

KING GEORGE V MEMORIAL HOUSES

REGISTERED CHARITY NUMBER 212358

SOCIAL HOUSING REGULATOR NUMBER A2250

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST MARCH 2021

King George V Memorial Houses
Financial Statements
For The Year Ended 31st March 2021

Index

	<u>Page</u>
Report of the Trustee	1 - 11
Independent Auditor's Report	12 - 14
Statement of Financial Activities	15
Balance Sheet	16
Statement of Cash Flows	17
Notes to the Financial Statements	18 - 27

King George V Memorial Houses
Annual Report of the Trustee
For The Year Ended 31st March 2021

The Trustee submits its report and the financial statements for the year ended 31st March 2021.

REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY

Charity Registration

King George V Memorial Houses is an unincorporated charity registered with the Charity Commission under number 212358 and registered with the Regulator of Social Housing under number A2250.

Principal and Administration address:

Registered office of Corporate Trustee:

33 Dean Court
Bowmans Close
Ealing
London
W13 9YU

Corporate Trustee

The Corporate Trustee of the charity is Housing Pathways, a company limited by guarantee, (Company number 07626917, and Charity registered number 1143249). The directors of the Corporate Trustee who held office during the year and up to the date of signature of the financial statements, who are also the trustees, were as follows:

Rev. Mark Melliush	Ex-Officio, Chair
Mr Stephen McNaughton	Retired 5 May 2021
Ms Janet Weekes	
Ms Katherine Yentumi	
Mr Dillan Blake-Smith	
Ms Isabella Rossi	
Mr Matthew Doyle	
Ms Alice Mackenzie	Retired 31 March 2021
Ms Andrea Joseph	Appointed 17 September 2020
Mr Andrew Jefford	Appointed 29 July 2021

King George V Memorial Houses
Annual Report of the Trustee
For The Year Ended 31st March 2021

REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY (continued)

Officers and advisors

Chief Executive Officer and management team

The Board appointed Steve McNaughton as interim Chief Executive on a consultancy basis in May 2021. Leanne Donald-Whitney was appointed as Head of Operations in July 2020 and Bolaji Campell is the Finance Manager & Company Secretary.

Bukky McGlynn, CEO left Pathways 9th October 2020 and Abby Akinola, Head of Finance and IT left Pathways 20th August 2021

Principal Advisors

Principal Auditors

Knox Cropper LLP
Chartered Accountants
65 Leadenhall Street
London EC3A 2AD

Principal Chartered Surveyors

Ingleton Wood
10 Lake Meadows Business Park
Woodbrook Crescent
Billericay
Essex CM12 0EQ

Principal Bankers

Royal Bank of Scotland
49 Bishopsgate
London
EC2N 3AS

Principal Solicitors

Devonshires
30 Finsbury Circus
London EC2M 7DT

Principal Investment Managers

CCLA Fund Managers Limited
Senator House
85 Queen Victoria Street
London EC4V 4ET

King George V Memorial Houses
Annual Report of the Trustee
For The Year Ended 31st March 2021

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

The Charity is governed by a Trust Deed dated 23rd December 1936, as amended by Trust deeds dated 27th October 1969; 11th June 1993; 2nd June 1997; and an Order issued by The Charity Commission of England and Wales dated 30th November 2011.

How Trustees are Recruited, Appointed, Inducted and Trained

Housing Pathways is the Corporate Trustee. There are no geographical restrictions on director appointment and applications from persons living in Greater London boroughs, particularly where we have a presence, are welcomed. Vacancies are advertised in the local press and on charity related websites, with a nationwide reach. Applicants for director vacancies are interviewed by the Chair of the Board and 2 other Board members of the nominations committee prior to appointments. All new directors receive an induction session which covers core areas of the business.

Existing directors also have access to ongoing training opportunities, to assist them in fulfilling their roles and responsibilities. In addition to the Board meetings, directors attend an annual review day, which allows for detailed discussions on strategic planning issues.

Organisation and Management

Housing Pathways is the Corporate Trustee, but delegates most of the day-to-day management of the Charity to the senior management team. The Chief Executive reports to the Chair and the Board of Directors of Housing Pathways. The Directors of Housing Pathways are also Trustees

Housing Pathways provides a full management service to the Charity, including all operational, administrative and financial functions, for which it charges a management fee.

The Housing Pathways Board usually meets six times a year to agree strategy, oversee operations, manage risk and consider the financial standing of the Charity. In addition to the main meetings of the Board of Directors of Housing Pathways there are the following sub-committees which focus on specific areas of the business in more detail: Audit and Risk, Development and Asset Management, Grants and Nominations. Governance matters are dealt with by the main board, except that the nominations sub-committee oversees the recruitment of new directors.

The Board and each sub-committee have an agreed Terms of Reference, detailing their purpose and responsibilities. The key decision-making protocols are contained in the Committees' terms of reference and the Financial Standing orders, the latter being reviewed by the Audit and Risk Committee annually.

In July 2021, the board appointed Joshua Reddaway as a co-optee to Audit & Risk Committee and Alice Mackenzie retired from the board and joined the Grant Committee as a co-optee in April 2021.

