

**The Society of Merchant Venturers'  
Almshouses Charity**

**Annual report and financial statements  
for the year ended 31 December 2020**

# **The Society of Merchant Venturers' Almshouses Charity**

## **Annual report and financial statements for the year ended 31 December 2020**

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# **The Society of Merchant Venturers' Almshouses Charity**

## **Report of the Trustee for the year ended 31 December 2020**

The Trustee presents its annual report and the audited financial statements for the year ended 31 December 2020.

These financial statements have been prepared in accordance with the Trust deed, the Statement of Recommended Practice "Accounting by Registered Social Landlords" (updated 2019), the Accounting Direction for Private Registered Providers of Social Housing 2019 and FRS 102.

### **Trustee, officers and advisers**

The Trustee of the Charity is SMV Trustee Company Limited.

Listed below are those members who have served on the Board of SMV Trustee Company Limited during the year:

Mrs G E Camm DL	
Mr D M Freed	
Mr P Despard	
Mr J R Ancell	
Mr A E Kenny	(Deceased 03 June 2021)
Mr C A Griffiths	
Mr C McAlpine	
Mr A D Garrad CBE	(Retired 10 November 2020)
Mrs L P Marshall	(Retired 10 November 2020)
Mr H L M Bothamley	
Mr J Watson	
Ms A G Bragg	
Mr A Lewis	
Mr R H G Bourns DL	
Mr M Saddiq	
Mr A R E Brown	(Retired 10 November 2020)
Mr C H Green CBE	(Retired 10 November 2020)
Mr J M M Baker	(Appointed 10 November 2020)
Mr A Nisbet	(Appointed 10 November 2020)
Mr M Thatcher	(Appointed 10 November 2020)
Mr R Davidson	(Appointed 10 November 2020)

### **Registered address of the Charity**

Merchants' Hall  
The Promenade  
Clifton  
Bristol  
BS8 3NH

**Charity Number:** 202152

**Housing Association Number:** A3603

# **The Society of Merchant Venturers' Almshouses Charity**

## **Report of the Trustee for the year ended 31 December 2020 (continued)**

### **Names and addresses of other relevant organisations**

#### **Auditor**

KPMG LLP, 66 Queen Square, Bristol, BS1 4BE

#### **Banker**

NatWest Bank plc, 32 Corn Street, Bristol, BS99 7UG

#### **Solicitor**

Mr R N F Drewett DL, Womble Bond Dickinson (UK) LLP, 3 Temple Quay, Temple Back East, Bristol, BS1 6DZ

#### **Investment Managers**

Smith & Williamson Investment Management LLP, Portwall Place, Portwall Lane, Bristol, BS1 6NA  
(via the Merchant Venturers' Charities Investment Pool (MVCIP), Charity Number 1053459)

COIF Charity Funds, CCLA Investment Management Ltd, 80 Cheapside, London, EC2V 6DZ

### **Reference and administrative information**

The Almshouses Charity is a Registered Social Landlord (Homes & Community Agency number A3603) and a charity registered with the Charity Commission (charity registration number 202152).

The information with respect to the Trustee, officers and advisers set out on page 1 forms part of this report.

### **Structure, governance and management**

#### **Governing document**

The Charity is constituted under a Charity Commission Scheme dated 29 May 1985 as amended by a Scheme dated 8 May 1991, 2 May 1996 and 3 January 2017 and is a registered charity, number 202152.

#### **Governing body and organisational management**

The Trustee of the Charity is SMV Trustee Company Limited. On 3 January 2017 a Charity Commission Scheme was made which appointed a corporate body as trustee of the Charity in place of the Society of Merchant Venturers. This is a company limited by guarantee, SMV Trustee Company Limited and it effectively stepped into the shoes of the Society of Merchant Venturers as Trustee from 1 January 2017. All the members of the Society of Merchant Venturers' Standing Committee (who were the de facto trustees before the order was made) are Directors of SMV Trustee Company Limited together with two independent directors, who serve for a three-year term.

The Trustee meets to consider, at least on a quarterly basis, the broad strategy, direction and investment policy of the Charity.

