

**THE SPON LANE TRUST ALMSHOUSES**  
**ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

**Charity Number: 219241**

**The Almshouse Association: 1429**

**The Spon Lane Trust Almshouses**

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## **The Spon Lane Trust Almshouses**

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### **Trustee and advisors at date of approval of financial statements**

#### **Sole Corporate Trustee**

Sanctuary Housing Association

#### **Committee of Management appointed by the Sole Corporate Trustee**

Ed Lunt  
Craig Moule  
Denise Plumptre  
Nicole Seymour

#### **Secretary**

Nicole Seymour

#### **Principal office**

Sanctuary House  
Chamber Court  
Castle Street  
Worcester  
WR1 3ZQ

#### **Independent statutory auditor**

KPMG LLP  
One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH

#### **Internal auditor**

PricewaterhouseCoopers LLP  
Cornwall Court  
19 Cornwall Street  
Birmingham  
B3 2DT

#### **Banker**

HSBC Bank PLC  
PO Box 28  
328 High Street  
West Bromwich  
B70 8DJ

#### **Legal advisor**

Gowling WLG (UK) LLP  
Two Snowhill  
Birmingham  
B4 6WR

#### **Investment managers**

CCLA Investment Management Ltd  
80 Cheapside  
London  
EC2V 6DZ

Black Rock  
Investment Managers  
PO Box 9036  
Chelmsford  
CM99 2XD

M&G Charities  
PO Box 9038  
Chelmsford  
CM99 2XF

## The Spon Lane Trust Almshouses

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### Report of the Trustee for the year ended 31 March 2021

The Trustee submits its Annual Report and audited financial statements of The Spon Lane Trust Almshouses (the Charity) for the year ended 31 March 2021.

The Trustee has had regard to Charity Commission guidance on public benefit.

### Principal activities

The Charity is registered with the Charity Commission under Charity number 219241. The Charity's ultimate parent undertaking is Sanctuary Housing Association and the Charity forms part of the Sanctuary Group of entities (the Group).

The primary object of the Charity, as stated in its Governing Document, is the management of the Almshouses, known as Spon Lane, based in West Bromwich.

### Review of activities and future developments

The results of the Charity for the year ended 31 March 2021, as set out on page 11, are managed and monitored within the internal framework of the Group. Future plans and objectives are to maintain the performance and efficiency of the Charity. Due to the nature of the Charity's activities, the impact of the Covid-19 pandemic was limited. No new activities are proposed.

### Investment powers, policy and performance

The Trustee intends that the real value of the Charity's investments be maintained and enhanced over the long term. The investments are managed by external organisations on behalf of the Charity and are detailed in the principal accounting policies.

During the year there have been no changes in the type or number of investments held. The only movement in investments has been the increase in market value. This increase has been in line with expectations. Further details are contained in note 8.

### Environmental and community protection

The Charity recognises its business activities impact the community and environment and has thus adopted the Trustee's Corporate Policy on sustainable growth. The Charity aims to be a responsible, ethical business, limiting the impact on the environment, and is committed to investing in communities.

### Employees

The Charity does not employ any staff. Work is carried out on behalf of the Charity by employees of the Trustee. These services are recharged under the terms of a Management Agreement.

### Reserves

#### Unrestricted funds

Unrestricted funds are held to support the continued activities of the Charity. At 31 March 2021 the unrestricted income fund is £431,223 (2020: £404,359).

#### Designated funds

The Trustee has a policy of designating funds for specific purposes. The funds are determined by the Charity's Governing Document and are as follows:

- **Cyclical repairs and maintenance fund £96,435 (2020: £93,171)**  
 This fund is for the purpose of providing for those items of ordinary maintenance and repair of the Almshouses belonging to the Charity which recur at periodic intervals. The annual contribution to the fund is currently set at £3,264 per annum. There has been no spend from the fund in the year.

## The Spon Lane Trust Almshouses

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### Report of the Trustee for the year ended 31 March 2021 continued

#### Reserves continued

- **Extraordinary repairs fund £55,176 (2020: £53,099)**

This fund is for the purpose of providing for the extraordinary repair, improvement or rebuilding of the Almshouses belonging to the Charity. It is therefore difficult to predict when the expenditure will arise. The annual contribution to the fund is currently set at £2,077 per annum. There has been no spend from the fund in the year.