The Board agree the remuneration of the management team, which is then reflected in the annual budget and approved by the board. The committee considers a range of peer organizations pay reviews as a benchmark, and the overall economic and regulatory conditions in which the Charity is expected to operate in the coming year. In assessing the April 2020 staff pay review, the prevailing CPI rate and uncertainty regarding covid-19 pandemic and it's possible effect on the economy in general and house prices and rents in particular was taken into account.

Staff are responsible for carrying out the strategy agreed by the Board and the Chief Executive may act within the constraints of the overall expense budget agreed by the Board. The management team during the year comprised, in addition to the Chief Executive, a Housing team and a Finance team.

King George V Memorial Houses
Annual Report of the Trustee
For The Year Ended 31st March 2021

OBJECTIVES AND ACTIVITIES

Objects

The objects of the charity are to provide Housing for aged people living in the Borough of Gillingham.

Activities

The Charity provides accommodation for older people who are in need and who have lived for at least two years in the Borough of Gillingham, Kent. The Trustee has considered the Charity Commissioners guidance on public benefit and considers that the activities of the Almshouse meet its charitable objects and provide a benefit to the public. The charity owns and manages 12 units of accommodation for older people.

REVIEW OF ACHIEVEMENTS AND PERFORMANCE

VALUE FOR MONEY (VFM)

Our aim is to deliver services of the right quality economically, efficiently and effectively, thus meeting the needs of our residents and all other stakeholders. Housing Pathways is committed to continuously improving our VFM for our residents in all aspects of our business.

Our VFM reporting and analysis is now focused on the seven key metrics which are used for comparison across the sector. The peer group median used comprised 34 smaller housing associations primarily providing Housing for Older People accommodation nationally and of which 29 members' data was included in the calculation.

King George V Memorial Houses

Annual Report of the Trustee

For The Year Ended 31st March 2021

VALUE FOR MONEY (VFM) (continued)

Value for Money Key Metrics

	HfOP peer group 2020-21	Housing Pathways (average)	King George V
1. Reinvestment % Considers the investment in properties (existing stock as well as new supply) as a percentage of the value of total properties held.	2.80%	1.47%	0.83%
2. New Supply Delivered % The number of new social housing and non-social housing homes that have been acquired or developed in the year as a proportion of total social housing and non-social housing homes owned at period end. A. New supply delivered (Social housing homes) B. New supply delivered (Non-social housing homes)	0 0	0 0	0% 0%
3. Gearing % Assesses how much of the adjusted assets are made up of debt and the degree of dependence on debt finance.	1%	1.06%	(57.94)%
4. Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included (EBITDA MRI) Interest Cover %. A key indicator for liquidity and investment capacity. Measures the level of surplus generated compared to interest payable	478%	1,265%	N/A – no borrowings
5. Social Housing Cost Per Unit The headline social housing cost per unit as defined by the Regulator	£5,415	£6,000	£3,562
6. Operating Margin% Demonstrates the profitability of operating assets before exceptional expenses are taken into account. Increasing margins are one way to improve the financial efficiency of a business. A. Operating Margin (social housing lettings only) B. Operating Margin (overall) after adjusting for impairment and merger costs	10.20% 13.40%	3.10% 8.08%	15.71% 15.68%
7. ROCE % Compares the operating surplus to total assets less current liabilities. An assessment of the efficient investment of capital resources.	2.46%	1.28%	1.20%

King George V Memorial Houses
Annual Report of the Trustee
For The Year Ended 31st March 2021

VALUE FOR MONEY (VFM) (continued)

Social Housing Cost per Unit

	HfOP peer group 2020-21	Housing Pathways (average)	King George V
Cost per home			
Management costs		2,493	1,213
Service charge costs		816	301
Routine maintenance cost		1,985	1,901
Planned maintenance		-	-
Major repairs expenditure		706	147
Other social housing costs		-	-
Total	£5,415	£6,000	£3,562

The social housing cost per unit is well below that of our HfOP peers and the average of all charities included in Housing Pathways under the corporate trustee. The units are well maintained and in good condition which is why spend is minimal and in the coming year we will review the planned maintenance and major repair requirements of each of the properties.

Key Performance Indicators (KPIs)

As members of the Housing for Older People benchmarking group, run by Acuity, which comprises about 34 similarly sized housing providers. We have access to a range of KPIs, both for the immediate group and national comparisons with Housemark, enabling us to compare performance and share good practice to drive improvements and reporting to stakeholders. The KPIs cover areas of organizational performance including resident satisfaction, Value for Money, repairs, lettings, voids, and compliance but they also provide benchmarking information on areas such as average working days lost due to staff sickness days.