# **The Society of Merchant Venturers' Almshouses Charity**

## **Report of the Trustee for the year ended 31 December 2020 (continued)**

### **Governing body and organisational management (continued)**

The Charity is a Registered Social Landlord and, under the supervision of the Trustee, is managed by the Care of Older People Sub-Committee of the Society of Merchant Venturers, the members of which are:

Mr J S Laycock DL (Chairman) ^  
Mr S R Parsons MBE DL ^  
Mrs C-J Duckworth DL \*  
Mrs A M Nisbet DL  
Mr C H C Densham ^  
Mr R G Davis ^  
Mr C J Pople ^  
Mrs M Prior CVO MBE ^  
Mr C A Griffiths \*  
Mr J Telling  
Dr J M Cornish ^  
Mr A R E Brown ^ (Appointed 10 November 2020)

\* Denotes Standing Committee member

^ Denotes member of the Society of Merchant Venturers

The Sub-Committee meets at least quarterly to oversee and administer the efficient management of the Charity and to consider and subsequently recommend and gain approval from the Trustee for broad operational and strategic issues. The tenure of membership is 3 years, re-electable for a further 3 years and, in special circumstances, tenure can be extended. The induction process for any newly appointed member includes an initial meeting and site visits with the Chairman.

Accounting support is provided by the Merchant Venturers' Finance department.

### **Recruitment and training of the Trustee**

The Directors of SMV Trustee Company Limited are elected annually from within the membership of the Society and are appraised of the general duties of a trustee. In the event of significant changes to legislation or best practice, further relevant training is undertaken. The management and strategy of the Charity are considered in greater detail by the Care of Older People Sub-Committee. The members of this Sub-Committee bring with them the necessary financial, property and care skills that enable them to deal both with more immediate issues as well as to assess, monitor and make the necessary recommendations for the future strategic direction and well-being of the Charity.

### **Risk management**

In the light of the Corporate Governance guidance contained within the Statement of Recommended Practice 2019 "Accounting and Reporting by Charities", the Trustee examined the major risks faced by the Charity.

In addition to managing the response to COVID-19, the Trustee continues to monitor and manage ongoing risks relating to areas such as the achievement of the charitable objects and the protection of the charity's assets. Systems are in place to monitor and control these risks to mitigate the impact that they may have on the charity in the future.

# **The Society of Merchant Venturers' Almshouses Charity**

## **Report of the Trustee for the year ended 31 December 2020 (continued)**

### **Risk management (continued)**

The Merchant Venturers' Audit Committee is responsible for assessing the scope and effectiveness of the systems and processes established by management to identify, assess, manage and monitor the financial and non-financial risks. The risk register is reviewed and updated as required and no less frequently than twice yearly by Management, by the Care of Older People Sub-Committee and by the Merchant Venturers' Audit Committee and is noted by the Trustee.

The Charity is reliant on the income from its investments and on the income from residents to enable it to provide accommodation in the furtherance of its charitable objectives. The charity does however have reserves in significant excess of its annual expenditure and therefore if required it could meet expenditure from these reserves.

### **Objectives and activities**

The Trustee confirms that it has referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Charity's aims and objectives and in planning future activities.

### **Objects of the Charity**

The objects of the Charity, defined in the Charity Commission Scheme, which should be referred to for exact details, are:

"To provide Almshouses for poor persons of good character who (except in special cases to be approved by the Charity Commission) are inhabitants of the City of Bristol. In selecting residents for Colston's Almshouse preference should be given to members of the Church of England."

During the year the Charity has continued to provide accommodation for older people in accordance with the terms of the Scheme via the 12 self-contained accommodation units at Colston's Almshouse.

### **Aims and intended impact**

The aim of the Charity is to provide affordable, suitable and fit for purpose accommodation for persons of good character. The Trustee has given careful consideration to the level of fees set for Colston's Almshouse and has adhered to the legislation which prescribes a formula of Consumer Price Index (CPI) + 1%. This enables the majority of residents at the Almshouse to meet their fees for rents wholly from Housing Benefit (where they are eligible individuals).

