

Harrison and Potter Trust

Trustees' Annual Report and Financial statements

for the year ended

31 December 2021

Registered Charity No: 1179665

Harrison and Potter Trust

FINANCIAL STATEMENTS

Year ended 31 December 2021

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Harrison and Potter Trust

OFFICERS AND CHARITY INFORMATION

Year ended 31 December 2021

Reference and administrative details

TRUSTEES

Mr M C Andrews (Chairman)
Dr I A Blomfield
Mrs G M Cartwright
Mr N A Wainman
Mr J Campbell
Mr M A Payne
Mrs S M Higgs
Mr I W Shaw
Mr M J Wilson

BANKERS

NatWest plc
8 Park Row
Leeds
LS1 1QS

Barclays Bank plc
10 Market Street
Bradford
BD1 1NR

INVESTMENT MANAGEMENT

Investec Wealth & Investment Ltd
4th floor
Wellington Place
Leeds
LS1 4AP

ALMSHOUSE MANAGEMENT

Leeds and Yorkshire Housing Association
3rd Floor
White Rose House
8 Otley Road
Headingley
Leeds
LS6 2AD

AUDITOR

Saffery Champness LLP
Mitre House
North Park Road
Harrogate
HG1 5RX

REGISTERED OFFICE

c/o Wrigleys Solicitors LLP
17-21 Cookridge Street
Leeds
LS2 3AG

REGISTERED CHARITY NUMBER

1179665

SUBSIDIARY HOMES AND COMMUNITIES AGENCY NUMBER

A1920

Harrison and Potter Trust

REPORT OF THE TRUSTEES

Year ended 31 December 2021

The Trustees present their annual report together with the financial statements for the year ended 31 December 2021.

The financial statements comply with the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice 2019 applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

OBJECTIVES AND ACTIVITIES

The objects of the CIO are two fold being the provision of almshouses and the relief of financial hardship. The CIO carries out these objects by:

- maintaining almshouse developments at Lovell Park Road and Raglan Road in Leeds.
- providing grants to organisations and to projects in Leeds which alleviate financial hardship, particularly in relation to housing.

The Trustees recognise their duties under the Charities Act 2011 and have referred to the Charity Commission's guidance on public benefit when reviewing the Charity's activities and compiling this report.

The activities described above, and explained in more detail in the following sections, are consistent with the CIO's values and aims which, in turn, derive from its charitable objects.

Almshouse policy

The almshouse operation aims to provide comfortable and well maintained accommodation in pleasant surroundings.

Accommodation at the almshouses comprise thirty two bedsits suitable for single occupancy and two 2 bedroomed flats at Lovell Park Road and eighteen houses/flats suitable for single occupancy or for couples at Raglan Road. To be eligible, applicants must be in financial hardship and resident in Leeds, although up to twenty persons can be appointed who are resident within a twenty mile radius of the Civic Hall in Leeds, the Town Hall in Wakefield and the Guild Hall in York.

The day to day management of the almshouses is handled by Leeds and Yorkshire Housing Association who report regularly to the Trustees. The weekly maintenance contribution paid by residents is set annually in accordance with national guidelines. The almshouse operation is largely self-funding.

Grant making policy

The CIO has established its grant making policy to achieve its objects for the public benefit, subject however to the geographical restraints imposed by the founding Scheme. Under the terms of the CIO's Scheme, the individuals supported by organisations must be resident in the City of Leeds.

Harrison and Potter Trust

REPORT OF THE TRUSTEES (Continued)

Year ended 31 December 2021

The Trustees invite applications from locally based charities with local projects aimed at either the prevention or alleviation of financial hardship. Projects include debt counselling, provision of housing and purchase of equipment. Grants are not made towards general running costs including salaries; nor can the charity commit to repeat grants.

ACHIEVEMENTS AND PERFORMANCE

The CIO has 2 principal aims:

1. The maintenance and provision of sheltered supported living units at Lovell Park and Raglan Road

These are available to anyone over 55 years of age who is in financial hardship and needing socially supported living.

Following the transfer of the operations of the two almshouses, Lovell Park and Raglan Road to the CIO the CIO seeks to maintain the standard of the almshouses following their refurbishment in 2010/11. The CIO has sought to maintain this good standard accommodation through focused input particularly drawing on the individual skills and knowledge of Trustees. The day to day review of the properties and the provision of the social support are provided by the Managing Agent Leeds and Yorkshire Housing Association (LYHA). Overall occupancy is high and voids are actively advertised by LYHA.

2. Grant making to local Charities

These are made with surplus funds from investments that have not been required by the charity for the properties.

The Trustees have chosen to largely support a network of charities, unique to Leeds, who support the elderly population in the communities with particular emphasis on social isolation and hardship. They are endeavouring to improve quality independent life in their local communities. Grants are made for facilities, projects and activities, not for staffing and recurring costs. Grants to the total of £40,857 (2020: £30,825) were made in this financial year.

