

**MERSEA ISLAND TRUST**

**ACCOUNTS AND TRUSTEES' REPORT**  
**YEAR ENDED 31 MARCH 2021**

Regulator of Social Housing registration number: L1259

Charity registration number: 206064

**MERSEA ISLAND TRUST**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2021**

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**MERSEA ISLAND TRUST**  
**TRUST INFORMATION**  
**FOR THE YEAR ENDED 31 MARCH 2021**

<b>Charity registration number</b>	206064
<b>Regulator of Social Housing registration number</b>	L1259
<b>Trustees</b>	Caitriona Banting David Gibbons (resigned 18 May 2020) Djin Griffiths (resigned 8 Nov 2020) Judy Hutchings (resigned 28 May 2020) Susan Jenner Elizabeth Kirby (appointed 18 May 2020) Linda Macdiarmid David Payne (Honorary Treasurer) Cheryl Rutter (appointed 18 May 2020) Heather Spalding (Chairman – appointed 1 April 2020)
<b>Committee members</b>	Beryl Balls Ian Derrick (appointed 18 May 2020) Mary Sparks (Honorary President appointed 1 April 2020, deceased 19 June 2021)
<b>Tenant representatives</b>	Jim Crickett Sylvia Couling
<b>Registered office</b>	Akhurst Court Melrose Road West Mersea Essex, CO5 8JB
<b>Accountants and auditor</b>	Whittles The Old Exchange 64 West Stockwell Street Colchester Essex, CO1 1HE
<b>Solicitor</b>	Ellison & Co Headgate Court Head Street Colchester Essex
<b>Bankers</b>	Barclays Bank plc 9 High Street Colchester Essex

# MERSEA ISLAND TRUST

## ANNUAL REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2021

The trustees of Mersea Island Trust present their report, and the audited financial statements of the year ended 31 March 2021.

### **Organisation**

The Mersea Island Trust is governed by the trustees who have delegated the operation of the Trust's activities to a Main Committee consisting of trustees and others which meets at least quarterly. The trustees hold an annual general meeting to which committee members are invited. Names of the trustees and committee members are shown on page 1.

Individuals interested in acting as trustees are appointed after they have been recommended as having the qualities and skills expected of trustees and after attending a committee meeting. Training is given where appropriate, dependent upon the requirements of each individual trustee.

### **Financial review of the past year and future developments**

The accounts show the financial performance for the year ended 31 March 2021. The surplus for the year is £69,977 (2020: £54,240). An amount of £3,193 was transferred from the Provisional Aftercare and Community Fund in the year (2020: transfer to of £96).

The operating costs of the Trust are shown as a one line entry on page 8 of the accounts and detailed under note 2 on page 14.

During the year there have been a number of changes in the tenants in the two homes run by the Trust and this has increased the level of voids as when a tenant leaves it is often necessary to redecorate and modernise the units before new tenants move in and this can lead to several weeks between tenancies.

The Covid-19 lockdowns during 2020/21 have continued to impact the workings of the Trust staff and volunteers and the main aim has been to keep all our tenants as safe as possible during this difficult period. To date the financial impact on the Trust has remained minimal although it has taken longer to re-let units as they have become vacant due to longer lead times to carry out refurbishments and also the difficulty of showing potential new tenants the available units.

Several of the trustees are also finding that management of the Trust is becoming very demanding and a full time commitment, especially in critical areas where their professional knowledge is limited. As a result, recent discussions are under-way to investigate strengthening the staff management team.

The Trustees plan to continue to operate the homes in the manner in the future to best meet the needs of their users.

### **Objectives and strategies for achieving those objectives**

The main objective of the Trustees of the Mersea Island Trust are to:

Keep to and apply, national standard of service and the implementation of a risk Management Statement and National Occupational Standard.

Work in partnership with other organisations to meet the needs of the Tenants and Staff of the homes. To use their discretionary powers to apply funds for the benefit of the elderly residents of Mersea Island and in particular, to acquire and run homes for those purposes. There are two homes, Akhurst Court and Mersea Court, situated in West Mersea, each of which have representation on the Main Committee.