Key Performance Indicators

	HfOP 2020-21	Housing Pathways 2020-21	Housing Pathways 2019-20	Housing Pathways 2018-19
Current resident annual WMC collection rate	100%	-	103.2%	103.6%
Current resident arrears as a % of the annual WMC	0.9%	2.31%	2.73%	3.0%
Homes with a valid Gas Safety Certificate %	-	100%	100%	100%
All reactive repairs completed within target time %	95.7%	81%	85%	86%
Emergency repairs completed within target time %	100%	78%	79%	83%
Urgent repairs completed within target time %	97.9%	78%	82%	84%
Routine repairs completed within target time %	95%	87%	93%	89%

King George V Memorial Houses
Annual Report of the Trustee
For The Year Ended 31st March 2021

Information Communication Technology (ICT)

We have upgraded our IT equipment and have out in place plans to modernise software to ensure our systems are fit for purpose. We updated our website to make it more user friendly for our residents and stakeholders. In order to continuously improve services and streamline key processes, we will continue to improve and embrace the best of new and emerging digital technology.

COMPLIANCE WITH THE 2015 NHF CODE OF CONDUCT

King George V Memorial Houses adheres to the National Housing Federation 2015 code of compliance, except where specified below.

The code includes a provision that directors should serve no more than nine years in total, though in that regard Housing Pathway's Articles take precedence over the code in relation to the Nominated and Ex-officio directors. Housing Pathways, the Corporate Trustee, compliant regarding directors' tenure and has appointed a number of new directors since 2018, based on needs identified through a skills audit. The board not only includes people from diverse backgrounds and with diverse attributes, their membership helps to ensure healthy debate and challenge from a range of perspectives, the board also has a majority of newer members.

In April 2021, The Board of Directors agreed to adopt the 2020 NHF code of Governance and work will be done to ensure the compliance with the 2020 code of Governance by March 2022.

Our Asset & Liabilities register comprises details of our assets including investments, debtors, bank accounts, owned Housing properties including title and charges, property type, Weekly Maintenance Contributions by property, details of private lets and rents with cross references to the location of component values of housing stock. Management agreements and Ealing Green commercial property details are also cross referenced to the location of lease files held. Liabilities on the register include loans; planned maintenance and major repair contracts; leases; pension deficit information, insurance and claims information, Pay As You Earn and Value Added Tax obligations.

The Board continue to monitor the evolving landscape particularly in light of covid-19 pandemic and do ensure that stress testing business plans with changing scenarios.

King George V Memorial Houses
Annual Report of the Trustee
For The Year Ended 31st March 2021

FINANCIAL REVIEW

The Charity recorded a net movement in fund of £91,827 (Restated 2020: £11,951). This is due to favourable movement on the value of investments of £73,580 (2020: adverse movement of £13,913).

In the year the Charity made a surplus on Social Housing lettings of £8,984 (Restated 2020: £15,440) due to undertaking the maintenance at the scheme. The Statement of Financial Activities shows an increase of £91,827 in Funds to £748,913 (Restated 2020: £657,086) and is mainly attributable to an increase in the carrying value of fixed asset investments and prior year adjustments.

Reserves Policy and Reserves

Designated reserves are maintained in accordance with guidance issued by the National Almshouse Association for the cyclical maintenance and repair of the properties. Details of the designated reserves can be found in note 16. The Trustees continue to review the Charity's reserves.

Total Funds at 31st March 2021 of £748,913 (Restated 2020: £657,086) comprised cyclical repairs and maintenance £26,876, extraordinary repairs £42,403, general funds of £559,489 and Fixed Asset fund of £120,145.

The level of maintenance reserves is considered adequate to cover any such costs that are likely to be charged to the revenue account. General funds amount to £559,489 (Restated 2020: £464,866) and are in place to ensure ongoing trading in the event of any material loss of income, and as a result of the need to build up liquidity to fund future capital costs of Planned Maintenance and expansion of our housing stock.

Investment Policy

The investment policy lodged with M&G and CCLA is to invest prudently in a broad range of fixed interest securities and equities, which are quoted on a Registered Investment Exchange, and unit trusts, within an agreed range of percentage holdings for each class of investment. Ethical restrictions are determined by the board of each investment fund and prohibit investment in companies which produce certain products or earn a significant amount of their turnover from certain activities. The next annual review of the investment providers and investment product is planned to be undertaken by December 2021.

Risk Management

The major risks to which the Almshouse charities are exposed, as identified by the Trustee, are regularly reviewed. In addition, the Trustee has put in place systems, policies and procedures to mitigate these risks once they are identified and assessed. All reports presented to Board and sub-committees include an executive summary of risk which cross refers to the risks identified in the key risks register.

The Key risks and uncertainties facing the charity cover a number of areas of operation and are controlled using procedures and sub-committee overview identifies further mitigations and the responsible manager. Key risks include loss of income, breach of legislation or covenants, compliance failure, a build-up of arrears and misappropriation of funds through fraud.

The new regulation and legislation in response to the Grenfell fire will lead to further legislation which may well be costly for an organisation of Housing Pathways' size.

Fraud

The Board has a policy on fraud covering prevention, detection and reporting of fraud and the recovery of assets. The Chair and Vice Chair are notified immediately of any attempted fraud.

King George V Memorial Houses
Annual Report of the Trustee
For The Year Ended 31st March 2021

FINANCIAL REVIEW (continued)

Anti-bribery policy statement

We seek to maintain the highest standards of ethics and integrity in the way we conduct our business. We recognise that bribery and corruption in all its forms, is illegal and unacceptable. Our bribery policy statement has been integrated into our code of conduct and our gifts and hospitality policy, adopted by the Board, signed by the Chairman and Chief Executive. We expect our business partners to adopt a similar approach to bribery or corruption.