### **Objectives for the year**

This year the focus has been ensuring that Colston's Almshouse is operated, equipped and maintained to meet both current and future social housing requirements.

### **Strategies to achieve the objectives**

The future short and long-term maintenance needs of Colston's Almshouses have been considered in the light of changing requirements of the residents. The Almshouse should receive sufficient investment to meet expectations of future residents.

# **The Society of Merchant Venturers' Almshouses Charity**

## **Report of the Trustee for the year ended 31 December 2020 (continued)**

### **Achievements and performance**

Throughout the year Colston's Almshouse has provided 12 flats to those in need at social housing rates. Occupants of this close-knit community enjoy all the advantages of a historic building and setting but located in an inner-city environment. The Trustee continues to monitor and maintain the building for the benefit of the residents and improve units, as they become vacant.

### **Financial review**

The operating surplus for the year was £18,452 (2019: £13,745).

The statement on page 9 shows total comprehensive (deficit) for the year of (£141,536) (2019: £618,426 income). The decrease from 2019 to 2020 is largely due to the unrealised loss on investments totalling (£288,533) (2019: £435,479 unrealised gain).

### **Investment policy and performance**

The Trustee has delegated investment management to the Merchant Venturers' Finance and Investment Sub-Committee, including the investment and performance of the financial assets; the appointment of appropriate Fund Managers and monitoring their performance; and to recommend to the Trustee optimum strategy for financial investment.

The Merchant Venturers Finance and Investment Sub-Committee's policy is to increase income whilst preserving the real value of the investments. The income provides unrestricted funds to enable the Trustee to pursue the objects of the Charity, including plans for the future. The funds continue to be invested in The Merchant Venturers' Charities Investment Pool ("MVCIP") (Charity Number 1053459).

2020 saw volatility for stock markets. The Coronavirus pandemic led to a fall in dividend distributions and valuations and then a rebound following vaccine approvals and inoculation roll out. Global policy measures provided a supportive backdrop for risk assets. During the year the Bank of England's Monetary Policy Committee cut the base rate from 0.75% to 0.25% and then 0.1%. The total return of the investment portfolio in the year was a loss of (6.21)% versus the blended composite benchmark of (4.2)% (2019: gain of 20.9% versus the composite benchmark of 16.2%).

During 2020 the Trustee restructured the MVCIP portfolio with the aim of providing predictable investment income in 2021.

### **Reserves policy**

The Trustee aims as far as possible to maintain two years of resources expended in the revenue reserve. At 31 December 2020 the revenue reserve was at £2,363,910.

The revenue reserve also includes the proceeds of sale of St Nicholas with Burton's Almshouse (£830,000) and Merchants' Almshouse (£620,000) which will be used in the reprovion of new almshouses.

The Extraordinary Repair Reserve of £308,696 at 31 December 2020 (2019: £280,048) provides for major maintenance and repair of an extraordinary and irregular nature. This policy is subject to annual review.

The Trustee transfers £1,230 into the Extraordinary Repair Reserve on an annual basis.

# **The Society of Merchant Venturers' Almshouses Charity**

## **Report of the Trustee for the year ended 31 December 2020 (continued)**

### **Going concern**

The financial statements have been prepared on a going concern basis which the Trustee considers to be appropriate for the following reasons.

The Trustee has prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides and the anticipated impact of COVID-19 on the operations and its financial resources, the charity will have sufficient funds to meet its liabilities as they fall due for that period.

The downside scenarios arising from the pandemic considered by the Trustee include a situation where income is significantly reduced. The Charity has current assets considerably in excess of its liabilities and, even with a significant fall in income, has sufficient resources to meet its liabilities as they fall due throughout the forecast period.

Consequently, the Trustee is confident that the Charity will have sufficient funds to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore has prepared the financial statements on a going concern basis.

### **Governance and Financial Viability**

In accordance with the Accounting Direction for Private Registered Providers of Social Housing 2019, the Trustee certifies compliance with the governance and financial viability standard.