### **Code of governance**

The Mersea Island Trust was established as a charitable trust by a declaration of trust dated 2 May 1961. The founder trustees were headed by Dr J Llewellyn Jones. The Mersea Island Trust is registered as a charity with the Charity Commissioners (no. 206064) and as a registered social landlord with the Regulator of Social

# MERSEA ISLAND TRUST

## ANNUAL REPORT OF THE TRUSTEES - continued FOR THE YEAR ENDED 31 MARCH 2021

Housing Regulation Committee and also qualifies through the original Coronation Trust as an almshouse charity.

### The input of volunteers

The Trust has no full-time administrative staff and relies heavily upon the input of unpaid volunteers to act as trustees and committee members.

### Public benefit statement

The Trust enables the elderly to continue living on Mersea Island. The Trust has had due regard to the guidance published by the Charity Commission on public benefit.

### Reserves Policy

The Trustees have examined the charity's requirements for reserves in the light of the main risk to the organisation. It is to establish a policy where the reserves are to be used to maintain the capital commitment of the Trust in keeping within the requirements of the Health and Safety requirements and where necessary the improvement of the facilities.

These reserves are analysed in note 12 on page 18 and where required revalued as required by company law.

### Availability and value of assets

The trustees believe that the Trust's assets are available and adequate to fulfil the obligations of the Trust. The market value of the trust's land is substantially in excess of its book value at the year end, as shown in note 9 to these accounts.

### Value for money

The Trust is charged with the responsibility for providing and demonstrating that it does provide value for money. The Trust is constantly working to manage its resources to maximise cost effectiveness and efficiency, while at the same time providing quality services to meet tenants needs.

The Trust manages its value for money responsibilities by its approach to budgeting, risk management, interest rates, service quality, voids management and energy consumption whilst keeping an optimum balance between realistically low costs and a quality service.

The Trust's performance against the seven metrics required by the Regulator of Social Housing are:

		2021	2020	Variance % shift	Comments
1	Reinvestment	N/A	N/A		
2	New supply delivered	N/A	N/A		
3	Gearing	-%	1.74%	(1.74)%	Loan fully repaid in year
4	Earnings before interest, tax, depreciation major repairs / interest cover	74,143%	3,287.7%	70,855.3%	Loan fully repaid in year
5	Headline social housing cost per unit	£6,168	£6,427	£(257) 4.02%	
6	Operating margin	17.95%	14.24%	3.71%	Lower maintenance costs in year.
7	Return on capital employed	3.74%	3.10%	.64%	

The Trust has complied with the Governance and Financial Viability Standard.

### Donations

During the year the Trust made no charitable donations.

# MERSEA ISLAND TRUST

## ANNUAL REPORT OF THE TRUSTEES - continued FOR THE YEAR ENDED 31 MARCH 2021

### **Trustees' responsibilities**

The trustees are responsible for preparing the report and financial statements in accordance with applicable law and regulations.

Registered social housing legislation require the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Trust and of its income and expenditure for that period.

In preparing these financial statements, the Board of trustees is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the association will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Trust and enable it to ensure that the financial statements comply with legislation and the Accounting Direction for private registered providers of social housing in England 2019. It has general responsibility for taking reasonable steps to safeguard the assets of the Trust and to prevent and detect fraud and other irregularities and for maintaining a satisfactory system of control over the Trust's books of accounts and transactions.

### **Disclosure of information to the auditors**

We, the trustees of the Trust who held office at the date of approval of these financial statements as set out above each confirm, so far as we are aware, that:

- there is no relevant audit information of which the trust's auditors are unaware; and
- we have taken all the steps that we ought to have taken as Trustees in order to make ourselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**H Spalding**

Chairman on behalf of the trustees

19 July 2021

**INDEPENDENT AUDITOR'S REPORT  
TO THE TRUSTEES OF MERSEA ISLAND TRUST - continued  
FOR THE YEAR ENDED 31 MARCH 2021**

**Opinion**

We have audited the financial statements of Mersea Island Trust for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, the Balance Sheet, the 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 FRS 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 Trust's affairs as at 31 March 2021 and of its incoming resources and application of resources, including its income and expenditure 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, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2019.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the trust 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 trust's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

**Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report<sup>3</sup>. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