FUTURE PLANS

Our key priorities are to:

- Improve customer satisfaction and deliver value for money for our residents;
- Carry out planned maintenance to our almshouses in accordance with our stock condition survey and planned maintenance programme.
- To reduce our cost base and seek better value for money, which is seen as a sensible approach in what are generally uncertain economic times.

The Board is in the process of defining its asset management strategy, alongside its new business plan and asset management plan. We will continue to reduce our cost base and improve Value for Money in accordance with the standard whilst driving and improving performance against the seven key metrics year on year.

STATEMENT OF TRUSTEE'S RESPONSIBILITIES

Law applicable to charities and to entities under the Regulator of Social Housing in England & Wales requires the Trustee to prepare financial statements for each financial year which give a true and fair view of the charity's financial activities during the year and of its financial position at the end of the year. In preparing financial statements giving a true and fair view, the Trustee should follow best practice and:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustee is responsible for keeping accounting records which disclose with reasonable accuracy the financial position of the charity, and which enable them to ensure that the financial statements comply with the Housing and Regeneration Act 2008 and the Accounting Direction for Social Housing 2019 and the Charities Act 2011. It is also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

Knox Cropper LLP have expressed their willingness to continue in office and a resolution for their reappointment will be proposed at the forthcoming Annual General Meeting.

The Board of Housing Pathways would like to record their particular appreciation of the assistance provided by Matthew Elkins and his colleagues at Knox Cropper.

King George V Memorial Houses
Annual Report of the Trustee
For The Year Ended 31st March 2021

TRUSTEE'S STATEMENT ON INTERNAL FINANCIAL CONTROLS

The Trustee acknowledges its ultimate responsibility for ensuring that King George V Memorial Houses has in place a system of controls that is appropriate to the various business environments in which it operates.

These controls are designed to give reasonable assurance with respect to:

- (a) the reliability of financial information used within the charity or for publication
- (b) the maintenance of proper accounting records, and
- (c) the safeguard of assets against unauthorised use or disposition

It is the Trustee's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable but not absolute assurance against material financial misstatement or loss. Key elements include ensuring that:

- (a) formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorized use of the charity's assets.
- (b) experienced and suitably qualified staff take responsibility for important business functions.
- (c) forecasts and budgets are prepared which allow the Trustee and management to monitor the key business risks and financial objectives and progress towards financial plans set for the year and medium term; regular management accounts are prepared promptly; providing relevant, reliable and up-to-date financial and other information and significant variance from budgets are investigated as appropriate.
- (d) all significant new initiatives, major commitments and investment projects are subject to formal authorization procedures, through relevant sub-committees comprising Trustees and others.
- (e) the Trustees of Housing Pathways review reports from management and from external auditors to provide reasonable assurance that control procedures are in place and are being followed. This includes a general review of the major risks facing the charity.

King George V Memorial Houses
Annual Report of the Trustee
For The Year Ended 31st March 2021

CHAIRMAN'S REPORT

As a trust we are committed to serving our residents and local community in the best way possible. Over this last year we have had the challenge of the Covid Pandemic which has added to the already strong challenges facing the social housing sector. Even so we have continued to improve our properties, where possible and have continued to invest in our repairs and maintenance work.

Through our grants programme we have supported the businesses that are part of our family of properties and provided, support for both businesses and individuals who have found this last year particularly challenging. We are committed to continue to focus on our cost base and look at ways to reduce it to maximise the resources that are available to support our diverse business and charitable activities.

This last year has also seen some staff and board members change and we are very grateful for the superb staff team we have that continue to give Pathways a good name in the housing industry and provide a service to our community. One of our focusses going forward is to work to improve this even more.

The Board doesn't just look at the current situation but is also tasked with long term planning and we are very aware that more major investment will be required in the near future with the change in Government regulations around boiler use and the need to make properties as environmentally friendly as possible. Good investment in the past means that the Trust is well placed to manage some of these challenges.

I am therefore hugely grateful to every one of the staff and board members for their ongoing dedication and support.

Approved by the Board of Directors at its meeting on 16th September 2021 and signed on its behalf by:

M Melliush

Mark Melliush

Chair of Housing Pathways

Independent Auditor's Report**To The Trustee of King George V Memorial House****For the year ended 31st March 2021****Opinion**

We have audited the financial statements of King George V Memorial Houses (the 'charity') for the year ended 31st March 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31st March 2021 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Charities Act 2011, the Housing and Regeneration Act 2008 and the Accounting Direction For Private Registered Providers of Social Housing 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 charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustee'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 charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustee 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 trustee is responsible for the other information.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report
To The Trustee of King George V Memorial House
For the year ended 31st March 2021

Matters on which we are required to report by exception

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

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

Responsibilities of the trustee

As explained more fully in the trustee's responsibilities statement set out on page 9, the trustee is 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 trustee determines 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 trustee is responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustee either intends to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 145 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

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:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the charity and determined that the most significant are the Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Housing and Regeneration Act 2008, and the Accounting Direction for Social Housing in England 2019.
- The Charity is required to comply with charity law and, based on our knowledge of its activities, we identified that the legal requirement to accurately account for restricted funds was of key significance.
- We understood how the charity is complying with those frameworks via communication with those charged with governance, together with the review of the charity's documented policies and procedures.
- We assessed the susceptibility of the charity's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements. These included risks associated with Revenue Recognition, Management Override of Controls, and the increased incentive and pressure to commit fraud due to the Covid-19 environment, which were discussed and agreed by the audit team.
- Our approach included agreeing the charity's recognition of income to the terms of the underlying grant agreements and associated correspondence, the review of journal entries processed in the accounting records and the investigation of significant and unusual transactions identified from our review of the accounting records.