Investment performance

As we continued through the pandemic in 2021, markets were still somewhat turbulent but were on the road to a recovery. China, with its zero-tolerance approach to Covid-19, was the first major economy to return to its pre-pandemic growth trajectory at the turn of last year. The UK arranged post-brexit trading agreements with the EU and as the country quickly moved out of a second lockdown, things appeared to be looking up, however although the market was positive for 2021, it has not stood out greatly from other developed markets. Similar in US markets, there was a solid performance for 2021 but it was a steady year in comparison to the rest of the world.

The trust portfolio produced a solid return of 13.1% for 2021 which was slightly ahead of the benchmark which returned 11.9%. Positive returns within our Fixed Interest holdings and Alternatives which outperformed their benchmark have helped performance and we are slightly ahead of the benchmark within UK equities and Property holdings. Unfortunately, our overseas equities have been affected by the pandemic and its effects in different parts of the world so we are slightly behind the benchmark in this area.

Harrison and Potter Trust

REPORT OF THE TRUSTEES (Continued)

Year ended 31 December 2021

Overall the portfolio has seen a positive return for 2021 and given that there are no major markets that have shown above average returns for the year, being ahead of the targeted benchmark can be seen as a forward step during a very turbulent and unpredictable 12 months.

Financial review

During the year the CIO continued to operate almshouses at Raglan Road and Lovell Park Road on a broadly self-funding basis and to make grants to individual residents and to local charitable organisation supporting those in financial need.

Net income for the year was £538,420 (2020: net expenditure of £47,036). Gains on investments for the year, included within the net expenditure for the year, amounted to £585,116 (2020: losses of £110,503).

A detailed survey was carried out on the sites at Lovell Park and Raglan Road. This highlighted the need for major repair and maintenance expenses at both sites. This resulted in unusually high repair and maintenance expenditure in the year of £132,999. A further £386,000 of repair and maintenance expenditure is budgeted for 2022.

Transfers of £69,628 (2020: £69,628), were made to designated reserves from the general fund in connection with the housing properties for cyclical maintenance and extraordinary repairs.

Reserves policy

The policy of the Trust is to maintain sufficient capital to enable the Trustees to carry out both the short term and long-term objectives of the charity.

The charity's restricted reserves consisted of the Permanent Endowment represented by the two Almshouses at Lovell Park and Raglan Road in Leeds. In the prior year the permanent endowment on investments was lifted and the total funds were transferred to the unrestricted reserves. The permanent endowment on the Almshouse sites remains.

The Designated funds amounting to £765,837 at 31 December 2021 are in line with the guidance provided by the Almshouse Association "standards of management" and are considered by the Trustees to be at an appropriate level.

The group's total reserves amount to £7,551,286 at 31 December 2021, with £7,198,785 held within the CIO. Within this the Trustees have considered the level of free reserves of the charity which amount to £959,691. Free reserves include cash held on short term deposit with the investment managers of £294,675. In setting the level of reserves the Trustees take into account the need to keep operating should the charity suffer a loss of income or should operations be disrupted in determining the level of unrestricted funds. The Trustees also have regard to the likely cost of updating the properties and investing in fixed assets and to be able to withstand adverse events that can be reasonably foreseen. The Almshouses are likely to require additional capital expenditure going forward as the Almshouses become older.

Given all these considerations and the fact that the Trustees have designated funds of £765,837 for ad-hoc maintenance and extraordinary repairs, in addition to the free reserves, the Trustees are of

Harrison and Potter Trust

REPORT OF THE TRUSTEES (Continued)

Year ended 31 December 2021

the view that the level of free reserves are at an appropriate level to enable the CIO to meet its objectives and activities in the future.

Risk factors

The Trustees have assessed the major risks to which the CIO is exposed and are satisfied that systems are in place to mitigate exposure to the major risks.

The Trustees maintain a Risk Register which is discussed at the quarterly meetings of trustees and updated as necessary.

Value for Money

The Trust is committed to achieving Value for Money (VFM) and to focus on embedding good practice into the whole Trust. The trustees have adopted a Value for Money strategy which identifies the ambitions of the trust to move towards a transformational approach to VFM.

VFM has been defined as the relationship between economy, efficiency and effectiveness. VFM is high when there is an optimum balance between all three: relatively low cost, high productivity and successful outcomes. VFM is about running a viable social business and looking to continually improve it.

VFM activities have the following objectives at all levels and functions within the Trust.

- To embed the VFM strategy and continuous improvement in the organisation's culture
- To adopt further good practice in relation to VFM, reducing risk of exposure to financial and material waste.