#### Governance of the Charity

During the year under review the Trustee's Committee of Management met twice. Appointed Committee Members serve for a year and may be re-elected for a further year.

The Sole Corporate Trustee retains ultimate responsibility for all aspects of the Charity's activities and the Committee Members normally meet at bi-annual intervals. The Charity has policies and procedures in place for the induction and training of Trustees.

#### Committee of Management appointed by the Trustee

The members of the Committee of Management appointed by the Sole Corporate Trustee who served during the year and to the date on which the financial statements were approved were:

Ed Lunt	
Robert McComb	(resigned 22 September 2020)
Craig Moule	
Denise Plumpton	(Chair) (appointed 22 September 2020)
Nicole Seymour	

#### Secretary

Nicole Seymour

#### Risk management

Major business risks of the Charity are identified through a system of continuous monitoring, through the Group's review of the major strategic, business and operational risks to which the Charity is exposed. Systems and procedures are established at a Group level to mitigate those risks and to minimise any potential impact on the Charity should any of those risks materialise.

#### Going concern

The Committee members confirm that they have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. The Charity also has the continued support of its ultimate parent, Sanctuary Housing Association, who has provided a letter of support to the members of the Committee to confirm that it intends to provide financial and other support as required for a period of at least 12 months from the date of these financial statements. Accordingly, the Charity continues to adopt the going concern basis in its financial statements. Further details are given in note 1.

## **The Spon Lane Trust Almshouses**

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### **Report of the Trustee for the year ended 31 March 2021 continued**

#### **Risk map**

The Charity is a subsidiary of Sanctuary Housing Association and part of the Sanctuary Group of entities. The Group operates a comprehensive risk mapping process as part of its annual business planning cycle. The process identifies a number of external factors which affect both the Group and the Charity.

The Executive Committee and Group Audit and Risk Committee review and scrutinise the risk maps for all Group entities. The Group Board approves the Group risk map.

In addition, all reports submitted to the Committee include an analysis of the risk map areas impacted.

## The Spon Lane Trust Almshouses

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

Under charity law, the trustee is responsible for preparing the report of the Trustee and the annual report for each financial year which show a true and fair view of the state of affairs of the Charity and of the excess of income over expenditure for that period. The Trustee has elected to prepare the financial statements in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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

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

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

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

### Disclosure of information to auditor

In the case of the Trustee or Members of the Committee of Management of the Charity at the date when this report was approved:

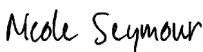
- so far as the Trustee and Members are aware, there is no relevant audit information of which the Charity's auditor is unaware; and
- the Trustee and each of the Members have taken all the steps that he ought to have taken as a Trustee or Member to make himself aware of any relevant audit information and to establish that the Charity's auditor is aware of that information.

### Independent auditor

A resolution concerning the appointment of the auditor will be proposed at the Annual General Meeting.

By order of the Trustee.

Nicole Seymour  
 Secretary  
 21 September 2021

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## **Independent auditor's report to the Trustee of The Spon Lane Trust Almshouses**

### **Opinion**

We have audited the financial statements of The Spon Lane Trust Almshouses (the Charity) for the year ended 31 March 2021 which comprise the Statement of Financial Activities, Balance Sheet and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Charity's affairs as at 31 March 2021 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been properly prepared in accordance with the requirements of the Charities Act 2011.

### **Basis for opinion**

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

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

### **Going concern**

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

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

Our conclusions based on this work:

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

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Charity will continue in operation.



## **Independent auditor's report to the Trustee of The Spon Lane Trust Almshouses continued**

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

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

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

- Enquiring of Trustees, internal audit and inspection of policy documentation as to the Charity's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Charity's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes
- Using analytical procedures to identify any unusual or unexpected relationships

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

As required by auditing standards, and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries on this audit we do not believe there is a fraud risk related to revenue recognition because the Charity does not operate in an industry that would create an inherent revenue risk, the revenue transactions do not contain estimates, there is no history of significant or a high number of audit misstatements in relation to revenue and management is not incentivised on revenue directly.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.

#### *Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Trustees (as required by auditing standards) and discussed with the Trustees the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

The Charity is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Whilst the Charity is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

## **Independent auditor's report to the Trustee of The Spon Lane Trust Almshouses continued**

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

#### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as there may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

### **Other information**

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

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

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

We have nothing to report in these respects.