Independent Auditor's Report

To The Trustee of King George V Memorial House

For the year ended 31st March 2021

- Our approach was also to check that all restricted income was properly identified and separately accounted for and to ensure that only valid and appropriate expenditure was charged to restricted funds. This included reviewing journal adjustments and unusual transactions.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the reporting to the directors with respect to the application of the documented policies and procedures and review of the financial statements to ensure compliance with the reporting requirements of the charity.

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

Use of our report

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



Knox Cropper LLP
Chartered Accountants and Statutory Auditors
65 Leadenhall Street
London EC3A 2AD

27/09 2021

Knox Cropper LLP is eligible for appointment as auditor of the Charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

King George V Memorial Houses
Statement of Financial Activities
For the year ended 31st March 2021

	Notes	2021			2020		
		Unrestricted funds £	Restricted funds £	Total funds £	Unrestricted funds £	Restricted funds £	Total funds £
Income from							
Charitable Activities							
Almshouse Accommodation	2	57,188	-	57,188	55,701	-	55,701
Investments	3	9,263	-	9,263	10,424	-	10,424
		66,451	-	66,451	66,125	-	66,125
Expenditure on							
Charitable Activities							
Almshouse Accommodation	4	45,408	2,796	48,204	37,465	2,796	40,261
		45,408	2,796	48,204	37,465	2,796	40,261
Gains/(losses) on revaluation of Investments	11	73,580	-	73,580	(13,913)	-	(13,913)
Net income/(expenditure) and net movement in funds		94,623	(2,796)	91,827	14,747	(2,796)	11,951
Funds brought forward 1st April 2020							
Originally stated		534,145	-	534,145	519,398	-	519,398
Prior year adjustment	19	-	122,941	122,941	-	125,737	125,737
As restated		534,145	122,941	657,086	519,398	125,737	645,135
Funds carried forward 31st March 2021		628,768	120,145	748,913	534,145	122,941	657,086


King George V Memorial Houses

Balance Sheet

As at 31st March 2021

	Notes	2021 £	2020 Restated £
Fixed Assets			
Housing Properties	9	212,202	217,636
Investments	11	<u>415,377</u>	<u>336,485</u>
		<u>627,579</u>	<u>554,121</u>
Current Assets			
Debtors	12	3,353	2,658
Cash at Bank and In Hand		<u>138,275</u>	<u>142,967</u>
		141,628	145,625
Creditors: amounts falling due within one year	13	<u>(20,294)</u>	<u>(42,660)</u>
Net Current Assets		<u>121,334</u>	<u>102,965</u>
Total Net Assets		<u>£748,913</u>	<u>£657,086</u>
Funds			
Unrestricted funds		628,768	534,145
Restricted funds		120,145	122,941
Total funds	16	<u>£748,913</u>	<u>£657,086</u>

The financial statements were approved by the Trustee on 16th September 2021 and signed on their behalf by:

M Melliush 
 Director Mark Melliush (Chair)

M Doyle 
 Director Matthew Doyle

King George V Memorial Houses

Statement of Cash Flows

For the year ended 31st March 2021

	Notes	2021 £	2020 Restated £
Net cash (used in)/provided by Operating Activities	A	(6,879)	61,194
Cash flows from Investing Activities			
Purchase of tangible fixed assets		(1,764)	(2,388)
Proceeds on sale of investments		-	-
Dividends received		3,889	3,811
Interest received		62	225
Net cash provided by/(used in) Investing Activities		<u>2,187</u>	<u>1,648</u>
Cash Flows from Financing Activities		<u>-</u>	<u>-</u>
Net change in cash and cash equivalents		(4,692)	62,842
Cash and cash equivalents at the beginning of the year		<u>142,967</u>	<u>80,125</u>
Cash and cash equivalents at the end of the year		<u>£138,275</u>	<u>£142,967</u>
A Cash flows from Operating Activities			
Net Income/(Expenditure) for the year		91,827	11,951
Depreciation		7,217	7,149
Investment Income and Interest Receivable		(9,263)	(10,424)
(Increase)/Decrease in Debtors		(695)	(26)
Increase/(Decrease) in Creditors		(22,366)	38,195
Loss on Disposal of Components		(19)	436
(Gains)/Losses on Investments		(73,580)	13,913
		<u>£(6,879)</u>	<u>£61,194</u>
B Changes in Net Funds			
	At 01/04/2020	Cash Flows	At 31/03/2021
Cash at bank and in hand	<u>142,967</u>	<u>(4,692)</u>	<u>138,275</u>

King George V Memorial Houses
Notes to the Financial Statements
For the year ended 31st March 2021

1. Accounting Policies

(a) Status

King George V Memorial Houses is an unincorporated charity registered in England and Wales, registered number 212358. The principal office address is as disclosed on page 1 of the annual report. The presentational currency is the Pound Sterling (£).