Harrison and Potter Trust

REPORT OF THE TRUSTEES (Continued)

Year ended 31 December 2021

VFM Metrics	2021	2020
1 – Reinvestment percentage (New investment in properties as a percentage of total properties held)	7.6%	6.2%
2A – New supply delivered (percentage) (New social housing units developed as a percentage of social housing units held)	N/A	N/A
2B – New supply delivered (non-social housing units) (Non-social housing units developed as a percentage of total housing units owned)	N/A	N/A
3 – Gearing percentage (Loans less cash as a % of the value of housing properties)	N/A	N/A
4 – EBITDA MRI interest cover percentage	N/A	N/A
5 – Headline social housing cost per unit (Social housing costs excluding depreciation divided by social housing units owned)	£7,491	£6,662
6A – Operating margin (Operating surplus as a percentage of turnover from social housing lettings)	-31%	-15%
6B – Operating margin overall (Operating surplus as a percentage of turnover)	-22%	-10%
7- Return on capital employed (ROCE) percentage (Operating surplus as a % of total assets less current liabilities)	-1%	-1%

PLANS FOR THE FUTURE

The Charity plans to continue the activities outlined above and no material change is anticipated in the way the almshouse operation is managed in the next financial year. The Charity intends to continue to make grants as part of its charitable activities during 2022 at a similar level.

The trustees are conscious that the accommodation provided to residents is in need of significant modernisation in the long term. Trustees intend to explore all options, including redevelopment of existing sites or building new accommodation on new sites. Since the year end, preliminary discussions have been opened with consultants specialising in almshouse development and funding.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Harrison and Potter Trust is a charitable incorporated organisation constituted under a Scheme of the Charity Commission dated 24 August 2018 and is a Registered Charity, number 1179665. The CIO succeeded to the charitable activities of Harrison and Potter by way of a transfer of assets on 31 December 2019 from Harrison and Potter Trust, which is a Registered Charity, number 1179665-1.

Harrison and Potter Trust

REPORT OF THE TRUSTEES (Continued)

Year ended 31 December 2021

The linked Charity, Harrison and Potter Trust Charity Number 1179665-1, is registered with Homes and Communities Agency A1920.

The CIO Harrison and Potter Trust Charity Number 1179665 is not registered with Homes and Communities Agency. It is the intention of the Trustees to apply for registration of the CIO as soon as is practicable.

The body of Trustees comprises a maximum of eleven persons; minimum of four persons.

Other than the original trustees appointed on 24 August 2018, new trustees are appointed for a term of 3 years, after which period, they may put themselves forward for reappointment. The Trustees meet quarterly in February, May, August and November and at the February meeting elect a Chairman for the forthcoming year.

The meetings in May and November focus primarily on financial and investment matters including annual accounts, budgets for the almshouse operations, investment performance and funding available for grants. The almshouse operation and welfare and needs of the residents of the almshouses are reviewed with the managing agents at the quarterly meetings.

To assist the day to day administration of the CIO, there is a finance and investments sub-committee. In addition, individual Trustees liaise with the managing agents regarding welfare or property matters throughout the year.

All Trustees give of their time freely and no Trustee remuneration is paid. Trustees are appointed by a resolution of the existing Trustees passed at a special meeting.

On 16th July 2021 the trustees entered into a new almshouse management agreement with Leeds & Yorkshire Housing Association. This supersedes the previous agreement entered into on 22nd May 2014. This agreement sets out in detail the management services to be provided by LYHA in relation to the almshouses, key performance measures, delegation levels and management reporting mechanisms. The agreement is subject to review on an annual basis and the first such review took place in March 2022.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The Trustees who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the Trustees has confirmed that they have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Harrison and Potter Trust

REPORT OF THE TRUSTEES (*Continued*)

Year ended 31 December 2021

STATEMENT OF THE RESPONSIBILITIES OF THE TRUSTEES

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).

Charity law, in England and 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 of the charity 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 in the Charities SORP (FRS102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

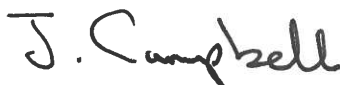
The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report was approved by the Trustees on 22 June 2022



Mr N Wainman

Trustee



Mr J Campbell

Trustee

Harrison and Potter Trust

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES

Year ended 31 December 2021

Opinion

We have audited the financial statements of Harrison and Potter Trust for the year ended 31 December 2021 which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2021 and of its 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 charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

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

Harrison and Potter Trust

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES (continued)
Year ended 31 December 2021

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- the charity has not kept sufficient accounting records; 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 set out on page 8, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity'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 charity or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

We have been appointed as auditors under the Charities Act 2011 and report in accordance with regulations made under that Act.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in

Harrison and Potter Trust

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES (continued)

Year ended 31 December 2021

respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below.

