

Applegarth Homes

Unaudited Financial Statements

For the year ended 31 March 2022

Applegarth Homes

Unaudited Financial Statements For the year ended 31 March 2022

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Applegarth Homes

Trustee, Registered Office and Advisers For the year ended 31 March 2022

Trustee:	Harrogate Housing Association Limited
Registered Office:	10 High Street Harrogate North Yorkshire HG2 7HY
Registered Number:	Charitable Incorporated Organisation: 1192964

Applegarth Homes

Report of the Trustee For the year ended 31 March 2022

The Trustee has pleasure in submitting its annual report, together with the financial statements of the Charity for the year ended 31 March 2022.

Since 1 October 2017 Harrogate Housing Association Limited has been the Sole Corporate Trustee.

The Charity has been a Charitable Incorporated Organisation (CIO), under the "foundation" model constitution, throughout the year with registered charity number of 1192964.

Review of activities and performance

Applegarth Homes is a registered charity which provides ten units of accommodation for people in conditions of need, hardship or distress and who live or have previously lived within the former West Riding of Yorkshire for a continuous period of five years.

The accommodation has been fully utilised by the beneficiaries during the year.

During the year the Trustee considered how best to meet the needs of the beneficiaries, now and in the future. There was recognition of the age of the property and its energy efficiency and that, over the years, changes to the properties had taken place, eg the installation of central heating and fire alarms, which no longer met the standards expected from good quality rented accommodation. Consideration also needed to be given to the layouts of the individual flats to improve their fire safety.

Given the limited resources of the Charity the Trustee determined the most appropriate course of action, to best meet the needs of the beneficiaries, would be to let the property on a long lease, making sure the lessee took over the responsibility for housing the existing beneficiaries and insuring and repairing the existing building, or replacing it if required, with guarantees written into the lease that the ethos and area of benefit were maintained. The Charity further agreed that its existing investments and cash could be used by the lessee for improvements.

Following the receipt of legal advice the accommodation was let on a long lease (125 years) to Harrogate Housing Association Limited on 1 July 2021. No rent is charged under the lease. The change was made with the full support and agreement of the current beneficiaries.

The results in the attached accounts are for the whole year but from inception of the lease no income or costs were incurred by the Charity. The Charity is now effectively dormant but as the accommodation is held by the CIO it will continue in existence.

The Charity performed well in the period of activity with no voids and very few costs being incurred. No major works were undertaken.

In anticipation of the commencement of the lease the Charity realised its investment in the M&G Charity Multi Asset Fund income shares. This generated a gain of £32,369 against original cost.

Overall the Charity made a surplus of £13,081 in the year.

Governance

Following the issue of a new scheme by the Charity Commission which became effective on 1 October 2017 Harrogate Housing Association Limited became the Sole Corporate Trustee. To better manage the unlimited liability of the Trustee under this scheme the Charity became a CIO on 4 January 2021. A CIO provides limited liability protection for the Trustee.

The Corporate Trustee maintains an overview of the activities of the lessee of the accommodation ensuring the ethos of the original benefactor is maintained.

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Report of the Trustee For the year ended 31 March 2022

Risk management

The Trustee has a duty to identify and review the risks to which the Charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error. The processes and procedures in use by the Charity are the same as those followed by Harrogate Housing Association Limited. The main risk faced by the Charity was to ensure sufficient funds were available to undertake major repairs, which included improving the energy efficiency of the accommodation and modernising it. This risk was mitigated through the lease arrangement put in place during the year. The Trustee is confident there are sufficient resources now available to maintain and modernise the accommodation.

Reserves

The reserves at 31 March 2022 totalled £283,057 of which £13,300 are restricted reserves with the remaining £269,757 being available to be utilised by the Trustee.

The free reserves have been made available to the lessee for investment in the scheme.

Development

The lessee is looking at improving the existing accommodation and increasing the number through a redevelopment of the site.

Management

The day-to-day responsibility for the management of the Charity is delegated to the parent managing agent, Harrogate Housing Association Limited. A fee was charged for this work until the lease was put in place. There is now minimal work to be undertaken which is provided free of charge.

For administrative efficiency reasons the Trustee made payments to suppliers on a group basis, including those for the Charity with its own. These costs were reimbursed on the same day as it made the payment to the supplier. The costs are shown in the accounts in line with the original service description delivered by the supplier. This was the position for the first quarter of the year but no costs have been incurred subsequently.