**INDEPENDENT AUDITOR'S REPORT  
TO THE TRUSTEES OF MERSEA ISLAND TRUST - continued  
FOR THE YEAR ENDED 31 MARCH 2021**

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

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

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

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

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

**Responsibilities of the Trustees**

As explained more fully in the Trustee's Responsibilities Statement set out in the trustees report, 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 board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**Auditor's responsibilities for the audit of the financial statements**

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

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

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



**INDEPENDENT AUDITOR'S REPORT  
TO THE TRUSTEES OF MERSEA ISLAND TRUST - continued  
FOR THE YEAR ENDED 31 MARCH 2021**

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board.
- Conclude on the appropriateness of the board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation ie. gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Use of our report**

This report is made solely to the board of trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008 and section 137 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the board of 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 trust and the board of trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Whittle & Partners LLP Statutory Auditor  
The Old Exchange  
64 West Stockwell Street  
Colchester  
Essex  
CO1 1HE

**WHITTLES**  
Chartered Accountants &  
Registered Auditors

19 July 2021

# MERSEA ISLAND TRUST

## STATEMENT OF COMPREHENSIVE INCOME (INCLUDING INCOME AND EXPENDITURE ACCOUNT) YEAR ENDED 31 MARCH 2021

	Note	£	2020 £
<b>Turnover</b>	2	323,544	322,510
Operating costs	2	265,221	276,355
<b>Gross surplus</b>		<u>58,323</u>	<u>46,155</u>
Administrative expenditure	2	250	250
Other operating income		-	-
<b>Operating surplus</b>	2	<u>58,073</u>	<u>45,905</u>
Interest receivable and similar income	5	12,044	11,022
Interest payable and similar charges	5	(140)	(2,687)
<b>Surplus on ordinary activities for the year</b>	4	<u>69,977</u>	<u>54,240</u>
Revaluation of tangible fixed assets		-	-
<b>Total comprehensive income for the year</b>		<u>69,977</u>	<u>54,240</u>

There are no recognised gains and losses other than the surplus reported above.

### Note of historical cost surpluses and deficits

There is no difference between the results disclosed in the income and expenditure account and the result on an unmodified historical cost basis.

The accounts were approved by the Committee on 19 July 2021 and were signed on its behalf by:

**H Spalding - Chairman**

**D Payne - Trustee**

# MERSEA ISLAND TRUST

## BALANCE SHEET AS AT 31 MARCH 2021

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Housing properties at depreciated cost		1,781,284	1,814,968
Less:			
Social housing grants		(441,387)	(441,387)
Low carbon buildings programme grant		(64,846)	(64,846)
		<u>1,275,051</u>	<u>1,308,735</u>
Other fixed assets		7,334	-
	9	<u>1,282,385</u>	<u>1,308,735</u>
<b>Current assets</b>			
Debtors	10	1,934	1,722
Cash at bank and in hand		283,273	207,099
		<u>285,207</u>	<u>208,821</u>
<b>Creditors: amounts falling due within one year</b>	11	(16,631)	(36,572)
<b>Net current assets</b>		<u>268,576</u>	<u>172,249</u>
<b>Total assets less current liabilities</b>		<u>1,550,961</u>	<u>1,480,984</u>
<b>Creditors: amounts falling due after more than one year</b>		-	-
<b>Total net assets</b>		<u>1,550,961</u>	<u>1,480,984</u>
<b>Reserves</b>			
Income and expenditure reserve	12	1,511,165	1,437,995
Designated reserve	12	39,796	42,989
<b>Total Reserves</b>		<u>1,550,961</u>	<u>1,480,984</u>

The financial statements were approved and authorised for issue by the Committee on 19 July 2021 and were signed on its behalf by:

**H Spalding**  
Chairman

**D Payne**  
Trustee

The notes on pages 11 to 19 form part of these accounts.

