 6,742,916 |
| Depreciation | | | | |
| At 1 July 2020 | 34,622 | 86,088 | 2,026,615 | 2,147,325 |
| Charge for the year | 6,546 | 10,093 | 128,242 | 144,881 |
| At 30 June 2021 | 41,168 | 96,181 | 2,154,857 | 2,292,206 |
| Net book value | | | | |
| At 30 June 2021 | 616,325 | 8,294 | 3,826,091 | 4,450,710 |
| <i>At 30 June 2020</i> | <i>622,871</i> | <i>13,239</i> | <i>3,926,735</i> | <i>4,562,845</i> |

Charity

The Charity does not hold any fixed assets.

| | |
|--------------------------------|-------------------------------------|
| 13. Investment property | Freehold investment property |
| Group | £ |
| Valuation | |
| At 1 July 2020 | 10,213,584 |
| At 30 June 2021 | 10,213,584 |

The investment properties were formally valued as at 30 June 2019, valuations were made by Martin Wilson (MRICS) of Bruton Knowles, on an open market value. The Trustees consider this valuation to be appropriate.

The majority of these properties were bequeathed to the charity subsidiary many years ago and the historical cost of these properties is not known.

Charity

The Charity does not hold any investment property.

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NOTES TO THE FINANCIAL STATEMENTS
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| 14. Fixed asset investments | | | |
|---|--------------------------|--|-------------------------|
| | Listed securities | Cash held by investment manager | Total |
| Group | £ | £ | £ |
| Cost or valuation | | | |
| At 1 July 2020 | 5,041,368 | 184,052 | 5,225,420 |
| Additions | 888,594 | (888,594) | - |
| Disposals | (1,070,932) | 1,070,932 | - |
| Revaluations | 732,936 | - | 732,936 |
| Management fees | - | (33,864) | (33,864) |
| Transfer to main bank account less dividends received | - | (186,474) | (186,474) |
| At 30 June 2021 | <u>5,591,966</u> | <u>146,052</u> | <u>5,738,018</u> |

Charity

The Charity does not hold any fixed asset investments.

Subsidiary undertakings

The Harborne Parish Lands Charity (charity number 219031), an unincorporated registered charity is the subsidiary undertaking of the company, which is the sole trustee. Its principal activity was the relief of need in the ancient parish of Harborne through the provision of almshouses and provision of grants to individuals and organisations that support those in need.

As the company was dormant throughout the year, the results presented in the statement of financial activities are those of the subsidiary of Harborne Parish Lands Charity.

| 15 Debtors | Group | | Charity | |
|--------------------------------|-----------------------|-----------------------|-----------------|-----------------|
| | 2021 | 2020 | 2021 | 2020 |
| | £ | £ | £ | £ |
| Due within one year | | | | |
| Trade debtors | 7,618 | 4,287 | - | - |
| Rents held by managing agent | 170,345 | 71,578 | - | - |
| Other debtors | 210 | - | - | - |
| Prepayments and accrued income | <u>40,898</u> | <u>42,429</u> | - | - |
| | <u>219,071</u> | <u>118,294</u> | <u>-</u> | <u>-</u> |

HARBORNE AND SMETHWICK CHARITABLE TRUST
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NOTES TO THE FINANCIAL STATEMENTS
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16 Creditors: Amounts falling due within one year

| | Group | | Charity | |
|------------------------------------|----------------|----------------|----------------|-------------|
| | 2021 | 2020 | 2021 | 2020 |
| | £ | £ | £ | £ |
| Other loans | 560 | 560 | - | - |
| Trade creditors | 41,330 | 18,416 | - | - |
| Other taxation and social security | 8,054 | 8,056 | - | - |
| Other creditors | 5,687 | 6,377 | - | - |
| Accruals and deferred income | 119,751 | 329,670 | - | - |
| Grants payable | <u>75,728</u> | <u>28,535</u> | - | - |
| | <u>251,110</u> | <u>391,614</u> | - | - |

Included within accruals and deferred income is rental income invoiced in advance of £74,859 (2020: £58,624).

17. Creditors: Amounts falling due after more than one year

| | Group | | Charity | |
|-------------|---------------|---------------|----------------|-------------|
| | 2021 | 2020 | 2021 | 2020 |
| | £ | £ | £ | £ |
| Other loans | <u>66,310</u> | <u>66,994</u> | - | - |

The above loan included in creditors within and after one year is secured by a charge over Harborne House, one of the Group's housing properties. The loan is repayable in instalments over a term of 60 years ending on 31 July 2044. The interest accrues at a rate of 10.25%. The loan represents 6.1% (2020: £6.0%) of the book value of the property.

18. Financial Instruments

| | 2021 | 2020 |
|--|------------------|------------------|
| | £ | £ |
| Financial assets | | |
| Financial assets measured at fair value through income and expenditure | <u>5,591,966</u> | <u>5,041,368</u> |

Financial assets measured at fair value through income and expenditure comprise listed investments.

