

Applegarth Homes

Unaudited Financial Statements

For the year ended 31 March 2020

Applegarth Homes

Unaudited Financial Statements For the year ended 31 March 2020

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Applegarth Homes

Trustee, Registered Office and Advisers For the year ended 31 March 2020

Trustee: Harrogate Housing Association Limited

Registered Office: 10 High Street
Harrogate
North Yorkshire
HG2 7HY

Registered Number: Charity: 221962

Independent Examiner: Sue Hutchinson FCCA
Beever and Struthers
St George's House
215-219 Chester Road
Manchester
M15 4JE

Bankers: CAF Bank
25 Kings Hill Avenue
Kings Hill
West Malling
Kent
ME19 4JQ

Solicitors: Bywaters Topham Phillips LLP
17 Hornbeam Square South
Hornbeam Business Park
Harrogate
North Yorkshire
HG2 8NB

Applegarth Homes

Report of the Trustee For the year ended 31 March 2020

The Trustee has pleasure in submitting its annual report, together with the financial statements of the Charity for the year ended 31 March 2020.

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

Review of activities

Applegarth Homes is a registered charity which provides ten units of accommodation for people in need of housing who previously lived within the former West Riding of Yorkshire for a continuous period of five years.

When making decisions about the appointment to an empty property, the aim is to ensure that it is allocated to the applicant most in need of the accommodation at the time that the empty property occurs. There was one void during the year. There were some minor works required in the property before it could be let resulting in a small void loss.

The biannual lunches with residents have continued with the Trustee being represented by members of its Customer Liaison Committee. The lunches took place in June and December 2019. There were no matters raised by residents that required action. These meetings have confirmed the continuation of a caring, supportive atmosphere within the scheme to the overall benefit of the residents.

Financial and operational performance and future works

The financial position of the Charity is shown in the accounts on pages 6 to 15.

The Charity continues to generate a surplus. For the fifth year running no change was made to the weekly maintenance contribution in April 2020. The total amount paid by residents is still well below market levels and below the local housing allowance maximum amount. The Trustee is satisfied that the amounts being collected are sufficient to enable the Charity to meet the needs of residents by maintaining the flats to a high standard and, where possible adapting them to suit the needs of individual residents as their circumstances change. The surplus being generated also increases the funds available for major works like roof and window replacement.

The main work undertaken during the year was the replacement of a kitchen, three other residents declined the upgrade, and the repainting of the communal stairwells. As an additional safety measure fire detection equipment was also installed in the roof space.

As is common in Harrogate the gardens soon become waterlogged. This has had a detrimental impact on the parking area causing an uneven surface. Whilst repairs were undertaken quickly there may be a requirement for a more long term solution to be put in place if the problem recurs.

There was no impact on the financial results of the Charity for the year as a result of the Coronavirus pandemic. Looking forward though, the age profile of the residents is such that most are classed as vulnerable and should be shielded or self isolating. Financially it is unlikely that arrears will be an issue but void losses may increase. We contact each resident every week to confirm they remain healthy and assist wherever possible in ensuring their needs and requirements are being met. This was something which has been undertaken for many years but has become more essential since the lockdown was imposed. Fortunately, to date, residents have remained well.

Unfortunately the pandemic resulted in a significant fall in the stock market which has impacted on the value of the M & G Charity Multi Asset Fund (formerly the NAACIF Accumulation Shares) investment held by the Charity. The investment fell in value by nearly 15% over the year, after adjusting for the units purchased in the year. There has been some improvement in value since the year end. The investment, specifically aimed at almshouses, is being held for the long term and the Trustee, although disappointed with its performance, has confirmed it should be retained and further units be bought on an annual basis in line with the existing arrangements.