(b) Basis of Accounting

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities, in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102) (second edition issued in October 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The accounts comply with the Charities Act 2011, the Housing and Regeneration Act 2008, the Accounting Direction for Social Housing in England 2019. The accounts are prepared on the historical cost basis of accounting except that the listed investments are shown at their market value at the Statement of Financial Position date.

King George V Memorial Houses constitutes a public benefit entity as defined by FRS102. The trustee considers there are no material uncertainties about the charity's ability to continue as a going concern.

(c) Income:

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

Income from Almshouse Accommodation represents weekly maintenance and service contributions receivable from residents.

Investment income is earned through holding assets for investment purposes such as shares. It included dividends and interest. The Trustee considers it is not practical to identify investment management costs incurred within funds managed by M&G and CCLA with reasonable accuracy the investment income is reported net of these costs. Interest income is recognised using the effective interest method and dividend income is recognised as the Charity's right to receive payment is established.

Social Housing Capital grants are recognised only when receivable, or in the period in which a scheme is completed where the amount of the grant has been determined. Grants are reflected in the Fixed Asset Fund.

(c) Expenditure:

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the Charity's objectives, as well as any associated support costs. The Charity is not registered for VAT, therefore all expenditure is shown inclusive of irrecoverable VAT.

King George V Memorial Houses

Notes to the Financial Statements

For the year ended 31st March 2021

1. Accounting Policies (continued)

(d) *Housing Properties:*

King George V Memorial Houses were established in 1936 and there is no record of the original cost and no value is attributed thereto. The Housing Properties cost relates to improvements carried out since 1993 which partly were funded by a Housing and Communities Agency Grant.

Housing properties are stated at depreciated cost. The cost of completed housing properties is depreciated over the life of the properties.

Properties are accounted for on a component cost basis with each component being depreciated over its estimated economic life. The principal components identified and the depreciation rate applied to each component are set out below:

Land	-	not depreciated
Main fabric	-	Over 70 years
Roof structure and covering	-	Over 70 years
Windows & external doors	-	Over 30 years
Boilers	-	Over 15 years
Kitchen	-	Over 20 years
Bathrooms	-	Over 30 years
Mechanical systems	-	Over 30 years
Electrics	-	Over 40 years
Fire Alarms/Warden Call	-	Over 15 years

(e) *Investments:*

Fixed asset investments are a form of basic financial instrument are initially recognised at their transaction value and subsequently measured at their fair value using the closing quoted market price or the share of the Net Asset Value of the fund (if unlisted). All gains and losses are taken to the Statement of Financial Activities as they arise. The Statement of Financial Activities includes all net gains and losses arising on revaluation and disposals throughout the year.

(f) *Debtors:*

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

(g) *Cash at bank and in hand:*

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

(h) *Creditors:*

Liabilities and provisions are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

King George V Memorial Houses
Notes to the Financial Statements
For the year ended 31st March 2021

1. Accounting Policies (continued)

(i) Financial Instruments:

The Charity only holds basic financial instruments. The financial assets and financial liabilities of the Charity are as follows:

Debtors – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in Note 12. Prepayments are not financial instruments.

Cash at bank – is classified as a basic financial instrument and is measured at face value.

Liabilities – trade creditors, accruals and other creditors are classified as financial instruments, and are measured at amortised cost as detailed in Note 13.

(j) Fund Accounting:

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

(k) Significant Management Judgements and Estimation Uncertainties

The following are the critical judgements and key sources of estimation uncertainty that the Board has made in the process of applying the charity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Identification of housing property components

The charity accounts for its expenditure on housing properties using component accounting. Under component accounting, the housing property is divided into those major components which are considered to have substantially different useful economic lives. Judgement is used in allocating property costs between components (land, structure, kitchens, bathrooms etc) and in determining the useful economic lives of each component.

Housing property depreciation is calculated on a component by component basis. The identification of such components is a matter of judgement and may have a material impact on the depreciation charge. The components selected are those which reflect how the major repairs to the property are managed.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on the expected utility of the assets. Uncertainties in these estimates relate to changes to decent homes standard requiring frequent replacement of components.

King George V Memorial Houses
Notes to the Financial Statements
For the year ended 31st March 2021

1. Accounting Policies (continued)

Significant Management Judgements and Estimation Uncertainties (continued)

Bad debt provision

A full line by line review of trade debtors is carried out at the end of each month. Whilst every attempt is made to ensure that the bad debt provisions are as accurate as possible, there remains a risk that the provisions do not match the level of debts which ultimately prove to be uncollectible.