### **Future plans**

Following an acknowledgement of the need to plan for and meet changing needs and expectations a strategic review of the future of the Almshouses was conducted during 2016.

It is planned to use the proceeds of the sale of Merchants' Almshouse in 2014 together with the proceeds of the sale in 2007 of St Nicholas with Burton's Almshouse, in the re-provision of new almshouses.

During 2021 the Trustee plans to explore opportunities to work in partnership with other Charities to achieve this aim.



# The Society of Merchant Venturers' Almshouses Charity

## Report of the Trustee for the year ended 31 December 2020 (continued)

### Accounting and reporting responsibilities

#### Statement of Trustee's responsibilities in respect of the Trustee's Annual Report and the financial statements

Under charity law, the trustee is responsible for preparing the Trustee's Annual Report and the financial statements in accordance with applicable law and regulations. The trustees are required to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

The financial statements are required by law to give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources for that period.

In preparing these financial statements, generally accepted accounting practice entails that the trustee:

- selects suitable accounting policies and then apply them consistently;
- makes judgements and estimates that are reasonable and prudent;
- states whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- states whether the financial statements comply with the trust deed [and rules], subject to any material departures disclosed and explained in the financial statements;
- assesses the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- uses the going concern basis of accounting unless they either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

The trustee is required to act in accordance with the trust deed of the charity, within the framework of trust law. They are responsible for keeping accounting records which are sufficient to show and explain the charity's transactions and disclose at any time, with reasonable accuracy, the financial position of the charity at that time, and to enable the trustees to ensure that, where any statements of accounts are prepared by them under section 132(1) of the Charities Act 2011, those statements of accounts comply with the requirements of regulations under that provision. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charity and to prevent and detect fraud and other irregularities.

Signed for and on behalf of the Trustee



G E Camm DL  
Director

28 JUN 2021

# **Independent auditor's report to the Trustee of The Society of Merchant Venturers' Almshouses Charity**

## **Opinion**

We have audited the financial statements of The Society of Merchant Venturers' Almshouses Charity ("the charity") for the year ended 31 December 2020 which comprise the statement of financial activities, balance sheet and related notes, including the accounting policies on pages 13 to 14.

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2020 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been properly prepared in accordance with the requirements of the Charities Act 2011.

## **Basis for opinion**

We have been appointed as auditor under section 145 of the Charities Act 2011 (or its predecessors) and report in accordance with regulations made under section 154 of that Act.

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the charity in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

## **Going concern**

The trustees have prepared the financial statements on the going concern basis as they do not intend to liquidate the charity or to cease its operations, and as they have concluded that the charity's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the trustees' conclusions, we considered the inherent risks to the charity's business model and analysed how those risks might affect the charity's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the trustees' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the charity will continue in operation.

# **Independent auditor's report to the Trustee of The Society of Merchant Venturers' Almshouses Charity (continued)**

## **Fraud and breaches of laws and regulations – ability to detect**

### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of management as to the charity's high-level policies and procedures to prevent and detect fraud as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Standing Committee, audit committee, and investment committee meeting minutes.
- Using analytical procedures to identify any unusual or unexpected year on year movements.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition is recorded in the wrong period and the risk that management may be in a position to make inappropriate accounting entries.

We did not identify any additional fraud risks.

## **Other information**

The trustee is responsible for the other information, which comprises the Report of the Trustee. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. We are required to report to you if:

- based solely on that work, we have identified material misstatements in the other information; or
- in our opinion, the information given in the Report of the Trustees is inconsistent in any material respect with the financial statements.

We have nothing to report in these respects.

## **Matters on which we are required to report by exception**

Under the Charities Act 2011 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

## **Trustees' responsibilities**

As explained more fully in their statement set out on page 7, the trustees are responsible for: the preparation of financial statements which give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

# **Independent auditor's report to the Trustee of The Society of Merchant Venturers' Almshouses Charity (continued)**

## **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

## **The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the charity's trustees as a body, in accordance with section 145 of the Charities Act 2011 (or its predecessors) and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity'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 charity and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.