**MERSEA ISLAND TRUST**

**STATEMENT OF CASH FLOWS  
YEAR ENDED 31 MARCH 2021**

	Note	2021 £	2020 £
<b>Cash flow from operating activities</b>	14	106,198	88,219
<b>Net cash flow from operating activities</b>		<u>106,198</u>	<u>88,219</u>
<b>Cash flow from investing activities</b>			
Payments to acquire tangible fixed assets		(7,334)	-
Interest received		170	590
<b>Net cash flow from investing activities</b>		<u>(7,164)</u>	<u>590</u>
<b>Cash flow from financing activities</b>			
Repayment of long term loans		(22,720)	(98,622)
Interest paid		(140)	(2,687)
<b>Net cash flow from financing activities</b>		<u>(22,860)</u>	<u>(101,309)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		76,174	(12,500)
<b>Cash and cash equivalents at 1 April 2020</b>		207,099	219,599
<b>Cash and cash equivalents at 31 March 2021</b>		<u>283,273</u>	<u>207,099</u>
<b>Cash and cash equivalents consists of:</b>			
Cash at bank and in hand		283,273	207,099
<b>Cash and cash equivalents at 31 March 2021</b>		<u>283,273</u>	<u>207,099</u>

**MERSEA ISLAND TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 MARCH 2020**

**1 Summary of significant accounting policies**

**(a) General information and basis of preparation**

Mersea Island Trust is registered as a charity with the Charity Commissioners and as a registered social landlord with the Regulator of Social Housing and is a registered provider of social housing in the United Kingdom. The address of the registered office is given in the Trust information on page 1 of these financial statements. The nature of the Trust's operations and principal activities are set out in the Trustees report on page 2.

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

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102 *The Financial Reporting Standard Applicable in the UK and Republic of Ireland* (FRS 102), the Statement of Recommended Practice for Social Housing Providers 2014, and with the Accounting Direction for private registered providers of social housing in England 2019. The financial statements are also prepared under the requirements of the Housing and Regeneration Act 2008. The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are prepared in sterling, which is the functional currency of the Trust and rounded to the nearest £.

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

**(b) Going concern**

The coronavirus pandemic has significantly disrupted individuals' personal lives and businesses' economic prospects in the UK and across the globe. The UK entered lockdown in March 2020 and some restrictions and social distancing provisions remain in place.

The Trust has not been negatively affected by COVID-19 and has continued to operate as before.

We have continued to prepare the accounts on a going concern basis and deem this appropriate. We do not consider that a material uncertainty about our going concern status currently exists. In making this assessment we have considered the likely operating conditions for a period of twelve months from the date of our approval of these accounts.

## MERSEA ISLAND TRUST

### NOTES TO THE FINANCIAL STATEMENTS - (continued) YEAR ENDED 31 MARCH 2021

#### **(c) Tangible fixed assets**

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

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Housing properties, flats	are stated at cost less Housing Association Grant (HAG). Until 1999 it was considered that housing properties were maintained in a state of repair such that their estimated residual value was not less than their cost so no provision was made on an annual basis for depreciation.
	Since 1 April 1999 depreciation has been charged at 2% of the estimated cost, net of grants received, of erecting the buildings and making improvements.
Other fixed assets	are stated at cost less accumulated depreciation. Depreciation is charged at 15% per annum on the reducing balance of written down value.

The useful economic lives of all tangible fixed assets are reviewed annually.

#### **(d) Debtors and creditors receivable / payable within one year**

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

#### **(e) Loans and borrowings**

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

#### **(f) Impairment**

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. The level at which an impairment is assessed is the sheltered housing at each site. The key indicators considered are state of repair and occupancy levels.

If such indication exists, the recoverable amount is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in expenditure through the statement of comprehensive income.

## MERSEA ISLAND TRUST

### NOTES TO THE FINANCIAL STATEMENTS - (continued) YEAR ENDED 31 MARCH 2021

#### **(g) Provisions**

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

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

#### *Recycled Capital Grants Fund*

Capital grants can be recycled under certain condition, if a property is sold, or if another relevant event takes place. Recycled grants can be used for projects approved by the Regulator of Social Housing and they are credited to the Recycled Capital Grant Fund within liabilities.

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

#### **(h) Tax**

Mersea Island Trust is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes provided its income is applied to charitable purposes only. Accordingly, no provision is made for corporation tax but this assumes that income continues to be applied solely to charitable purposes.