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

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

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

We have nothing to report in these respects.

### **Trustee's responsibilities**

As explained more fully in their statement set out on page 6, the Trustee is responsible for: the preparation of financial statements which give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Charity or to cease operations, or have no realistic alternative but to do so.

## **Independent auditor's report to the Trustee of The Spon Lane Trust Almshouses continued**

### **Auditor's responsibilities**

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

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

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

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



**Sarah Tannock-Kitchen (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*

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

One Snowhill

Snow Hill Queensway

Birmingham

B4 6GH

Date: 24 September 2021

**The Spon Lane Trust Almshouses**
**Statement of Financial Activities for the year ended 31 March 2021**

	Notes	2021 £	2020 £
<b>Incoming from:</b>			
Charitable activities	3	66,164	62,012
Investment income	4	950	934
Other income	5	4,347	4,348
<b>Total incoming resources</b>		<b>71,461</b>	<b>67,294</b>
<b>Resources expended</b>			
Charitable activities	6	(49,458)	(23,170)
<b>Total resources expended</b>	6	<b>(49,458)</b>	<b>(23,170)</b>
<b>Net incoming resources before transfers</b>	13	<b>22,003</b>	<b>44,124</b>
Transfers to designated funds	12,13	(5,341)	(5,341)
Gain/(Loss) on investments	8	10,202	(1,145)
<b>Net income</b>		<b>26,864</b>	<b>37,638</b>
<b>Net movement in general unrestricted funds</b>		<b>26,864</b>	<b>37,638</b>
Fund balances brought forward at 1 April		550,629	507,650
Net movement in general unrestricted funds		26,864	37,638
Net movement in designated funds	12	5,341	5,341
<b>Fund balances carried forward at 31 March</b>		<b>582,834</b>	<b>550,629</b>

The net movement in funds for the year relates wholly to continuing activities.

There are no recognised gains and losses other than those included in the net movement in funds above.

The notes on pages 13 to 20 form part of these financial statements.

## The Spon Lane Trust Almshouses

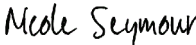
### Balance Sheet as at 31 March 2021

	Notes	2021 £	2020 £
<b>Fixed assets:</b>			
Tangible assets	7	420,327	402,500
Investments	8	60,066	49,864
		<b>480,393</b>	<b>452,364</b>
<b>Current assets:</b>			
Debtors	9	8,116	7,088
Cash at bank and in hand		365,020	382,205
		<b>373,136</b>	<b>389,293</b>
Creditors: amounts falling due within one year	10	(14,185)	(30,171)
<b>Net current assets</b>		<b>358,951</b>	<b>359,122</b>
<b>Total assets less current liabilities</b>		<b>839,344</b>	<b>811,486</b>
<b>Non-current liabilities:</b>			
Social housing grant and other capital grants	11	(256,510)	(260,857)
		<b>(256,510)</b>	<b>(260,857)</b>
<b>Net assets</b>		<b>582,834</b>	<b>550,629</b>
<b>The funds of the Charity</b>			
Designated income funds	12	151,611	146,270
Unrestricted funds	13	431,223	404,359
<b>Total Charity funds</b>		<b>582,834</b>	<b>550,629</b>

The financial statements were approved and authorised for issue by the Trustee on 21 September 2021 and signed on its behalf by:

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Ed Lunt  
Committee Member

DocuSigned by:  
  
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Nicole Seymour  
Secretary

The notes on pages 13 to 20 form part of these financial statements.

## The Spon Lane Trust Almshouses

### Notes to the financial statements for the year ended 31 March 2021

#### 1. Principal accounting policies

##### Basis of accounting

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (FRS 102) as issued in March 2018, the Charities Act 2011 and the statement of Recommended Practice for Charities (Revised 2019) (Charities SORP). The presentation currency of these financial statements is pounds sterling.

The Company's ultimate parent undertaking, Sanctuary Housing Association includes the Charity in its consolidated financial statements. The consolidated financial statements of Sanctuary Housing Association are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Sanctuary Housing Association, Chamber Court, Castle Street, Worcester WR1 3ZQ. In these financial statements, the Charity is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 and the Charities SORP in respect of the following disclosures:

- Cash Flow Statement and related notes; and
- disclosures in respect of transactions with wholly owned subsidiaries.