All properties had a valid Landlords Gas Safety Record and electrical safety inspection notice throughout the year. During the year a total of 49 (31 March 2019: 39) routine repairs were carried out at the scheme. 92% (31 March 2019: 100%) of these repairs were completed within the required timescales. A satisfaction survey was undertaken on 51% (31 March 2019: 92%) of the jobs with all repairs (31 March 2019: all) receiving a positive satisfaction rating.

Applegarth Homes

Report of the Trustee For the year ended 31 March 2020

Financial and operational performance and future works (continued)

A stock condition survey was undertaken on the properties in January 2018. The survey did not identify the requirement for any major structural work in the next 10 years. However, the building is now over 80 years old meaning some elements have passed their expected life, so this position is likely to change in the future. The work identified in the survey will be budgeted as required but detailed consultation will be undertaken with the affected residents as the work falls due as it is important to consider each residents health and well-being before undertaking any disruptive work, as done during the current year where three refusals occurred.

Governance

Following the issue of a new scheme by the Charity Commission which became effective on 1 October 2017 Harrogate Housing Association Limited became the Sole Corporate Trustee.

The Corporate Trustee formally meets every quarter to discuss Applegarth Homes business. In addition Applegarth Homes business can be discussed at any meeting of the Board of Harrogate Housing Association Limited which meets six times a year.

Risk management

The Trustee has a duty to identify and review the risks to which the Charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error. The processes and procedures in use by the Charity are the same as those followed by Harrogate Housing Association Limited. With strong performance on income collection and repairs the main risk faced by the Charity is in relation to ensuring sufficient funds are available to undertake any major repairs. This risk has reduced following the Charity becoming a subsidiary of a larger organisation and the stock condition survey not identifying the requirement for any major work during the next 10 years.

The Charity is unincorporated which creates risks for the Trustee. Insurance to mitigate this risk was put in place during the year but, longer term, the Trustee has approved the conversion of the Charity into a Charitable Incorporated Organisation (CIO). This requires Charity Commission approval and it is envisaged the necessary new rules will be in place by 31 March 2021.

Reserves

The reserves at 31 March 2020 totalled £220,260 of which £13,300 are restricted reserves with the remaining £206,960 being available to be utilised by the Trustee. Free reserves are £147,446.

The reserves of the Charity are held for the enhancement and maintenance of its main asset, the Almshouses. Sufficient funds need to be in place to enable major refurbishment programmes to take place, like a new roof, window replacement or rewiring. The reserves will continue to increase as a result. Being a subsidiary of Harrogate Housing Association Limited ensures that sufficient resources are available to the Charity should it have insufficient reserves itself to meet the costs of any major work.

Development

The Trustee has no plans for extension of the services provided beyond the existing premises.

Applegarth Homes

Report of the Trustee For the year ended 31 March 2020

Management

The day to day responsibility for the management of the Almshouses and implementation of policy set by the Trustee is delegated to the parent managing agent, Harrogate Housing Association Limited. A fee is charged for this work based on the costs incurred by the managing agent. For efficiency reasons the Trustee makes payments to suppliers on a group basis, including those for Applegarth Homes with its own. These costs are reimbursed to the Association on the same day as it makes the payment to the supplier. The costs are shown in the accounts in line with the original service description delivered by the supplier.

Approved on 29 July 2020 by the Sole Corporate Trustee Harrogate Housing Association Limited and signed on its behalf by

**Steven Brook
Secretary, Harrogate Housing Association Limited**

Independent Examiner's Report to the Trustee of Applegarth Homes

I report on the accounts of the charity for the year ended 31 March 2020 which are set out on pages 6 to 15.

Respective responsibilities of trustees and examiner

The charity's trustee is responsible for the preparation of the accounts. The charity's trustee considers that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the 2011 Act) and that an independent examination is needed.

It is my responsibility to:

- examine the accounts under section 145 of the 2011 Act;
- follow the procedures laid down in the general Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act; and
- state whether particular matters have come to my attention.