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the charity's financial statements to material misstatement and how fraud might occur, including through discussions with the trustees, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the charity by discussions with trustees and updating our understanding of the sector in which the charity operates.

Laws and regulations of direct significance in the context of the charity include the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008 and guidance issued by the Charity Commission for England and Wales.

Audit response to risks identified:

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the charity's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the charity's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Harrison and Potter Trust

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES (continued)

Year ended 31 December 2021

Use of our report

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

Saffery Champness LLP

Saffery Champness LLP

Statutory Auditors
Mitre House
North Park Road
Harrogate
North Yorkshire
HG1 5RX

Date: 28 June 2022

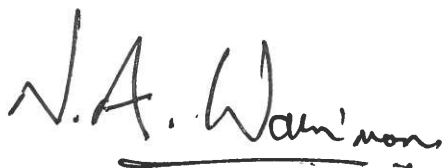
Saffery Champness LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Harrison and Potter Trust

STATEMENT OF FINANCIAL ACTIVITIES (incorporating the Income and Expenditure account)
Year ended 31 December 2021

	Notes	Unrestricted funds £	Restricted funds £	Total funds 2021 £	Total funds 2020 £
Income from:					
Charitable activities	3	342,892	-	342,892	351,412
Investments	4	136,235	-	136,235	180,312
Total		479,127	-	479,127	531,724
Expenditure on:					
Raising funds	5	33,775	-	33,775	30,208
Charitable activities	6	474,856	17,192	492,048	438,049
Total		508,631	17,192	525,823	468,257
Net gains/(losses) on investments	12,13	585,116	-	585,116	(110,503)
Net income/(expenditure)		555,612	(17,192)	538,420	(47,036)
Transfers between funds	18	-	-	-	-
Net movement in funds		555,612	(17,192)	538,420	(47,036)
Reconciliation of funds:					
Total funds brought forward		6,643,173	369,693	7,012,866	7,059,902
Total funds carried forward	18	7,198,785	352,501	7,551,286	7,012,866

The financial statements were approved by the Trustees on 22/6/2022 and signed on their behalf by:



Mr N Wainman
Trustee



Mr J Campbell
Trustee

The notes on pages 16 to 29 form part of these accounts.

Harrison and Potter Trust

BALANCE SHEET

as at 31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	11	659,154	687,676
Investment properties	12	345,000	320,000
Investments	13	5,882,116	5,322,217
Total fixed assets		6,886,270	6,329,893
Current assets			
Debtors	14	29,258	30,850
Investments	15	345,642	552,058
Cash at bank and in hand		390,397	362,989
Total current assets		765,297	945,897
Creditors: Amounts falling due within one year	16	(100,281)	(262,924)
Net current assets		665,016	682,973
Total assets less current liabilities		7,551,286	7,012,866
Net assets		7,551,286	7,012,866
The funds of the charity:			
Unrestricted funds			
Unrestricted general funds	18	6,432,948	5,978,252
Designated funds	18	765,837	664,921
Total unrestricted funds	18	7,198,785	6,643,173
Restricted funds	18	352,501	369,693
		7,551,286	7,012,866

The financial statements were approved by the Trustees on 22/6/2022 and signed on their behalf by:


Mr N Wainman
Trustee


Mr J Campbell
Trustee

The notes on pages 16 to 29 form part of these accounts.

Harrison and Potter Trust

STATEMENT OF CASH FLOWS

as at 31 December 2021

	Notes	2021 £	2020 £
Cash flows (used in)/provided by operating activities	23	(284,962)	111,115
Cash flows provided by/(used in) investing activities			
Purchase of tangible fixed assets		(29,928)	(24,389)
Investment income		135,665	180,312
Disposal of current asset investments		206,416	-
Purchase of listed investments		(415,385)	(833,996)
Proceeds from sale of listed investments		470,104	821,095
(Increase) in cash held by the investment manager		(54,502)	(32,979)
Net Cash flows generated from investing activities		312,370	110,043
Net increase in cash and cash equivalents in the year	a	27,408	221,158
Cash and cash equivalents at 1 January 2021		362,989	141,831
Cash and cash equivalents at 31 December 2021		390,397	362,989

a) Analysis of net funds

	As at 1 January 2021 £	Cash flows £	As at 31 December 2021 £
Cash at bank and in hand	362,989	27,408	390,397
	362,989	27,408	390,397

Harrison and Potter Trust

NOTES ON THE ACCOUNTS (continued)

Year ended 31 December 2021

1 ACCOUNTING POLICIES

BASIS OF ACCOUNTING

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments and investment properties, in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable in the UK and Republic of Ireland (FRS 102) (2019) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

Harrison and Potter Trust (CIO) meet the definition of a public benefit entity under FRS 102.