Approved on 27 July 2022 by the Sole Corporate Trustee, Harrogate Housing Association Limited, and signed on its behalf by



Steven Brook
Secretary, Harrogate Housing Association Limited

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Statement of Financial Activities For the year ended 31 March 2022

	Notes	Unrestricted Funds 2022 £	Restricted Funds 2022 £	Total Funds 2022 £	Total Funds 2021 £
Income from:					
Charitable activities – social housing	3	14,579	-	14,579	57,833
Investment income	4	561	-	561	5,085
Total income		<u>15,140</u>	<u>-</u>	<u>15,140</u>	<u>62,918</u>
Expenditure on:					
Charitable activities – social housing	5	(7,462)	-	(7,462)	(36,198)
Total expenditure		<u>(7,462)</u>	<u>-</u>	<u>(7,462)</u>	<u>(36,198)</u>
Net gains on investments	14	5,403	-	5,403	22,996
Net income and net movement in funds		<u>13,081</u>	<u>-</u>	<u>13,081</u>	<u>49,716</u>
Reconciliation of funds:					
Total funds brought forward		256,676	13,300	269,976	220,260
Total funds carried forward		<u>269,757</u>	<u>13,300</u>	<u>283,057</u>	<u>269,976</u>

The charity is no longer active and all of the above operations ceased following the leasing of the main asset.

The notes on pages 6 to 13 form an integral part of these financial statements.

The financial statements on pages 4 to 13 were approved and authorised for issue by the Sole Corporate Trustee, Harrogate Housing Association Limited, on 27 July 2022 and were signed on its behalf by:-



Steven Brook
Secretary, Harrogate Housing Association Limited

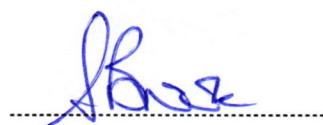
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Balance Sheet At 31 March 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Tangible fixed assets	9		10,417		10,624
Investments	10		-		128,620
			10,417		139,244
Current assets					
Debtors	11	272,640		2,487	
Cash and cash equivalents	12	-		137,665	
		272,640		140,152	
<u>Less:</u>					
Creditors: amounts falling due within one year	13	-		(9,420)	
Net current assets			272,640		130,732
Total assets less current liabilities			283,057		269,976
Total net assets			283,057		269,976
Funds of the charity					
Unrestricted funds:					
Designated reserves	14	-			53,763
Revaluation reserve	14	-			26,966
Unrestricted general fund	14	269,757			175,947
		269,757			256,676
Restricted funds	14		13,300		13,300
Total charity funds			283,057		269,976

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Steven Brook
Secretary, Harrogate Housing Association Limited

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Notes to the Financial Statements For the year ended 31 March 2022

1. General information

Until the 3 January 2021, the Charity was an unincorporated Charity registered in England and Wales, number 221962. The charity was registered with the Charity Commission as a Charitable Incorporated Organisation (CIO) on 4 January 2021. The comparative numbers reflect the results of both the unincorporated charity and the CIO for the year ended 31 March 2021.

The registered office is 10 High Street, Harrogate, North Yorkshire, HG2 7HY.

2. Principal accounting policies

Basis of accounting

The financial statements have been prepared in accordance with applicable United Kingdom Generally Accepted Accounting Practice (UK GAAP) and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to Charities preparing their accounts in accordance with Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities Act 2011 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

The accounts are prepared on the historical cost basis of accounting except as modified by the revaluation of investments and are presented in pounds sterling.

The financial statements have been prepared in compliance with FRS 102. In complying with FRS 102 the Charity meets the definition of a public benefit entity.

Going concern

Post 1 July 2021 the Charity ceased operating on a day to day basis as the main asset is subject to a long lease at a peppercorn rent if demanded. All liabilities have been settled but the CIO holds the title to the freehold property in perpetuity so must remain in existence. For accounts purposes it remains a going concern.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgement (apart from those involving estimates) has had the most significant effect on amounts recognised in the financial statements.

- **Freehold property**
The Charity owns one property which was valued in 1961. The property will continue in its current use for the foreseeable future. The Trustee has had the property revalued but determined that there were insufficient benefits to be obtained from adopting it for accounts purposes. The property is not depreciated as the Trustee believes it would not be beneficial as its residual value is in excess of the value in the accounts.
- **Lease of the property**
The Charity considers this an operating lease.

2. Principal accounting policies (continued)

Incoming resources

Unless stated otherwise income is recognised once the charity has entitlement to it, there is sufficient certainty of receipt and so it is probable that it will be received, and the amount receivable can be measured reliably.

Turnover represents weekly maintenance charges and service charges receivable, including water rates and gas and is recognised in relation to the period when the goods or services have been supplied. Weekly maintenance charge income is recognised when the property is available for let, net of voids.

Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. The irrecoverable element of VAT is included with the expense to which it relates.

Taxation

The Charity is exempt from tax on its charitable activities.

Tangible fixed assets

Freehold property is stated at valuation in 1961. Freehold land and structure are not depreciated.

Since 2020 when the charity replaces major components within the property the costs are capitalised as required by accounting standards. These replacements have substantially different useful economic lives (UEs), each replaced component is accounted for separately and depreciated over its individual UEL. No existing cost has been attributed to a replaced component when it is replaced for the first time.

UEs for identified components are as follows:

Windows and doors	30 years
Kitchens	20 years
Bathrooms	30 years
Boilers	15 years
Plumbing	30 years
Electrics	40 years

Following the inception of the lease components are no longer depreciated as the lessor is responsible for ensuring they are maintained/replaced and so no diminution in value will occur for the charity.

Investments

Investments are recognised initially at fair value which is normally the transaction price excluding transaction costs. Subsequently, they are measured at fair value through the statement of financial activities if the shares are publicly traded or their fair value can otherwise be measured reliably. Other investments are measured at cost less impairment.

Debtors

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

Under the terms of the lease dated 1 July 2021 the cash balances of the charity were transferred to the leaseholder for use in improving the freehold property. This is shown as a debtor in the accounts as if it is not used for the defined purpose it must be returned to the charity. As the funds are used the amounts will be capitalised into the freehold property. There was no use of the funds in the year.

2. Principal accounting policies (continued)

Cash at bank and in hand

Cash at bank and cash 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.

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.

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 measured at their settlement value.

Impairment of Financial Assets

Financial assets are assessed at each reporting date to determine whether there is any objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence of impairment, an impairment loss is recognised in the statement of comprehensive income immediately.

Fund accounting

Unrestricted reserves can be used in accordance with the charitable objectives at the discretion of the Trustee.

Designated reserves are part of unrestricted reserves which have been allocated by the Trustee for a particular purpose. Such designations may be reversed by future Trustee decisions. Expenditure is not directly set against designated reserves but is taken through the Statement of Financial Activities. A transfer is then made from designated reserves as appropriate. Following the inception of the lease the designated reserves are no longer required and have therefore become true unrestricted reserves.

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

Lease

The freehold property is subject to a full insuring and repairing long lease. There is no rent due on the lease and the property will be returned to the charity in a fully lettable condition on its cessation. No value is attributed to the lease in the accounts.

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Notes to the Financial Statements For the year ended 31 March 2022

3. Income from charitable activities	Unrestricted	Unrestricted
	Funds 2022 £	Funds 2021 £
Maintenance contributions from residents	11,779	46,606
Service charge including water rates and gas	2,800	11,227
Total income from charitable activities	14,579	57,833
Void losses (being maintenance contributions and service charge income lost as a result of property not being let, although it is available for letting)	-	-
Although split out above the residents pay an inclusive weekly maintenance charge.		
4. Investment income	Unrestricted	Unrestricted
	Funds 2022 £	Funds 2021 £
Bank interest received	4	50
Income on fixed asset investments	557	5,035
	561	5,085
5. Expenditure on charitable activities	Unrestricted	Unrestricted
	Funds 2022 £	Funds 2021 £
Management	3,527	13,442
Service charge costs including water rates and gas	2,609	11,018
Routine maintenance	777	3,473
Planned/cyclical maintenance	56	1,936
Accountancy	-	1,890
Legal and professional	286	4,232
Depreciation on housing properties	207	207
Total expenditure on charitable activities	7,462	36,198

Legal and professional costs include those associated with the conversion of the unincorporated charity to a charitable incorporated organisation.

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Notes to the Financial Statements For the year ended 31 March 2022

6.	Accommodation managed by others	2022 Number of properties	2021 Number of properties
	General housing	10	10

7. Taxation

The Charity is exempt from tax on its charitable activities.

8. Employees

The Charity has no employees (2021 – none). Key management personnel are defined as the Trustee. The day to day management of the properties is undertaken by Harrogate Housing Association Limited from their offices in Harrogate. Harrogate Housing Association Limited is the sole corporate Trustee of the Charity. The Trustee did not receive any remuneration in its capacity as Trustee during the year.