Basis of independent examiner's report

My examination was carried out in accordance with the general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustee concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently no opinion is given as to whether the accounts present a "true and fair view" and the report is limited to those matters set out in the statement below.

Independent examiner's statement

In connection with my examination, no matter has come to my attention:

- 1 which gives me reasonable cause to believe that, in any material respect, the requirements:
 - to keep accounting records in accordance with section 130 of the 2011 Act; and
 - to prepare accounts which accord with the accounting records and comply with the accounting requirements of the 2011 Acthave not been met; or
- 2 to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

Sue Hutchinson FCCA
Independent Examiner
Beever and Struthers
Chartered Accountants
St. George's House
215 - 219 Chester Road
Manchester
M15 4JE

Date: 6 August 2020

Applegarth Homes

Statement of Financial Activities For the year ended 31 March 2020

	Notes	Unrestricted Funds 2020 £	Restricted Funds 2020 £	Total Funds 2020 £	Total Funds 2019 £
Income from:					
Charitable activities - social housing	3	57,484	-	57,484	57,811
Investment income	4	4,128	-	4,128	4,529
Total income		<u>61,612</u>	<u>-</u>	<u>61,612</u>	<u>62,340</u>
Expenditure on:					
Charitable activities – social housing	5	(36,119)	-	(36,119)	(38,318)
Total expenditure		<u>(36,119)</u>	<u>-</u>	<u>(36,119)</u>	<u>(38,318)</u>
Net (losses)/gains on investments	10	(20,633)	-	(20,633)	2,566
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net income and net movement in funds		<u>4,860</u>	<u>-</u>	<u>4,860</u>	<u>26,588</u>
Reconciliation of funds:					
Total funds brought forward		202,100	13,300	215,400	188,812
Total funds carried forward		206,960	13,300	220,260	215,400
		<u>206,960</u>	<u>13,300</u>	<u>220,260</u>	<u>215,400</u>

All of the above results derive from the continuing operations of the Charity.

The notes on pages 8 to 15 form an integral part of these financial statements.

The financial statements on pages 6 to 15 were approved and authorised for issue by the Sole Corporate Trustee, Harrogate Housing Association Limited, on 29 July 2020 and were signed on its behalf by:-

Steven Brook

Secretary, Harrogate Housing Association Limited

Applegarth Homes

Balance Sheet At 31 March 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible fixed assets	9		10,831		6,900
Investments	10		97,619		111,310
			<u>108,450</u>		<u>118,210</u>
Current assets					
Debtors	11	2,351		637	
Cash and cash equivalents	12	117,092		103,975	
		<u>119,443</u>		<u>104,612</u>	
<u>Less:</u>					
Creditors: amounts falling due within one year	13	<u>(7,633)</u>		<u>(7,422)</u>	
Net current assets			<u>111,810</u>		<u>97,190</u>
Total assets less current liabilities			<u>220,260</u>		<u>215,400</u>
Total net assets			<u>220,260</u>		<u>215,400</u>
Funds of the charity					
Unrestricted funds:					
Designated reserves	14		48,683		43,783
Revaluation reserve	14		3,970		24,603
Unrestricted general fund	14		154,307		133,714
			<u>206,960</u>		<u>202,100</u>
Restricted funds	14		13,300		13,300
			<u>13,300</u>		<u>13,300</u>
Total charity funds			<u>220,260</u>		<u>215,400</u>

The notes on pages 8 to 15 form an integral part of these financial statements.

The financial statements on pages 6 to 15 were approved and authorised for issue by the Sole Corporate Trustee, Harrogate Housing Association Limited, on 29 July 2020 and were signed on its behalf by:-

Steven Brook

Secretary, Harrogate Housing Association Limited

Applegarth Homes

Notes to the Financial Statements For the year ended 31 March 2020

1. General information

The Charity is an unincorporated Charity registered in England and Wales. The registered office is 10 High Street, Harrogate, North Yorkshire, HG2 7HY.