**Jonathan Brown**  
**for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*

*KPMG LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006*

66 Queen Square

Bristol

BS1 4BE

Date: 2 July 2021

# The Society of Merchant Venturers' Almshouses Charity

## Statement of comprehensive income for the year ended 31 December 2020

	Notes	2020	2019
		£	£
<b>Turnover</b>			
Rental income		98,724	96,082
Services charges	1	6,082	5,681
Less: Rent losses from voids		(19,768)	(2,833)
Net contribution		85,038	98,930
Other rental income		40,600	38,008
		125,638	136,938
<b>Operating costs</b>			
Services		42,027	50,747
Management	16 & 17	16,299	15,806
Routine maintenance		31,794	39,963
Depreciation		17,066	16,677
		(107,186)	(123,193)
<b>Operating surplus</b>		18,452	13,745
Unrealised (loss)/gain on investments	8	(288,533)	435,479
Unrealised gain on investments of designated reserves	10 & 14	27,418	49,498
<b>Net (deficit)/surplus</b>		(242,663)	498,722
Interest receivable and other income	4	101,679	120,382
Interest payable and similar expenses	5	(552)	(678)
<b>Total comprehensive (deficit)/income for the year</b>		(141,536)	618,426

The results presented above relate wholly to continuing activities.

There is no difference between the surplus on ordinary activities for the year as stated above and their historical cost equivalents.

The accompanying notes form part of the financial statements.



# The Society of Merchant Venturers' Almshouses Charity

## The Society of Merchant Venturers' Almshouses Charity (Charity Number 202152) Balance sheet at 31 December 2020

	Notes	2020 £	2019 £
<b>Fixed assets</b>			
Housing properties	7	307,392	324,458
Less: Social Housing Grant	7	(278,680)	(278,680)
		<b>28,712</b>	<b>45,778</b>
Investments	8	<b>1,063,928</b>	<b>1,165,425</b>
<b>Total fixed assets</b>		<b>1,092,640</b>	<b>1,211,203</b>
<b>Current assets</b>			
Debtors	9	<b>26,724</b>	<b>35,413</b>
Investments	8	<b>1,824,005</b>	<b>2,006,241</b>
Extraordinary repair reserve investments	10	<b>308,696</b>	<b>280,048</b>
Cash at bank and in hand		<b>712,413</b>	<b>567,765</b>
		<b>2,871,838</b>	<b>2,889,467</b>
<b>Creditors: amounts falling due within one year</b>	11	<b>(29,139)</b>	<b>(23,795)</b>
<b>Net current assets</b>		<b>2,842,699</b>	<b>2,865,672</b>
<b>Net assets</b>		<b>3,935,339</b>	<b>4,076,875</b>
<b>Capital and reserves</b>			
Capital account	12	<b>263,976</b>	<b>259,176</b>
Investment revaluation reserve	13	<b>998,757</b>	<b>1,287,290</b>
Extraordinary repair reserve	14	<b>308,696</b>	<b>280,048</b>
Revenue reserve	15	<b>2,363,910</b>	<b>2,250,361</b>
<b>Total capital and reserves</b>		<b>3,935,339</b>	<b>4,076,875</b>

The financial statements on pages 11 to 21 were approved by the Trustee on ~~23~~ 25 JUNE 2021 and are signed on its behalf by:



G E Camm DL  
Director



Mr D M Freed  
Director

# **The Society of Merchant Venturers' Almshouses Charity**

## **Principal accounting policies**

### **Presentation of financial statements**

The financial statements have been prepared in accordance with the historical cost convention as modified by the revaluation of investments. They comply with the Statement of Recommended Practice for Accounting by Registered Social Landlords (SORP) (2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Accounting Direction for Private Registered Providers of Social Housing 2019.

The accounting policies that the Charity has adopted to determine the amounts included in respect of material items shown in the balance sheet and also to determine the income and expenditure have been applied consistently in the current and preceding year and are shown below.

The Society of Merchant Venturers' Almshouses Charity 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.

### **Basis of accounting**

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of fixed asset investments, and in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities (SORP 2019)" applicable to charities preparing their accounts in accordance with Financial Reporting Standard applicable to the UK and Republic of Ireland (FRS 102).