9.	Tangible fixed assets	Freehold property £	Components £	Total £
	Cost			
	At 1 April 2021	6,900	4,138	11,038
	Component additions	-	-	-
	Disposals	-	-	-
	At 31 March 2022	6,900	4,138	11,038
	Depreciation			
	At 1 April 2021	-	414	414
	Charge for the year	-	207	207
	Eliminated on disposals	-	-	-
	At 31 March 2022	-	621	621
	Net book value			
	At 31 March 2022	6,900	3,517	10,417
	At 31 March 2021	6,900	3,724	10,624

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Notes to the Financial Statements For the year ended 31 March 2022

10. Fixed asset investments

Valuation	Listed investments	Total
	£	£
At 1 April 2021	128,620	128,620
Additions	557	557
Disposal in the year	(129,177)	(129,177)
At 31 March 2022	-	-

The historic cost of these investments at 31 March 2022 was £nil (31 March 2021 – £101,654).

	2022	2021
	£	£
The investments comprise:		
Listed		
M&G Charity Multi Asset Fund income shares	-	128,620

11. Debtors

	2022	2021
	£	£
Leaseholder	272,640	-
Trade debtors	-	616
Prepayments and accrued income	-	1,871
	272,640	2,487

12. Cash and cash equivalents

	2022	2021
	£	£
Cash at bank	-	137,665

13. Creditors: amounts falling due within one year

	2022	2021
	£	£
Trade creditors	-	2,229
Weekly maintenance and service charge paid in advance	-	2,652
Accruals and deferred income	-	4,539
	-	9,420

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Notes to the Financial Statements For the year ended 31 March 2022

14. Analysis of charitable funds

	At 31 March 2021 £	Income £	Expenditure £	Transfers £	Disposal of investments £	At 31 March 2022 £
Restricted reserves						
Legacy from the late Miss Jane Birdsall Walker	13,300	-	-	-	-	13,300
Unrestricted reserves						
<i>Designated reserves</i>						
Cyclical maintenance fund	10,000	-	-	(10,000)	-	-
Extraordinary repair fund	43,763	-	-	(43,763)	-	-
Revaluation reserve	26,966	-	-	-	(26,966)	-
Unrestricted general fund	175,947	15,140	(7,462)	53,763	32,369	269,757
Total unrestricted reserves	256,676	15,140	(7,462)	-	5,403	269,757
	269,976	15,140	(7,462)	-	5,403	283,057

Restricted reserves

Legacy from the late Miss Jane Birdsall Walker – This can be used for the furtherance of the Charity's objectives but following approval from the Charity Commission.

Designated reserves

Cyclical maintenance fund – These are funds set aside for cyclical maintenance work, for example external painting. The value in this fund has been capped at £10,000. Transfers into the fund are made to replace expenditure incurred during the year and maintain a balance of £10,000.

Extraordinary repair fund – This fund is for major repairs to be undertaken. Transfers into the fund are made in line with the amounts recommended by the Almshouses Association less any expenditure in the year.

Under the terms of the lease these funds are no longer required.

Revaluation reserve

This represents the uplift from cost to market value for the investment in the M&G Charity Multi Asset Fund.

Unrestricted general fund

The unrestricted general fund represents the cumulative net income and expenditure net of other adjustments.

15. Analysis of net assets between funds

	General funds £	Designated funds £	Revaluation reserve £	Restricted funds £	Total funds £
Tangible fixed assets	3,517	-	-	6,900	10,417
Current assets	266,240	-	-	6,400	272,640
	269,757	-	-	13,300	283,057

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Notes to the Financial Statements For the year ended 31 March 2022

16. Capital commitments

At the balance sheet date there were no capital commitments (2021 – £Nil).

17. Contingent liabilities

At the balance sheet date there were no contingent liabilities (2021 – £Nil).

18. Related party transactions

Under FRS 102 related parties consist of the Trustee, Harrogate Housing Association Limited and the members of the Board of Management of Harrogate Housing Association Limited.

During the year the Charity purchased services from Harrogate Housing Association Limited totalling £2,750 (2021 – £11,000). In addition Harrogate Housing Association Limited paid £5,096 on Applegarth's behalf which was reimbursed (2021 - £16,837). At the balance sheet date £Nil (2021 – £Nil) was owed to Harrogate Housing Association Limited. Following the lease commencement on 1 July 2021 a number of residents paid into Applegarth Homes bank account while their standing order was changed to Harrogate Housing Association's bank account. The monies collected and paid over to Harrogate Housing Association amounted to £11,239.

There were no transactions with the members of the Board of Management of Harrogate Housing Association Limited during the year.

Following the receipt of legal advice the charity entered into a long (125 year) full insuring and repairing lease for the freehold property with the Trustee. No rent is due on the lease but it contains a number of obligations in relation to the management of the property and the beneficiaries. It also commits the leaseholder to maintaining the ethos of the scheme as established by the benefactor.