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NOTES TO THE FINANCIAL STATEMENTS
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19. Statement of Funds

Statement of funds – current year

| Group | Balance at 1 July 2020 £ | Income £ | Expenditure £ | Gains/ (Losses) £ | Balance at 30 June 2021 £ |
|---------------------------|---|---------------------|--------------------------|----------------------------------|--|
| Unrestricted funds | | | | | |
| General funds | <u>5,187,965</u> | <u>1,453,078</u> | <u>(974,769)</u> | <u>440,551</u> | <u>6,106,825</u> |
| Endowment funds | | | | | |
| Endowment funds | <u>16,078,974</u> | <u>-</u> | <u>(303,949)</u> | <u>302,365</u> | <u>16,077,394</u> |
| Total of funds | <u>21,266,943</u> | <u>1,453,078</u> | <u>(1,278,718)</u> | <u>742,916</u> | <u>22,184,219</u> |

Statement of funds – prior year

| | Balance at 1 July 2019 £ | Income £ | Expenditure £ | Gains/ (Losses) £ | Balance at 30 June 2020 £ |
|---------------------------|---|---------------------|--------------------------|----------------------------------|--|
| Unrestricted funds | | | | | |
| General funds | <u>4,744,453</u> | <u>1,438,307</u> | <u>(936,393)</u> | <u>(58,402)</u> | <u>5,187,965</u> |
| Endowment funds | | | | | |
| Endowment funds | <u>16,480,982</u> | <u>-</u> | <u>(361,920)</u> | <u>(40,084)</u> | <u>16,078,978</u> |
| Total of funds | <u>21,225,435</u> | <u>1,438,307</u> | <u>(1,298,313)</u> | <u>(98,486)</u> | <u>21,266,943</u> |

Charity

The Charity does not hold any funds in its own right.

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20. Analysis of net assets between funds

Analysis of net assets between funds – current year

| Group | Unrestricted funds 2021 £ | Endowment funds 2021 £ | Total funds 2021 £ |
|--|------------------------------------|---------------------------------|-----------------------------|
| Tangible fixed assets | 8,294 | 4,442,416 | 4,450,710 |
| Fixed asset investments | 3,402,645 | 2,335,373 | 5,738,018 |
| Investment property | 521,084 | 9,692,500 | 10,213,584 |
| Current assets | 2,099,327 | - | 2,099,327 |
| Creditors due within one year | (250,550) | (560) | (251,110) |
| Creditors due after more than one year | - | (66,310) | (66,310) |
| Loan between funds | <u>326,025</u> | <u>(326,025)</u> | <u>-</u> |
| Total 2021 | <u>6,106,825</u> | <u>16,077,394</u> | <u>22,184,219</u> |

Analysis of net assets between funds – prior year

| | Unrestricted funds 2020 £ | Endowment funds 2020 £ | Total funds 2020 £ |
|--|------------------------------------|---------------------------------|-----------------------------|
| Tangible fixed assets | 13,239 | 4,549,606 | 4,562,845 |
| Fixed asset investments | 3,098,674 | 2,126,746 | 5,225,420 |
| Investment property | 521,084 | 9,692,500 | 10,213,584 |
| Current assets | 1,723,702 | - | 1,723,702 |
| Creditors due within one year | (391,054) | (560) | (391,614) |
| Creditors due after more than one year | - | (66,994) | (66,994) |
| Loan between funds | <u>222,320</u> | <u>(222,320)</u> | <u>-</u> |
| Total 2020 | <u>5,187,965</u> | <u>16,078,978</u> | <u>21,266,943</u> |

Charity

The Charity does not hold any funds in its own right.

21. Reconciliation of net movement in funds to net cash flow from operating activities

| | 2021 £ | 2020 £ |
|--|-------------------------|------------------------|
| Net income for the period (as per Statement of Financial Activities) | <u>917,276</u> | <u>41,508</u> |
| Adjustments for: | | |
| Depreciation charges | 144,881 | 144,825 |
| Gains/(losses) on investments | (546,461) | 313,094 |
| Dividends, interest and rents from investments | (580,023) | (592,468) |
| Decrease/(increase) in debtors | (100,777) | 24,871 |
| Increase in creditors | <u>(140,504)</u> | <u>7,725</u> |
| Net cash used in operating activities | <u>(305,608)</u> | <u>(60,444)</u> |

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| | | |
|--|-------------------------|-------------------------|
| 22. Analysis of cash and cash equivalents | 2021 | 2020 |
| Group | £ | £ |
| Cash in hand | 1,880,256 | 1,605,408 |
| Cash held at investment manager | <u>146,053</u> | <u>184,052</u> |
| Total cash and cash equivalents | <u>2,026,309</u> | <u>1,789,460</u> |

Charity

The Charity does not hold any cash or cash equivalents.

| | | | |
|--|-------------------------|-----------------------|-------------------------|
| 23. Analysis of changes in net debt | At 1 | Cash flows | At |
| | July 2020 | | 30 June 2021 |
| | £ | £ | £ |
| Cash at bank and in hand | 1,605,408 | 274,848 | 1,880,256 |
| Debt due within one year | (560) | - | (560) |
| Debt due after one year | <u>(66,994)</u> | <u>684</u> | <u>(66,310)</u> |
| | <u>1,537,854</u> | <u>275,532</u> | <u>1,813,386</u> |

24. Pension commitments

The group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £26,534 (2020: £24,596). Contributions totalling £3,207 (2020: £2,979) were payable to the fund at the balance sheet date and are included within creditors.

25. Related party transactions

None of the trustees or any persons connected with them received any remuneration during the year (2020: £Nil).

The total amount of expenses reimbursed to trustees or third parties in relation to trustees' expenses was £Nil during the year (2020: £329).

There were no further transactions with related parties during the year (2020: £Nil).