### **Going Concern**

The Trustee has considered whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The Trustee makes this assessment for a period of twelve months from the date of approval of the financial statements.

The global coronavirus disease (COVID-19) pandemic has had an effect on the valuation of investments in 2020. During 2020 the Trustee restructured the MVCIP portfolio (the pool in which the investments sit) with the aim of providing predictable investment income in 2021. The Trustee considers that typically the rental income covers general running costs and that larger maintenance spends funded by investment income will be adjusted to reflect any changes to investment and other income if required. Under all the scenarios reviewed, the charity has sufficient reserves to enable it to continue as a going concern for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements.

### **Critical accounting judgements and key sources of estimation uncertainty**

In applying the charity's accounting policies, the Trustee is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

### **Turnover**

Turnover represents rental income and maintenance contributions receivable. All turnover is derived from operations in the United Kingdom.

### **Expenditure**

Expenditure is accounted for on an accruals basis, inclusive of irrecoverable VAT, and is recognised when there is a legal or constructive obligation to pay for expenditure.

### **Housing properties**

The almshouse is stated at original cost less accumulated depreciation.

# **The Society of Merchant Venturers' Almshouses Charity**

## **Principal accounting policies (continued)**

### **Fixed assets and depreciation**

Depreciation is charged on the historic cost of property after deducting the Housing Association Grant. The charge on fixtures and fittings is calculated so as to write off assets on a straight-line basis over the expected useful economic lives of the assets concerned. The annual rates used for this purpose have been:

Freehold properties	2%
Building improvements	10%
Fixtures and fittings	20%

Land is not depreciated.

Assets with a cost of less than £1,000 are written off to expenditure during the year.

### **Investments**

Both current and fixed asset investments are stated at mid-market value at balance sheet date. This is not in accordance with FRS102 which recommends bid value but is consistent with the entity's performance management process. Using bid values would lead to a reduction in the valuation of these listed investments of an amount which is considered by the Trustee to be immaterial.

The income and expenditure account includes the net gains and losses arising on revaluations and disposals during the year.

### **Social Housing Grant**

Capital Housing Association grants are deducted from the cost of the housing properties as shown on the face of the Balance sheet.

### **Extraordinary repair reserve**

An amount is transferred annually from revenue to this reserve to provide for major expenditure of an extraordinary nature (notes 10 and 14). The amount so transferred is authorised by the Charity Commission.

### **Apportionment order**

The apportionment order recoups capital expenditure on the renovation of the St Nicholas with Burton's Almshouses from 20 August 1996 to 27 October 1997 (note 18). Payment is made over 25 years by way of annual contributions pursuant of a Charity Commission order dated 2 May 1996 and is invested in the Merchant Venturers' Charities Investment Pool ("MVCIP") (Charity Number 1053459).

### **Irrecoverable VAT**

Any irrecoverable VAT is charged to the income and expenditure account or capitalised as part of the cost of the related asset, where appropriate.

### **Cash flow statement**

A statement of cash flows has not been prepared as the charity has taken advantage of the exemption available in the SORP for smaller charities.

### **Taxation**

The Society of Merchant Venturers' Almshouses Charity is registered as a charity and as such tax exemption applies to the income arising from and expended on charitable activities and to its investment income and gains.



# The Society of Merchant Venturers' Almshouses Charity

## Notes to the financial statements for the year ended 31 December 2020

### 1 Rental income from residents

Within the rental income from residents is £6,082 relating to service charges (2019: £5,681).

### 2 Trustee's emoluments

The Trustee did not receive any emoluments or reimbursement of expenses in respect of services during the year (2019: nil), nor had any beneficial interest in any contract with the Charity during the year or in the prior year.

### 3 Employee information

The Charity had no employees in either 2019 or 2020. However, a recharge is made by the Society of Merchant Venturers and The Cote Charity as disclosed in notes 18 and 19.