On 31 December 2019, all of the assets of Harrison and Potter Trust were transferred into Harrison and Potter Trust (CIO) with the exception of the Almshouses, which are permanently endowed and remain in Harrison and Potter (unincorporated). This transfer was accounted for under the merger accounting method and the comparative amounts have been presented on the same basis in accordance with the Charities SORP (FRS102).

In 2020 Harrison and Potter CIO and Harrison and Potter (unincorporated) became linked charities. This has been accounted for under the branch accounting method in accordance with the Charities SORP (FRS 102). For more details see note 21.

GOING CONCERN

The financial statements have been prepared on a going concern basis. The Trustees have considered how the Trust will meet the challenges presented by the current economic climate. They have carried out a detailed review of the Trust's resources including the adequacy of working capital for the next twelve months. The Trustees are satisfied that the Trust has sufficient cash flows to meet its liabilities as they fall due for at least one year from the date of approval of these financial statements.

SOCIAL HOUSING GRANT

Social Housing Grant (SHG) is paid by the Housing Corporation to reduce the cost of development and is recognised as income on receipt and completion of the project to which it relates. SHG is repayable under certain circumstances, primarily following the sale of a property but will normally be restricted to net proceeds of sale.

A Social Housing Grant of £675,042 was received in connection to the refurbishment of Raglan Road and was recognised in unrestricted reserves. Should a triggering event occur, this amount would be repayable by Harrison and Potter Trust (unincorporated) (a linked charity, charity number: 1179665-1). The Trustees have obtained confirmation from Homes England that the transfer of almshouse operations to Harrison and Potter Trust CIO was not a triggering event subject to Harrison and Potter Trust (unincorporated) (charity number: 1179665-1) remaining a Registered Provider.

Harrison and Potter Trust

NOTES ON THE ACCOUNTS (continued)

Year ended 31 December 2021

1 ACCOUNTING POLICIES (continued)

FIXED ASSETS – HOUSING PROPERTIES

Housing properties are stated at cost which includes the following:

- (i) cost of acquiring land and buildings:
- (ii) development expenditure.

Works to existing properties are works which result in an increase in the net rental income, such as a reduction in the future maintenance costs, or result in a significant extension of the useful economic life of the property in the Trust. Only the direct overhead costs associated with these improvements are capitalised.

FIXED ASSETS – OTHER

Other tangible fixed assets are stated at cost with the exception of property held for investment purposes.

DEPRECIATION

- (i) Housing properties
Housing properties are depreciated at a rate of 2% per annum on cost. The depreciation on the 2 almshouse properties is charged to restricted funds. Land is not depreciated.
- (ii) Investment properties
Investment properties are not depreciated.
- (iii) Other fixed assets
Depreciation is provided on the following bases:
Heating systems – 6.67% per annum on cost.
Other fixtures & fittings – 15% per annum on cost.

INVESTMENT PROPERTIES

Investment properties are stated at their estimated value on an open market basis at the balance sheet date. Valuations are updated annually by the Trustees and every third year by independent Chartered Surveyors on an open market basis.

No depreciation is provided in respect of freehold investment properties or on leasehold investment properties where the unexpired lease term exceeds 20 years.

Details of the current value and historical cost information for investment properties are given in note 12.

Harrison and Potter Trust

NOTES ON THE ACCOUNTS (continued)

Year ended 31 December 2021

1 ACCOUNTING POLICIES (continued)

INVESTMENTS

Investments are stated at market value.

Purchases and sales of investments are dealt with by reference to the date of contract. When a contract has been entered into during the year but settlement does not take place until after the end of the year an amount is included in the balance sheet under either creditors or debtors as appropriate.

COIF FUNDS IN CURRENT INVESTMENTS

COIF funds are included within current investments as they are a cash deposit with a maturity date of less than one year which is held for investment purposes rather than to meet short term cash commitments as they fall due.

EXTRAORDINARY REPAIR FUND

The Extraordinary Repair Fund is a designated fund held pursuant to the Trustees' reserves policy. The Fund is maintained by annual transfer out of the CIO's income and used to cover items of extraordinary repair.

CYCLICAL MAINTENANCE FUND

The Cyclical Maintenance Fund is a designated fund held pursuant to the Trustees' reserves policy, used for providing for items of ordinary maintenance and repair of the almshouses which recur at infrequent intervals.

RESTRICTED FUNDS

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

INCOME

Income represents income from social housing lettings, investment income and surpluses on disposal of investments. Credit is taken for social housing letting income as it falls due. Investment income is credited to the income and expenditure account on a receivable basis.

APPORTIONMENT OF MANAGEMENT EXPENSES

Direct employee, administration and operating costs have been apportioned to relevant sections of the income and expenditure account on the basis of actual expenditure. Finance and administration costs are further apportioned on the basis of estimated time spent on each activity.