#### **(i) Turnover and other income**

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

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

#### *Interest receivable*

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

#### **(j) Employee benefits**

When employees have rendered service to the Trust, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

**MERSEA ISLAND TRUST**

**NOTES TO THE FINANCIAL STATEMENTS - (continued)**  
**YEAR ENDED 31 MARCH 2021**

**2 Particulars of turnover and administrative expenditure from social housing lettings**

	2021 £	2020 £
<b>Turnover</b>		
Rent receivable	180,587	187,299
Service charge income	163,478	152,557
	<u>344,065</u>	<u>339,856</u>
Void losses	(20,521)	(17,346)
	<u>323,544</u>	<u>322,510</u>
<b>Turnover from social housing lettings</b>		
<b>Administrative expenditure</b>		
Management (including non-routine maintenance)	33,492	29,995
Service charge costs	135,682	125,659
Routine maintenance	62,363	87,013
Bad debts	-	-
Depreciation of housing properties	33,684	33,688
Residents' improvements	-	-
	<u>265,221</u>	<u>276,355</u>
<b>Administrative expenditure on social housing lettings</b>		
Training	250	250
	<u>265,471</u>	<u>276,605</u>
<b>Total operating costs</b>		
	<u>58,073</u>	<u>45,905</u>
<b>Operating surplus on social housing lettings</b>		

**3 Accommodation owned and in management**

	Akhurst Court	Mersea Court	Total
Completed units: Housing for older people			
Number of units at 1 April 2020	22	20	42
Changes in year	-	-	-
Number of units at 31 March 2021	<u>22</u>	<u>20</u>	<u>42</u>

In addition there is a warden's flat at Akhurst Court.

**4 Surplus on ordinary activities**

Surplus on ordinary activities is stated after charging / (crediting):

	2021 £	2020 £
Auditor's remuneration - for audit	5,520	5,262
Auditor's remuneration - for non-audit services	1,542	1,512
Loss on disposal of tangible fixed assets	-	1,013
Depreciation of tangible fixed assets	<u>33,684</u>	<u>33,688</u>



# MERSEA ISLAND TRUST

## NOTES TO THE FINANCIAL STATEMENTS - (continued) YEAR ENDED 31 MARCH 2021

### 5 Interest and other finance income and charges

#### a) Interest receivable and similar income

	2021 £	2020 £
Bank interest receivable	170	590
Solar panel income	11,874	10,432
	<u>12,044</u>	<u>11,022</u>

#### b) Interest payable and similar charges

	2021 £	2020 £
Bank loans and overdrafts	140	2,687
	<u>140</u>	<u>2,687</u>

### 6 Board and key management personnel remuneration

No emoluments were paid or were receivable by the trustees or committee.

### 7 Staff costs

The average number of employees during the year was 5 (2020: 5). They were all employed as wardens, deputy wardens, cleaners or co-ordinators. On a FTE rate based on hours worked the average number of employees was 3.5 (2020:3.5).

The aggregate remuneration of such employees was as follows:

	2021 £	2020 £
Wages and salaries	67,792	64,038
	<u>67,792</u>	<u>64,038</u>

There are no employees who received more than £60,000 as their employee package.

### 8 Tax

Mersea Island Trust is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes provided its income is applied to charitable purposes only. Accordingly, no provision is made for corporation tax but this assumes that income continues to be applied solely to charitable purposes.

# MERSEA ISLAND TRUST

## NOTES TO THE FINANCIAL STATEMENTS - (continued) YEAR ENDED 31 MARCH 2021

### 9 Tangible fixed assets

	Housing properties for letting - freeholds £	Furniture fittings and equipment £	Total £
<b>Cost:</b>			
At 1 April 2020	2,190,652	-	2,190,652
Additions	-	7,334	7,334
Disposals	-	-	-
At 31 March 2021	<u>2,190,652</u>	<u>7,334</u>	<u>2,197,986</u>
<b>Grants from the Housing Corporation</b>			
At 1 April 2020 and 31 March 2021	<u>441,387</u>	<u>-</u>	<u>441,387</u>
<b>Grants from Low Carbon Buildings Programme</b>			
At 1 April 2020 and 31 March 2021	<u>64,846</u>	<u>-</u>	<u>64,846</u>
<b>Depreciation:</b>			
At 1 April 2020	375,684	-	375,684
Charge for year	33,684	-	33,684
Depreciation on disposals	-	-	-
At 31 March 2021	<u>409,368</u>	<u>-</u>	<u>409,368</u>
<b>Net book value:</b>			
At 31 March 2021	<u>1,275,051</u>	<u>7,334</u>	<u>1,282,385</u>
At 31 March 2020	<u>1,308,735</u>	<u>-</u>	<u>1,308,735</u>

All of the total cost of household properties relates to completed schemes.