As the consolidated financial statements of Sanctuary Housing Association include the equivalent disclosures, the Charity has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- the disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The financial statements are prepared on the historical cost basis of accounting. Accounting policies have been applied consistently and there have been no changes in accounting policy during the period.

##### Going concern

The Charity's principal activities, together with factors likely to affect its future performance, are set out on page 3.

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

The Committee members have prepared a going concern assessment, based on consideration of cash flow forecasts, for a period of at least 12 months from the date of approval of these financial statements (the going concern assessment period), taking account of severe but plausible downside scenarios that take into consideration the current economic environment due to Covid-19. In forming their view the Committee members have taken into consideration that Sanctuary Housing Association, the Charity's ultimate parent, has provided a letter of support to the members of the Charity to confirm that it intends, should the need arise, to provide financial and/or other support to the Charity, including, if required, not seeking repayment of amounts currently made available (£478 at 31 March 2021), for the period covered by the forecasts. Based on these considerations it has been concluded that the Charity will have sufficient funds to meet its liabilities as they fall due for the period of assessment.

As with any charity placing reliance on other group entities for financial support, the Committee members acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

**The Spon Lane Trust Almshouses**

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**Notes to the financial statements for the year ended 31 March 2021 continued****1. Principal accounting policies continued****Going concern continued**

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

**Funds**

All funds, assets and liabilities of the Charity are unrestricted although the Charity chooses to designate certain funds for cyclical repairs.

**Social housing and other capital grants**

Social Housing Grants ("SHG") and other capital grants are utilised to subsidise the cost of housing properties.

SHG and other capital grants are recognised as income in the Statement of Comprehensive Income under the accruals model. Grants relating to assets are recognised as income on a systematic basis over the expected useful life of the asset.

**Incoming resources from charitable activities**

Incoming resources represent rents and service charges receivable, less losses from voids. All incoming resources other than investment income receivable (see note 4), are directly attributable to the provision of almshouse accommodation at Spon Lane, in line with the Charity's objectives. This income is therefore classified as due to charitable activities. Income from charitable activities is recognised as it falls due, either daily, weekly or monthly.

**Resources expended (charitable activities)**

Resources expended represent expenditure incurred in the upkeep and management of the Charity's properties. All resources expended other than the governance costs are directly attributable to the provision of almshouse accommodation at Spon Lane, in line with the Charity's objects. This expenditure is therefore classified as due to charitable activities.

**Governance costs**

Governance costs are associated with the governance arrangements of the Charity which relate to the general running of the Charity, as opposed to those costs associated with charitable activities.

**Taxation**

The Spon Lane Trust Almshouses Charity is a registered Charity and is, therefore, exempt from liability to taxation on its income and capital gains applied for charitable purposes.

## The Spon Lane Trust Almshouses

### Notes to the financial statements for the year ended 31 March 2021 continued

#### 1. Principal accounting policies continued

##### Investments

In accordance with the Charities SORP 2019, the investments are shown at market value. All investments are managed by outside organisations on behalf of the Charity.

The two types of investments held as at 31 March 2021 are the NAACIF (The National Association of Almshouses Common Investment Fund) and COIF (The Charities Official Investment Fund). The Charities SORP 2019 requires investments to be held at market value and the gains or losses on these investments, whether realised or not, to be recognised in the Statement of Financial Activities.

##### Tangible assets

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Where parts of an item of property, plant and equipment (PPE) have different useful lives, they are accounted for as separate items of PPE.

##### *Land and buildings:*

Land and buildings consists of housing properties for social rent. The provision of social housing is akin to supplying a service and therefore property held for the primary purpose of providing social benefits should be excluded from the scope of Investment Property and accounted for as PPE. Housing properties are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. The cost of such properties includes the following:

- a) cost of acquiring land and buildings;
- b) construction costs including internal equipment and fitting;
- c) directly attributable development administration costs;
- d) cost of capital employed during the development period;
- e) expenditure incurred in respect of improvements and extensions to existing properties; and
- f) construction costs incurred but not yet certified at the reporting date.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic or social benefits associated with the item will flow to the Charity and the cost of the item can be measured reliably.