2. Income from Charitable Activities

	2021	2020
	£	Restated £
<i>Almshouse Accommodation</i>		
Residents Contributions	53,278	43,737
Service Charges	4,226	11,964
Voids	(316)	-
	<u>£57,188</u>	<u>£55,701</u>

3. Income from Investments

	2021	2020
	£	£
Deposit Interest	62	225
Investment Income	9,201	10,199
	<u>£9,263</u>	<u>£10,424</u>

4. Expenditure on Charitable Activities

	2021	2020
	£	Restated £
<i>Almshouse Accommodation</i>		
Services	3,614	4,277
Maintenance	22,805	11,362
Bad Debts	31	-
Depreciation	7,217	7,149
Replacement of fixed asset components	(19)	436
Support costs (Note 5)	14,556	17,037
	<u>£48,204</u>	<u>£40,261</u>

King George V Memorial Houses
Notes to the Financial Statements
For the year ended 31st March 2021

5. Support Costs

	2021	2020
	£	Restated £
<i>Almshouse Accommodation</i>		
Management charges	12,316	13,829
Bank charges	50	58
Residents' welfare	240	302
Governance costs	1,950	2,848
	<u>£14,556</u>	<u>£17,037</u>

Included within Governance Costs is auditor's remuneration amounting to £1,950 (2020: £1,308).
Excluding VAT these amounts are £1,625 (2020: £1,090).

6. Social Housing Activities

	2021	2020
	£	£
Turnover from Social Housing Activities	57,188	55,701
Operating Costs	(48,204)	(40,261)
	<u>£8,984</u>	<u>£15,440</u>
Operating surplus and net surplus from social housing activities	<u>£8,984</u>	<u>£15,440</u>

7. Staff Costs

All employees are jointly employed by Housing Pathways and the charities of which it is trustee, and their costs are recharged across the charities on a set basis reviewed annually. The proportion of staff costs charged to the Charity is as follows:

	2021	2020
	£	£
Wages and salaries	6,277	6,156
Social security costs	572	596
Pension costs	302	265
Redundancy	488	-
Off-payroll contractors	785	835
	<u>£8,424</u>	<u>£7,852</u>

The average weekly numbers of full-time equivalent employees during the year was 11 (2020: 10) and the average number of employees was 11 (2020: 10). Key management personnel is defined as the trustees of Housing Pathways, the Chief Executive, the Head of Operations, and the Head of Finance & IT. The proportion of remuneration payable to key management personnel for their services to the Charity amounted to £3,642 (2020: £3,849).

The number of staff whose total remuneration payable by the group fell in the band £60,000 to £70,000 was nil (2020: nil), in the band £70,000 to £80,000 was nil (2020: nil), in the band £80,000 to £90,000 was nil (2020: one), and in the band £90,000 to £100,000 was one (2020: nil).

8. Taxation

King George V Memorial Houses is a registered Charity, and is, therefore, exempt from liability to taxation on Income and Capital Gains.

King George V Memorial Houses
Notes to the Financial Statements
For the year ended 31st March 2021

9. Housing Properties

	Total Completed Housing Properties £
Cost	
At 1st April 2020	275,054
Works to existing properties	1,764
Components replaced	(566)
At 31st March 2021	<u>276,252</u>
Accumulated Depreciation	
At 1st April 2020	57,418
Charge for the year	7,217
Depreciation released on components replaced	(585)
At 31st March 2021	<u>64,050</u>
Net Book Value	
At 31st March 2021	<u>£212,202</u>
At 31st March 2020	<u>£217,636</u>

King George V Memorial Houses were established in 1936. There is no record of the original cost and no value is attributed thereto. The above details relate to improvements carried out since 1993, which were partly funded by a Homes and Communities Agency Grant of £195,597. King George V Memorial Houses holds the freehold to the land on which these improvements are situated.

10. Capital Grants

	2021	2020
	£	Restated £
Aggregate Amount Received		
At 1st April 2020		
and 31st March 2021	<u>£195,597</u>	<u>£195,597</u>
Released to Statement of Financial Activities		
At 1st April 2020		
and 31st March 2021	<u>£195,597</u>	<u>£195,597</u>
Capital Grants Carrying Value	<u>£-</u>	<u>£-</u>

King George V Memorial Houses
Notes to the Financial Statements
For the year ended 31st March 2021

11. Fixed Asset Investments

	2021	2020
	£	Restated £
Market Value:		
At 1st April 2020	336,485	344,010
Disposals in year	-	-
Accumulated income	5,312	6,388
Realised gains on investments	-	-
Unrealised gains/(losses) on investments	73,580	(13,913)
At 31st March 2021	<u>£415,377</u>	<u>£336,485</u>
Historical cost as at 31st March 2021	<u>£140,817</u>	<u>£135,505</u>

12. Debtors: amounts falling due within one year

	£	£
Amounts due from residents	2,052	1,558
Prepayments and accrued income	1,301	1,100
Amounts due from related organisations (Note 16)	-	-
	<u>£3,353</u>	<u>£2,658</u>

13. Creditors: amounts due within one year

	£	£
Accruals and other creditors	4,960	4,263
Amounts due to related organisations (Note 16)	15,334	38,397
	<u>£20,294</u>	<u>£42,660</u>