### 4 Interest receivable and other income

	2020 £	2019 £
Investment income	100,755	118,248
Other income	924	2,134
	101,679	120,382

### 5 Interest payable and similar charges

	2020 £	2019 £
Bank interest and charges	552	678
	552	678

# The Society of Merchant Venturers' Almshouses Charity

## Notes to the financial statements for the year ended 31 December 2020

### 6 Surplus on ordinary activities

	2020 £	2019 £
Surplus on ordinary activities is stated after charging:		
Audit fee	5,316	5,316
Depreciation on owned assets	17,066	16,677

The audit fee excluding irrecoverable VAT was £4,430 (2019: £4,430).

### 7 Fixed assets – Almshouses

	Building Improvements £	Colston's Almshouse £	Fixtures and fittings £	Total £
<b>Cost</b>				
At 1 January 2020	164,744	265,287	26,522	456,553
Additions	-	-	-	-
Disposals	-	-	-	-
<b>At 31 December 2020</b>	<b>164,744</b>	<b>265,287</b>	<b>26,522</b>	<b>456,553</b>
<b>Accumulated depreciation</b>				
At 1 January 2020	107,834	-	24,261	132,095
Charge for the year	16,476	-	590	17,066
Disposals	-	-	-	-
<b>At 31 December 2020</b>	<b>124,310</b>	<b>-</b>	<b>24,851</b>	<b>149,161</b>
<b>Net book value</b>				
<b>At 31 December 2020</b>	<b>40,434</b>	<b>265,287</b>	<b>1,671</b>	<b>307,392</b>
At 31 December 2019	56,910	265,287	2,261	324,458
Less: Social Housing Grant				(278,680)
				<b>28,712</b>

All properties are freehold and held for the purposes of providing supported housing. The Social Housing Grant could be repayable upon disposal of the Colston's Almshouse.

# The Society of Merchant Venturers' Almshouses Charity

## Notes to the financial statements for the year ended 31 December 2020

### 8 Investments

#### Fixed asset investment

	2020 £	2019 £
<b>Market value</b>		
At 1 January	1,165,425	1,000,609
Additions at cost	4,800	4,800
Revaluation	(106,297)	160,016
<b>At 31 December</b>	<b>1,063,928</b>	<b>1,165,425</b>
	£	£
<b>Historical cost</b>	<b>259,176</b>	<b>254,376</b>

#### Current asset investment

	2020 £	2019 £
<b>Market value</b>		
At 1 January	2,006,241	1,730,778
Additions at cost	-	-
Revaluation	(182,236)	275,463
<b>At 31 December</b>	<b>1,824,005</b>	<b>2,006,241</b>
	£	£
<b>Historical cost</b>	<b>1,630,000</b>	<b>1,630,000</b>

The funds continue to be invested in The Merchant Venturers' Charities Investment Pool ("MVCIP") (Charity Number 1053459).

The current asset investment represents the proceeds of sale of St Nicholas with Burton's in 2007 and the proceeds of sale of Merchants' Almshouse in 2014 and does not form part of the endowment fund of the Charity. The Charity is actively looking for the best use of these funds for new almshouses to meet its objectives.

Variations in the market value of the investments are shown by way of movement in the investment revaluation reserve (see note 13).

### 9 Debtors

	2020 £	2019 £
<b>Amounts falling due within one year:</b>		
Rent	1,279	1,113
Other debtors	21,060	29,889
Prepayments and accrued income	4,385	4,411
	<b>26,724</b>	<b>35,413</b>

# The Society of Merchant Venturers' Almshouses Charity

## Notes to the financial statements for the year ended 31 December 2020

### 10 Investments held on account of the extraordinary repair reserve

The investments held on account of the extraordinary repair reserve are held by COIF. Withdrawals from the reserve must be approved by the Trustee and income arising from the investments is accumulated in the reserve. The investments are stated at their market value on 31 December 2020. Their historical cost is £69,304 (2019: £68,074).