Expenditure on housing properties which is capable of generating increased future rents, extends their useful life, or significantly reduces future maintenance costs, is capitalised. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial year in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Structure	40 - 125 years
Door and door entry systems	10 - 40 years
Bathrooms	15 - 40 years
External works	20 - 25 years
Heating system	15 - 40 years
Kitchens	30 years
Lifts	10 years
Green technologies	25 years
Roof coverings	50 years
Windows	40 years
Electrical wiring	30 years



## The Spon Lane Trust Almshouses

### Notes to the financial statements for the year ended 31 March 2021 continued

#### 1. Principal accounting policies continued

##### Tangible assets continued

The acquisition and disposal of properties is accounted for on the date when completion takes place.

##### Impairment

When an impairment indicator is identified, an impairment review is performed at an individual property level and compared against its recoverable amount, which is defined as the higher of:

- the fair value less selling costs of the property, or
- its value in use (VIU).

Should the net book value of the property exceed the higher of these measures, it is impaired to this value, with the movement going through the Statement of Financial Activities.

Fair value is deemed to be the market value of the property based on its existing use. For social housing properties this is existing use value – social housing (EUV-SH)

For social housing properties a measure of VIU is the depreciated replacement cost (DRC) of the property. To determine the DRC, the Charity uses information on current and recently completed developments in order to establish a build cost relevant to the property being tested, based on size, location, and other factors.

##### Cyclical repairs and maintenance

The Charity has established a regular programme of cyclical repairs and maintenance. Costs are charged to the Statement of Financial Activities in the year in which they are incurred. A transfer is made to designated funds to reflect amounts earmarked for future repairs and maintenance costs.

##### Repairs

Costs of repairs, unless representing improvements to the properties are charged to the Statement of Financial Activities in the year in which they are incurred. A transfer is made to designated funds to reflect amounts earmarked for future repairs and maintenance costs.

##### Provisions against debtors

The Charity provides against debtor balances where the likelihood of settlement in full or in part is unlikely. The level of provision is calculated using a probability weighted estimate based on historical experience and an assessment of specific debtor balances.

#### 2. Trustee remuneration and employee information

During the year, the Charity paid the Trustee £7,719 (2020: £7,572) in the form of a management fee. Members of the Committee of Management receive salaries in their capacity as employees of the ultimate parent undertaking, Sanctuary Housing Association. Consequently, any expenses payable are also borne by the ultimate parent undertaking as they are incidental to their services provided to other Sanctuary Group companies. Expenses borne by the ultimate parent undertaking in respect of the Members of the Committee of Management are negligible.

The Charity does not employ any staff. However, a recharge is made by the Charity's parent undertaking, Sanctuary Housing Association, in respect of a warden who works part-time on the scheme. For the year ended 31 March 2021 this amounted to £2,664 (2020: £2,611).

## The Spon Lane Trust Almshouses

### Notes to the financial statements for the year ended 31 March 2021 continued

#### 3. Incoming resources from charitable activities

	2021 £	2020 £
Rents	47,571	45,907
Service charges	18,751	17,704
	<u>66,322</u>	<u>63,611</u>
Void losses	(158)	(1,599)
	<u><b>66,164</b></u>	<u><b>62,012</b></u>

#### 4. Investment Income

	2021 £	2020 £
Dividend income	<u>950</u>	<u>934</u>

#### 5. Other income

	2021 £	2020 £
Grant amortisation	<u>4,347</u>	<u>4,348</u>

#### 6. Resources expended

	Charitable activities £	Total 2021 £	Total 2020 £
Day to day repairs and maintenance	9,034	9,034	6,416
Planned Maintenance	28	28	-
Management fee	7,719	7,719	7,572
Other service costs	12,010	12,010	4,102
Depreciation	20,667	20,667	5,080
Total 2021	<u><b>49,458</b></u>	<u><b>49,458</b></u>	<u><b>23,170</b></u>
Total 2020	<u><b>23,170</b></u>	<u><b>23,170</b></u>	

All support costs are allocated to the Charity's single activity. Auditor's remuneration for the current year of £500 (2020: £500) has been borne by the parent company and has not been recharged.