The freehold property at Akhurst Court, Melrose Road, West Mersea is vested in the name of the official custodian for charities. Mersea Court was formerly the Coronation Memorial Trust property and is a freehold property vested in the name of the official custodian for charities. Deducting grants from the cost of the housing properties contravenes the Companies Act however the trustees feel that this is necessary to show a true and fair view of the position.

During the year expenditure of £62,363 (2020:£87,013) on existing properties was made which relates to routine maintenance rather than an enhancement of economic benefits to the housing properties.

In June 1991 Akhurst Court was valued at £775,056 and Mersea Court was valued at £563,596. Current rebuilding costs for insurance purposes inclusive of fees and VAT are £3,933,581 for Akhurst Court and £2,710,535 for Mersea Court.

Grants from the Housing Corporation may become repayable under certain restricted circumstances such as the sale of property. In this event the grant repayable would become a current liability subordinated to other creditors.

**MERSEA ISLAND TRUST**

**NOTES TO THE FINANCIAL STATEMENTS - (continued)**  
**YEAR ENDED 31 MARCH 2021**

**10 Debtors**

	2021 £	2020 £
Trade debtors (gross social housing rent arrears)	284	487
Other debtors	1,650	1,235
	<u>1,934</u>	<u>1,722</u>

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

	2021 £	2020 £
Bank loans	-	22,720
Trade creditors	(32)	1,016
Rents paid in advance	337	1,351
Other creditors	9,882	5,461
Accruals and deferred income	6,444	6,024
	<u>16,631</u>	<u>36,572</u>

The bank loan relates to a loan taken out in 2015 with NatWest Bank. The loan was fully repaid in the year.

# MERSEA ISLAND TRUST

## NOTES TO THE FINANCIAL STATEMENTS - (continued) YEAR ENDED 31 MARCH 2021

### 12 Reserves

	Provisional Aftercare & Community Contingency Fund £	Income and Expenditure Account £	Total £
At 1 April 2020	42,989	1,437,995	1,480,984
Surplus for the year	-	69,977	69,977
Transfers	(3,193)	3,193	-
At 31 March 2021	<u>39,796</u>	<u>1,511,165</u>	<u>1,550,961</u>

#### a) Income and expenditure reserve (Revenue Reserve)

The income and expenditure reserve represents cumulative surplus and deficits net of other adjustments.

#### b) The Provisional Aftercare and Community Contingency Fund (PACCF) (Designated Reserve)

This designated reserve represents those monies the trust has built up over the years to fund its work for and outside of the provision of sheltered accommodation at Akhurst Court and Mersea Court.

The movements on the PACCF during the year are included in the income and expenditure account shown on page 8 of the accounts. A transfer was made from the income and expenditure account to the PACCF, of the net movements in the year which are as follows:-

	2021 £	2020 £
Defibrillators	(3,216)	-
Interest received	23	96
	<u>(3,193)</u>	<u>96</u>

### 13 Auditors' Ethical Standards

The relevant circumstances requiring disclosure in accordance with the requirements of APB Ethical Standard - Provisions Available for Small Entities are that, in common with many charities of our size and nature we use our auditors to assist with the preparation of the accounts. Since April 2016 our auditors have also provided payroll bureau services.

# MERSEA ISLAND TRUST

## NOTES TO THE FINANCIAL STATEMENTS - (continued) YEAR ENDED 31 MARCH 2021

### 14 Reconciliation of operating surplus to cash flow from operating activities

	2021 £	2020 £
<b>Surplus for the year</b>	69,977	54,240
Interest payable	140	2,687
Interest received	(170)	(590)
Depreciation and impairment of tangible fixed assets	33,684	33,688
Loss on disposal of tangible fixed assets	-	1,013
(Increase)/decrease in trade and other debtors	(212)	1,173
Increase/(decrease) in trade and other creditors	2,779	(3,992)
<b>Net cash flow from operating activities</b>	<u>106,198</u>	<u>88,219</u>

### 15 Pensions

The trust operates a workplace pension scheme for employees. During the year the cost to the trust was £1,071 and at the balance sheet date an amount of £278 was due to the scheme provider.

### 16 Related party transactions

There were no related party transactions during the year.