Market value	2020 £	2019 £
At 1 January	280,048	229,320
Additions at cost	1,230	1,230
Revaluation to market value	27,418	49,498
<b>At 31 December</b>	<b>308,696</b>	<b>280,048</b>

### 11 Creditors: amounts falling due within one year

	2020 £	2019 £
Other creditors	13,122	9,884
Accruals and deferred income	16,017	13,911
	<b>29,139</b>	<b>23,795</b>

# The Society of Merchant Venturers' Almshouses Charity

## Notes to the financial statements for the year ended 31 December 2020

### 12 Capital account

	£
At 1 January 2020	259,176
Transfer from income and expenditure account	4,800
<b>At 31 December 2020</b>	<b>263,976</b>

The capital account and fixed asset investment revaluation reserve form the endowment fund of the Charity. A transfer from income and expenditure has been made under a recoupment order (see accounting policies).

### 13 Investment revaluation reserve

	Current asset investment £	Fixed asset investment £	Total £
At 1 January 2020	376,241	911,049	1,287,290
Revaluation to market value	(182,236)	(106,297)	(288,533)
<b>At 31 December 2020</b>	<b>194,005</b>	<b>804,752</b>	<b>998,757</b>

Movements on the investment revaluation reserve represent changes in the market value of the current and fixed asset investments held on account of the share of the Charity in the Merchant Venturers' Charities Investment Pool (see note 8).

# The Society of Merchant Venturers' Almshouses Charity

## Notes to the financial statements for the year ended 31 December 2020

### 14 Extraordinary repair reserve

	£
At 1 January 2019	280,048
Transfer from income and expenditure account	1,230
Investment revaluation for year	27,418
<b>At 31 December 2020</b>	<b>308,696</b>

### 15 Revenue reserve

	£
At 1 January 2020	2,250,361
Surplus on ordinary activities for year	119,579
Transfer to extraordinary repair reserve	(1,230)
Transfer to capital account	(4,800)
<b>At 31 December 2020</b>	<b>2,363,910</b>

### 16 Transactions with related parties

#### Society of Merchant Venturers

The Charity incurred a reallocation of salaries and overhead costs of £11,730 (2019: £11,430) from the Society of Merchant Venturers, to cover the services it provides in relation to the management and administration of the Charity, of which £nil is outstanding at the year-end (2019: £nil).

#### Merchant Venturers' Charities Investment Pool (MVCIP)

SMV Trustee Company Limited is the Trustee of MVCIP and the ultimate controlling party of The Society of Merchant Venturers' Almshouses Charity. For details of investments held and income received from investments in MVCIP, see notes 4 and 8. At 31 December 2020 the charity was owed £nil by MVCIP (2019: £nil).

### 17 Connected charity

The Cote Charity (Registered Charity Number 257237) is a connected charity under the definition of the Charities' SORP 2019 as it has related objects and the same Trustee as The Society of Merchant Venturers' Almshouses Charity. Further information can be obtained from the Charity's registered address detailed on page 1 of the Report of the Trustee.

The Society of Merchant Venturers' Almshouses Charity incurred a charge of £4,569 (2019: £4,376) for the services of the Colston's Almshouse Manager, a charge of £0 (2019: £nil) for a housekeeper and a charge of £5,377 for a maintenance officer (2019: £5,219). At 31 December 2020 £2,487 (2019: £nil) was owing by the SMV Almshouse Charity to the Cote Charity relating to these services. The SMV Almshouse Charity provided the services of a Chaplain to The Cote Charity at a cost of £587 (2019: £3,672) of which £0 (2019: £625) was outstanding at 31 December 2020.

# **The Society of Merchant Venturers' Almshouses Charity**

## **Notes to the financial statements for the year ended 31 December 2020**

### **18 Owned / Managed units (Social Housing)**

#### **Number of units as at 31 December 2020**

The Charity owns 12 units for disadvantaged people of which 9 have been fully occupied throughout the year (2019: 10 fully occupied).

#### **Residents' rents**

Residents rents are set using the legislation which prescribes a formula of Consumer Price Index (CPI) + 1%. Where necessary, all or part of the rent can be reclaimed. From 1 April 2020 rent for Colston's Almshouse was £164.67 per week.

The charging of rents produced a contribution net of voids over the year of £85,038 (2019: £98,930).