**The Spon Lane Trust Almshouses**
**Notes to the financial statements for the year ended 31 March 2021 continued**
**7. Tangible Assets**

	Land & Buildings £	Plant & Equipment £	Total £
<b>Cost</b>			
Balance at 1 April 2020	469,063	5,842	474,905
Addition	38,494	-	38,494
Disposal	(17,000)	-	(17,000)
Balance at 31 March 2021	<u>490,557</u>	<u>5,842</u>	<u>496,399</u>
<b>Depreciation and impairment</b>			
Balance at 1 April 2020	66,563	5,842	72,405
Depreciation charge for the year	20,667	-	20,667
Disposal	(17,000)	-	(17,000)
Balance at 31 March 2021	<u>70,230</u>	<u>5,842</u>	<u>76,072</u>
<b>Net book value</b>			
31 March 2021	<u>420,327</u>	<u>-</u>	<u>420,327</u>
31 March 2020	<u>402,500</u>	<u>-</u>	<u>402,500</u>

The Charity annually reviews properties for indicators of potential impairment. Assets that reveal indicators are then subjected to further impairment tests using the methods described in note 1 and below.

Social housing assets are considered to have indicators of impairment when they have been vacant for a period of ninety days or longer. In the current and prior year, no social housing properties were identified with indicators of potential impairment and so further impairment tests were not deemed necessary.

**8. Investments**

All investment assets derive from the UK.

**Reconciliation of market value**

	2021 £	2020 £
Market value at 1 April	49,864	51,009
Gain/(loss) on investment assets	10,202	(1,145)
Market value at 31 March	<u>60,066</u>	<u>49,864</u>

**Historic cost of investments as at 31 March 2021 and 2020**

	£
COIF accumulation and income shares	13,462
NAACIF income shares	2,354
Total historic cost of investments	<u>15,816</u>

Investments are held at market value and the gains or losses on these investments, whether realised or not, are recognised in the Statement of Financial Activities.

## The Spon Lane Trust Almshouses

### Notes to the financial statements for the year ended 31 March 2021 continued

#### 9. Debtors

	2021 £	2020 £
Rent arrears	6,723	9,418
Rent arrears – provision for bad debts	(2,910)	(2,330)
Amounts owed from parent undertaking	1,327	-
Prepayments and other debtors	2,976	-
	<b>8,116</b>	<b>7,088</b>

All of the amounts disclosed as owed by fellow subsidiaries are trading in nature, repayable on demand and do not incur interest.

#### 10. Creditors: amounts falling due within one year

	2021 £	2020 £
Rent paid in advance	1,926	713
Amounts owed to parent undertaking	-	24,403
Amounts owed to fellow subsidiaries	478	450
Social housing grant	3,861	3,861
Other capital grant	486	486
Accruals and other creditors	7,434	258
	<b>14,185</b>	<b>30,171</b>

Amounts owed to parent and subsidiary undertakings are trading in nature, repayable on demand and non-interest bearing.

#### 11. Social housing and other capital grants falling due after one year

	2021 £	2020 £
Social housing grant	227,841	231,702
Other capital grant	28,669	29,155
	<b>256,510</b>	<b>260,857</b>

#### 12. Designated funds

	Cyclical repairs and maintenance fund £	Extraordinary repairs fund £	Total £
At 1 April 2020	93,171	53,099	146,270
Gross transfers to funds (note 13)	3,264	2,077	5,341
At 31 March 2021	<b>96,435</b>	<b>55,176</b>	<b>151,611</b>

## The Spon Lane Trust Almshouses

### Notes to the financial statements for the year ended 31 March 2021 continued

#### 13. Unrestricted income funds

	£
At 1 April 2020	404,359
Net incoming resources for the year before transfers	22,003
Transfer to cyclical repairs and maintenance fund (note 12)	(3,264)
Transfer to extraordinary repairs fund (note 12)	(2,077)
Other recognised gains (note 8)	10,202
At 31 March 2021	<u><u>431,223</u></u>

#### 14. Ultimate parent undertaking and controlling party

The ultimate parent undertaking and controlling party is Sanctuary Housing Association being the smallest and largest group to consolidate these financial statements, registered in England as a Registered Society (Number 19059R) and with the Regulator of Social Housing (Number L0247). A copy of the Group financial statements can be obtained from Sanctuary Housing Association, Chamber Court, Castle Street, Worcester, WR1 3ZQ.

#### 15. Post Balance Sheet events

There are no post balance sheet events to report.