2. Principal accounting policies

Basis of accounting

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

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

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

Going concern

The financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future. Covid-19 may impact on the income and expenditure of the Charity but sufficient cash reserves are held to cover such an eventuality. No other significant concerns have been noted and we consider it appropriate to continue to prepare the financial statements on a going concern basis based on the cash flow forecasts.

Judgements and key sources of estimation uncertainty

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

- Freehold property

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

Incoming resources

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

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

Applegarth Homes

Notes to the Financial Statements For the year ended 31 March 2020

2. Principal accounting policies (continued)

Expenditure

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

Taxation

The Charity is exempt from tax on its charitable activities.

Tangible fixed assets

Freehold property is stated at valuation in 1961.

Freehold land and structure are not depreciated.

The Charity has started replacing major components within the property and as such capitalising the cost of replacement as required by accounting standards. These replacements have substantially different useful economic lives (UEs), each replaced component is accounted for separately and depreciated over its individual UEL. No existing cost has been attributed to the replaced component.

UEs for identified components are as follows:

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

Investments

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

Debtors

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

Cash at bank and in hand

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

Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

2. Principal accounting policies (continued)

Financial Instruments

The Charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Impairment of Financial Assets

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

Fund accounting

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

Designated reserves are part of unrestricted reserves which have been allocated by the Trustee for a particular purpose. Such designations may be reversed by future Trustee decisions. Expenditure is not directly set against designated reserves but is taken through the Statement of Financial Activities. A transfer is then made from designated reserves as appropriate.

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

Applegarth Homes

Notes to the Financial Statements For the year ended 31 March 2020

3. Income from charitable activities	Unrestricted Funds 2020 £	Unrestricted Funds 2019 £
Maintenance contributions from residents	46,623	46,887
Service charge including water rates and gas	10,861	10,924
Total income from charitable activities	57,484	57,811
Voids losses (being maintenance contributions and service charge income lost as a result of property not being let, although it is available for letting)	486	-

Although split out above the residents pay an inclusive weekly maintenance charge.

4. Investment income	Unrestricted Funds 2020 £	Unrestricted Funds 2019 £
Bank interest received	156	86
Income on fixed asset investments	3,972	4,443
	4,128	4,529

5. Expenditure on charitable activities	Unrestricted Funds 2020 £	Unrestricted Funds 2019 £
Management	13,708	12,921
Service charge costs including water rates and gas	9,873	10,249
Routine maintenance	8,018	6,328
Cyclical maintenance	2,340	2,717
Extraordinary repairs	-	1,200
Accountancy	1,878	1,843
Legal and professional	95	3,060
Depreciation on housing properties	207	-
Total expenditure on charitable activities	36,119	38,318

6. Accommodation managed by others	2020 Number of properties	2019 Number of properties
General Housing	10	10

Applegarth Homes

Notes to the Financial Statements For the year ended 31 March 2020

7. Taxation

The Charity is exempt from tax on its charitable activities.

8. Employees

The Charity has no employees (2019 – none). Key management personnel are defined as the Trustee. The day to day management of the properties is undertaken by Harrogate Housing Association Limited from their offices in Harrogate. Harrogate Housing Association Limited is the sole corporate Trustee of the Charity. The Trustee did not receive any remuneration in its capacity as Trustee during the year.

9. Tangible fixed assets

	Freehold property	Total
Cost		
At 1 April 2019	6,900	6,900
Component additions	4,138	4,138
Disposals	-	-
	<hr/>	<hr/>
At 31 March 2020	11,038	11,038
	<hr/>	<hr/>
Depreciation		
At 1 April 2019	-	-
Charge for the year	207	207
Eliminated on disposals	-	-
	<hr/>	<hr/>
At 31 March 2020	207	207
	<hr/>	<hr/>
Net book value		
At 31 March 2020	10,831	10,831
	<hr/> <hr/>	<hr/> <hr/>
At 31 March 2019	6,900	6,900
	<hr/> <hr/>	<hr/> <hr/>

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Notes to the Financial Statements For the year ended 31 March 2020

10. Fixed asset investments

Valuation	Listed investments £	Total £
At 1 April 2019	111,310	111,310
Additions	6,942	6,942
Unrealised losses in year	(20,633)	(20,633)
	<hr/>	<hr/>
At 31 March 2020	97,619	97,619
	<hr/> <hr/>	<hr/> <hr/>

The historic cost of these investments at 31 March 2020 was £93,649 (31 March 2019 – £86,707).