Harrison and Potter Trust

NOTES ON THE ACCOUNTS (continued)

Year ended 31 December 2021

1 ACCOUNTING POLICIES (continued)

GRANTS PAYABLE

Grants payable are recognised at the point at which they are approved and the recipient is notified. Where the Trust has agreed to make a grant payment in the future to a specific recipient this is accrued as expenditure.

TAXATION

For taxation purposes the Trust has charity status and accordingly is exempt from tax on its investment and rental income and on its capital gains.

VALUE ADDED TAX

The Trust is not registered for Value Added Tax and expenditure is shown inclusive of VAT in these financial statements.

FINANCIAL INSTRUMENTS

The charity 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 measure at their settlement value.

DEBTORS

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

CREDITORS AND PROVISIONS

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

OPERATING LEASE COMMITMENTS

Rentals payable under operating leases, where substantially all the risks and rewards of ownership remain with the lessor, are charged to the statement of financial activities in the year in which they fall due.

Harrison and Potter Trust

NOTES ON THE ACCOUNTS (continued)

Year ended 31 December 2021

1 ACCOUNTING POLICIES (continued)

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised whether the revisions affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

2 Comparative SOFA

	Unrestricted funds £	Restricted funds £	Total funds 2019 £
Income from:			
Charitable activities	351,412	-	351,412
Investments	180,312	-	180,312
Total	531,724	-	531,724
Expenditure on:			
Raising funds	30,208	-	30,208
Charitable activities	420,858	17,191	438,049
Total	451,066	17,191	468,257
Net gains/ (losses) on investments	(110,503)	-	(110,503)
Net (expenditure)/ income	(29,845)	(17,191)	(47,036)
Transfers between funds	-	-	-
Net movement in funds	(29,845)	(17,191)	(47,036)
Reconciliation of funds:			
Total funds brought forward	6,673,018	386,884	7,059,902
Total funds carried forward	6,643,173	369,693	7,012,866

Harrison and Potter Trust

NOTES ON THE ACCOUNTS (continued)

Year ended 31 December 2021

3 Income from charitable activities

	2021 £	2020 £
Income from social housing lettings	342,892	351,412

4 Investment income

	2021 £	2020 £
Interest and dividends from investment portfolio	131,235	175,312
Rental income from rented land	5,000	5,000
	136,235	180,312

5 Expenditure of raising funds

	2021 £	2020 £
Investment management fees	33,775	30,208

6 Analysis of expenditure on charitable activities

	Social housing lettings £	Provision of grants £	Total 2021 £	Total 2020 £
Management costs	86,925	-	86,925	88,655
Depreciation	58,450	-	58,450	56,117
Bad debts	3,293	-	3,293	9,719
Service costs	125,525	-	125,525	147,430
Routine maintenance	115,469	-	115,469	27,185
Planned maintenance	17,530	-	17,530	29,095
Support costs	40,799	-	40,799	46,523
Vouchers for residents	-	3,200	3,200	2,500
Grants to external bodies (note 7)	-	40,857	40,857	30,825
	447,991	44,057	492,048	438,049

Included in the above is a £17,192 depreciation charge of the Almhouses which is restricted.

Governance costs included in support costs:

	2021 £	2020 £
Audit and accountancy	12,756	15,079
Legal fees	5,802	10,017
Clerk to the Trustees	20,309	20,284
	38,867	45,380

Harrison and Potter Trust

NOTES ON THE ACCOUNTS (continued)

Year ended 31 December 2021

7 Analysis of grants made

	2021 £	2020 £
Vulnerable people and the homeless	23,080	16,319
Support to the over 60's	17,777	14,506
Resident food vouchers	3,200	2,500
	<u>44,057</u>	<u>33,325</u>

All grants were made to Charitable organisations or beneficiaries in furtherance of the Charity's objectives.

8 Net income/(expenditure) for the year

This is stated after charging:

	2021 £	2020 £
Depreciation of housing properties	17,192	17,191
Depreciation of other tangible fixed assets	41,258	38,926
Operating lease rental	3,110	3,110
Auditor's remuneration		
Current year:		
- for audit services	8,976	7,800
- for non-audit services – accountancy	3,780	4,080
Prior year:		
- for audit services	-	3,199

9 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

The employees have their contracts of employment with Leeds and Yorkshire Housing Association.

	2021 £	2020 £
Employee costs during the year:		
Wages and salaries	<u>38,696</u>	<u>36,064</u>

None of the Trustees (or any persons connected with them) received any remuneration during the year. Travel and subsistence expenses amounting to £nil were reimbursed to the Trustees (2020: £nil).

No employee received emoluments of more than £60,000 during the current or preceding year.