King George V Memorial Houses

Notes to the Financial Statements

For the year ended 31st March 2021

14. Funds

	Balance at 1 April 2020 Restated £	Income £	Expenditure £	Gains/(Losses) on Investments £	Transfers £	Balance at 31 March 2021 £
Unrestricted Funds						
General Funds	464,866	66,451	(45,408)	73,580	-	559,489
<i>Designated Funds</i>						
Cyclical Repairs and Maintenance Reserve	26,876	-	-	-	-	26,876
Extraordinary Repairs Reserve	42,403	-	-	-	-	42,403
	534,145	66,451	(45,408)	73,580	-	628,768
Restricted Funds						
Fixed Asset Fund	122,941	-	(2,796)	-	-	120,145
	£657,086	£66,451	£(48,204)	£73,580	£ -	£748,913

	Balance at 1 April 2019 Restated £	Income £	Expenditure £	Gains/(Losses) on Investments £	Transfers £	Balance at 31 March 2020 £
Unrestricted Funds						
General Funds	450,119	66,125	(37,465)	(13,913)	-	464,866
<i>Designated Funds</i>						
Cyclical Repairs and Maintenance Reserve	26,876	-	-	-	-	26,876
Extraordinary Repairs Reserve	42,403	-	-	-	-	42,403
	519,398	66,125	(37,465)	(13,913)	-	534,145
Restricted Funds						
Fixed Asset Fund	125,737	-	(2,796)	-	-	122,941
	£645,135	£66,125	£(40,261)	£(13,913)	£ -	£657,086

King George V Memorial Houses

Notes to the Financial Statements

For the year ended 31st March 2021

14. Funds (continued)

Cyclical Repairs and Maintenance Reserve

This designated fund represented amounts set aside for cyclical maintenance to meet costs in excess of budgeted expenditure for any year, and is considered adequate at this point in time.

Extraordinary Repairs Reserve

This designated fund represented amounts set aside to carry out major repairs on Housing Properties. With the advent of component accounting, major repairs are usually capitalised. The level of the reserve is considered adequate to cover any such costs that are likely to be charged to the revenue account.

Fixed Asset Fund

This restricted fund represents social housing grants recognised within income. A portion of the depreciation of housing properties is charged against this fund annually over the life of the properties which the grants funded.

Social housing grants may be repayable if the charity sells a property or ceases to use them for a qualifying purpose.

15. Net Assets Between Funds

	Unrestricted Funds £	Restricted Funds £	2021 Total £
Housing Properties	92,057	120,145	212,202
Investments	415,377	-	415,377
Net Current Assets	121,334	-	121,334
	<u>£628,768</u>	<u>£120,145</u>	<u>£748,913</u>
	Unrestricted Funds £	Restricted Funds £	2020 Total £
Housing Properties	94,695	122,941	217,636
Investments	336,485	-	336,485
Net Current Assets	102,965	-	102,965
	<u>£534,145</u>	<u>£122,941</u>	<u>£657,086</u>

16. Related Party Transactions

All employees of the group are jointly employed by Housing Pathways and all of the charities of which it is trustee. Housing Pathways act as paymaster and allocated £8,424 (2020: £7,852) to the charity. Housing Pathways provides full administrative services to the charity on an at-cost basis and charged £3,072 (2020: £3,414) to the Charity. Amounts due to Housing Pathways at the year-end amounted to £1,682 (2020: £31,537).

The Charity collected maintenance contributions of £6,791 on behalf of The Pathways Jubilee Charity during the year. Amounts due to The Pathways Jubilee Charity at the year-end amounted to £13,652 (2020: £6,861).

King George V Memorial Houses
Notes to the Financial Statements
For the year ended 31st March 2021

17. Housing Units

The Charity owned and managed 12 units of sheltering housing at 31 March 2021 and 31 March 2020.

18. Capital Commitments

At 31 March 2021, there were no known capital commitments.

19. Prior Year Adjustment

The Charity previously prepared its financial statements in accordance with the Housing SORP. During the year it was identified that recent changes to the Housing SORP and the Accounting Direction meant that, because the charity's activities are not governed by the Landlord and Tenant Act 1985, it should instead be applying the Charities SORP. The Charities SORP requires all government grants to be recognised using the performance model, whereas the Housing SORP required government grants related to housing properties measured at cost to be recognised using the accrual model. As a result, the change in applicable SORP necessitated a change in accounting policy. The financial statements have therefore been restated as if this new accounting policy had always been in place.

The effect of the restatement at the start of the comparative year (1 April 2019) was to reduce creditors due within one year by £2,796 and reduce creditors due in more than one year by £122,941 and increase restricted funds by £125,737. Income and the net result for the year ended 31 March 2020 were reduced by £2,796. At 31 March 2020, creditors due within one year were reduced by £2,796, creditors due in more than one year were reduced by £120,145, and restricted funds were increased by £122,941.

20. Group Structure

Housing Pathways, the Corporate Trustee, is considered to be the ultimate parent undertaking of the Charity. The other entities on the Group are as follows:

- Housing Pathways
- Housing Pathways Trust (Registered Provider)
- The Pathways Jubilee Charity (Registered Provider)
- Almshouse and Eleemosynary Charity
- The Educational Foundation of Francis Courtney

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