	2020 £	2019 £
The investments comprise:		
Listed		
M&G Charity Multi Asset Fund (formerly NAACIF) income shares	97,619	111,310
	<hr/> <hr/>	<hr/> <hr/>

During the year the shareholders of the NAACIF income shares agreed to convert the fund into a Charity Authorised Investment Fund. This was completed on 15 November 2019 with each share in the NAACIF fund securing one share in the M&G Charity Authorised Investment Fund.

11. Debtors	2020 £	2019 £
Trade debtors	598	175
Prepayments and accrued income	1,753	462
	<hr/>	<hr/>
	2,351	637
	<hr/> <hr/>	<hr/> <hr/>

12. Cash and cash equivalents	2020 £	2019 £
Cash at bank	117,092	103,975
	<hr/> <hr/>	<hr/> <hr/>

13. Creditors: amounts falling due within one year	2020 £	2019 £
Trade creditors	2,500	3,036
Weekly maintenance and service charge paid in advance	2,323	2,240
Accruals and deferred income	2,810	2,146
	<hr/>	<hr/>
	7,633	7,422
	<hr/> <hr/>	<hr/> <hr/>

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Notes to the Financial Statements For the year ended 31 March 2020

14. Analysis of charitable funds

	At 31 March 2019 £	Income £	Expenditure £	Transfers £	Losses on investments £	At 31 March 2020 £
Restricted reserves						
Legacy from the late Miss Jane Birdsall Walker	13,300	-	-	-	-	13,300
Unrestricted reserves						
<i>Designated reserves</i>						
Cyclical maintenance fund	10,000	-	(2,340)	2,340	-	10,000
Extraordinary repair fund	33,783	-	-	4,900	-	38,683
Revaluation reserve	24,603	-	-	-	(20,633)	3,970
Unrestricted general fund	133,714	61,612	(33,779)	(7,240)	-	154,307
Total unrestricted reserves	202,100	61,612	(36,119)	-	(20,633)	206,960
	215,400	61,612	(36,119)	-	(20,633)	220,260

Restricted reserves

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

Designated reserves

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

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

Revaluation reserve

This represents the uplift from cost to market value in the M&G Charity Multi Asset Fund (formerly NAACIF income shares).

Unrestricted general fund

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

15. Analysis of net assets between funds

	General funds £	Designated funds £	Revaluation reserve £	Restricted funds £	Total funds £
Tangible fixed assets	10,831	-	-	-	10,831
Investments	31,666	48,683	3,970	13,300	97,619
Current assets	119,443	-	-	-	119,443
Current liabilities	(7,633)	-	-	-	(7,633)
	154,307	48,683	3,970	13,300	220,260

Applegarth Homes

Notes to the Financial Statements For the year ended 31 March 2020

16. Capital commitments

At the balance sheet date there were no capital commitments (2019 – £Nil).

17. Contingent liabilities

At the balance sheet date there were no contingent liabilities (2019 – £Nil).

18. Related party transactions

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

During the year the Charity purchased services from Harrogate Housing Association Limited totalling £11,500 (2019 – £11,500). In addition Harrogate Housing Association Limited paid £24,405 on Applegarth's behalf which had been reimbursed (2019 - £21,424). At the balance sheet date £Nil (2019 – £Nil) was owed to Harrogate Housing Association Limited.

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