Harrison and Potter Trust

NOTES ON THE ACCOUNTS (continued)

Year ended 31 December 2021

10 Staff numbers

The average month number of employees (including part-time staff) during the year was as follows:

	2021 No. 1	2020 No. 1
Average number of employees		

11 Tangible fixed assets

	Freehold land and buildings				
	Raglan Road	Lovell Park Road	Heating Systems	Fixtures & Fittings	Total
Cost/Valuation					
Cost b/fwd	719,326	146,115	598,432	119,313	1,583,186
Additions	-	-	7,212	22,716	29,928
Disposals	-	-	-	-	-
Revaluation	-	-	-	-	-
Cost c/fwd	719,326	146,115	605,644	142,029	1,613,114
Depreciation					
Depn b/fwd	436,845	58,903	295,414	104,348	895,510
Charge for the year	14,387	2,805	38,189	3,069	58,450
Disposals	-	-	-	-	-
Revaluation	-	-	-	-	-
Depn c/fwd	451,232	61,708	333,603	107,417	953,960
NBV c/fwd	268,094	84,407	272,041	34,612	659,154
NBV b/fwd	282,481	87,212	303,018	14,965	687,676

At 31 December 2021 the Harrison & Potter Trust owned and managed 52 units (2020: 52 units) of housing accommodation. All 52 units represented supported housing and housing for older people.

Harrison and Potter Trust

NOTES ON THE ACCOUNTS (continued)

Year ended 31 December 2021

12 Investment properties

	Freehold Land at Barwick in Elmet £
Valuation	
At 1 January 2021	320,000
Revaluation	25,000
	<u>345,000</u>
At 31 December 2021	<u>345,000</u>
Net Book Value	
At 31 December 2021	<u>345,000</u>
At 1 January 2021	<u>320,000</u>

This parcel of land was revalued on an existing use basis at £345,000 by Bartle & Son, Valuers & Auctioneers, as at 31 December 2021 and this value was incorporated into the financial statements at that date. The original cost of this land is £5,465. The Trustees have reviewed this valuation at the year-end and consider it to remain appropriate.

13 Investments

	2021 £	2020 £
At market value:		
At beginning of year	5,082,044	5,179,646
Additions	415,385	833,996
Disposals	(470,104)	(821,095)
Increase/(decrease) in market value	560,116	(110,503)
	<u>5,587,441</u>	<u>5,082,044</u>
At end of year	5,587,441	5,082,044
Cash held by the investment manager	294,675	240,173
	<u>5,882,116</u>	<u>5,322,217</u>

Further analysis of this is shown in note 22.

Harrison and Potter Trust

NOTES ON THE ACCOUNTS (continued)

Year ended 31 December 2021

14 Debtors

	2021 £	2020 £
Due within one year:		
Rent and service charges due	33,384	31,974
Bad debt provision	(27,574)	(24,281)
Other debtors and accrued income	23,448	23,157
	<u>29,258</u>	<u>30,850</u>

15 Current asset investment

	2021 £	2020 £
Charities Official Investment Fund Deposit	345,642	552,058
	<u>345,642</u>	<u>552,058</u>

16 Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	35,025	207,412
Prepayments of rent and service charges	18,728	15,485
Other creditors and accruals	46,528	40,027
	<u>100,281</u>	<u>262,924</u>

The Trustees policy for payment of purchase invoices is one month between receipt and payment (2020: one month).

17 Transfer of assets

In 2019, a transfer of net assets totalling £6,673,018 was made from Harrison and Potter Trust (unincorporated) to Harrison and Potter Trust (CIO). This transfer was accounted for under the merger accounting method and the comparative amounts are prepared as if the assets had always been held by the CIO.

Harrison and Potter Trust

NOTES ON THE ACCOUNTS (continued)

Year ended 31 December 2021

18 Analysis of charitable funds

	Balance 1 January 2021 £	Incoming resources £	Resources expended £	Gains on investments £	Transfers £	Funds 31 December 2021 £
Unrestricted funds						
General fund	5,663,717	479,127	(465,419)	485,616	(69,628)	6,093,413
Revaluation reserve	314,535	-	-	25,000	-	339,535
Designated extraordinary repair fund	407,588	-	-	74,500	26,416	508,504
Designated cyclical maintenance fund	257,333	-	(43,212)	-	43,212	257,333
Total designated funds	664,921	-	(43,212)	74,500	69,628	765,837
Total unrestricted funds	6,643,173	479,127	(508,631)	585,116	-	7,198,785
Permanently endowed almshouses	369,693	-	(17,192)	-	-	352,501
Total restricted funds	369,693	-	(17,192)	-	-	352,501
Total funds	7,012,866	479,127	(525,823)	585,116	-	7,551,286

During the year transfers from the general fund were made to the designated funds of £69,628 (£26,416 to the extraordinary repair fund and £43,212 to the cyclical maintenance fund) in order to fund future repairs and maintenance at the almshouses.

The designated extraordinary repair fund is used for any future extraordinary repair, improvement or rebuilding of the almshouses.

The designated cyclical maintenance fund is used for the ordinary maintenance and repair of the almshouses. This fund is to be utilised over the short term and in 2021, £17,531 of void repairs expenditure (2020: £29,096) has been allocated to the fund and £25,681 of day to day repairs.

Pursuant to the Scheme effective 31 December 2019, Harrison and Potter Trust (unincorporated charity) cannot hold expendable property free to use without restriction and therefore the restricted fund represents the carrying value of the almshouses which belong to Harrison and Potter Trust (unincorporated charity) a linked charity. For more detail see note 21. The restricted expenditure above represents the depreciation charge on the two almshouse properties in 2021.

As detailed in note 22 the investments are split between various funds.

Harrison and Potter Trust
NOTES ON THE ACCOUNTS (continued)
Year ended 31 December 2021

19 Analysis of net assets between funds

	General fund £	Designated funds £	Restricted funds £	Total £
Fixed assets	6,025,190	508,579	352,501	6,886,270
Cash at bank and in hand	133,139	257,258	-	390,397
Other net current assets	274,619	-	-	274,619
Total	6,432,948	765,837	352,501	7,551,286

	General fund £	Designated funds £	Restricted funds £	Total 2020 £
Fixed assets	5,552,537	407,663	369,693	6,329,893
Cash at bank and in hand	105,731	257,258	-	362,989
Other net current assets	319,984	-	-	319,984
Total	5,978,252	664,921	369,693	7,012,866

20 Operating lease commitments

	2021 Laundry Equipment £	2020 Laundry Equipment £
Not later than 1 year	3,110	3,110
Later than 1 year and not later than 5 years	12,442	12,442
Over 5 years	2,333	5,443
	17,885	20,995

Harrison and Potter Trust

NOTES ON THE ACCOUNTS (continued)

Year ended 31 December 2021

21 Linked Charity

On 31 December 2019 all assets with the exception of the two almshouses were transferred from Harrison and Potter Trust (unincorporated) to Harrison and Potter Trust (CIO). The two almshouse sites at Lovell Park and Raglan Road continue to be held in the linked charity as Permanent Endowment. In 2020, on the basis of the charities having the same Trustees, the charities became linked. The funds of Harrison and Potter Trust (unincorporated) are shown separately within the fund note as permanently endowed almshouses.

Harrison and Potter Trust (unincorporated)

Charity Number: 1179665-1

Homes and Communities Agency: 224941

Total funds: £352,501

22 Investments

	Cost		Market Value	
	2021	2020	2021	2020
	£	£	£	£
CAPITAL ACCOUNTS:				
Capital Fund				
- Government Bonds and Fixed Interest Stocks	948,508	947,612	989,992	988,039
- Listed Equities	2,644,538	2,494,788	3,915,023	3,533,714
	<u>3,593,046</u>	<u>3,442,400</u>	<u>4,905,015</u>	<u>4,521,753</u>
Special Range:				
- The Charities Official Investment Fund	<u>42,052</u>	<u>42,052</u>	<u>173,847</u>	<u>152,628</u>
Total investments on capital account	<u>3,635,098</u>	<u>3,484,452</u>	<u>5,078,862</u>	<u>4,674,381</u>
EXTRAORDINARY REPAIR FUND:				
The Charities Official Investment Fund	<u>256,060</u>	<u>229,630</u>	<u>508,579</u>	<u>407,663</u>
CASH HELD	<u>294,675</u>	<u>240,173</u>	<u>294,675</u>	<u>240,173</u>
TOTAL INVESTMENTS	<u>4,185,833</u>	<u>3,954,255</u>	<u>5,882,116</u>	<u>5,322,217</u>

Harrison and Potter Trust

NOTES ON THE ACCOUNTS (continued)

Year ended 31 December 2021

Investments

The investments are split between different funds as follows:

Capital accounts

Capital Account – This is unrestricted

Special Range - This is unrestricted

Income accounts

Extraordinary Repair Fund - This was created by a Scheme; funds are set aside each year from the income of the Charity and invested in units. The fund is designated in that although it can be spent, it must be spent on "extraordinary repair".

23 Net cash from operating activities

	2021	2020
	£	£
Net income for the reporting period before gains/(losses) on investments	(46,696)	63,467
Adjusted for:		
Depreciation of housing properties	17,192	17,191
Depreciation of other tangible fixed assets	41,258	38,926
Decrease in debtors	1,592	4,369
(Decrease)/increase in creditors	(162,643)	167,474
Investment income	(135,665)	(180,312)
Net cash (used in)/provided by operating activities	(284,962)	111,115

