

Applegarth Homes

Unaudited Financial Statements

For the year ended 31 March 2022

Applegarth Homes

Unaudited Financial Statements For the year ended 31 March 2022

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Applegarth Homes

Trustee, Registered Office and Advisers For the year ended 31 March 2022

Trustee: Harrogate Housing Association Limited

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

Registered Number: Charitable Incorporated Organisation: 1192964

Applegarth Homes

Report of the Trustee For the year ended 31 March 2022

The Trustee has pleasure in submitting its annual report, together with the financial statements of the Charity for the year ended 31 March 2022.

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

The Charity has been a Charitable Incorporated Organisation (CIO), under the “foundation” model constitution, throughout the year with registered charity number of 1192964.

Review of activities and performance

Applegarth Homes is a registered charity which provides ten units of accommodation for people in conditions of need, hardship or distress and who live or have previously lived within the former West Riding of Yorkshire for a continuous period of five years.

The accommodation has been fully utilised by the beneficiaries during the year.

During the year the Trustee considered how best to meet the needs of the beneficiaries, now and in the future. There was recognition of the age of the property and its energy efficiency and that, over the years, changes to the properties had taken place, eg the installation of central heating and fire alarms, which no longer met the standards expected from good quality rented accommodation. Consideration also needed to be given to the layouts of the individual flats to improve their fire safety.

Given the limited resources of the Charity the Trustee determined the most appropriate course of action, to best meet the needs of the beneficiaries, would be to let the property on a long lease, making sure the lessee took over the responsibility for housing the existing beneficiaries and insuring and repairing the existing building, or replacing it if required, with guarantees written into the lease that the ethos and area of benefit were maintained. The Charity further agreed that its existing investments and cash could be used by the lessee for improvements.

Following the receipt of legal advice the accommodation was let on a long lease (125 years) to Harrogate Housing Association Limited on 1 July 2021. No rent is charged under the lease. The change was made with the full support and agreement of the current beneficiaries.

The results in the attached accounts are for the whole year but from inception of the lease no income or costs were incurred by the Charity. The Charity is now effectively dormant but as the accommodation is held by the CIO it will continue in existence.

The Charity performed well in the period of activity with no voids and very few costs being incurred. No major works were undertaken.

In anticipation of the commencement of the lease the Charity realised its investment in the M&G Charity Multi Asset Fund income shares. This generated a gain of £32,369 against original cost.

Overall the Charity made a surplus of £13,081 in the year.

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. To better manage the unlimited liability of the Trustee under this scheme the Charity became a CIO on 4 January 2021. A CIO provides limited liability protection for the Trustee.

The Corporate Trustee maintains an overview of the activities of the lessee of the accommodation ensuring the ethos of the original benefactor is maintained.

Applegarth Homes

Report of the Trustee For the year ended 31 March 2022

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. The main risk faced by the Charity was to ensure sufficient funds were available to undertake major repairs, which included improving the energy efficiency of the accommodation and modernising it. This risk was mitigated through the lease arrangement put in place during the year. The Trustee is confident there are sufficient resources now available to maintain and modernise the accommodation.

Reserves

The reserves at 31 March 2022 totalled £283,057 of which £13,300 are restricted reserves with the remaining £269,757 being available to be utilised by the Trustee.

The free reserves have been made available to the lessee for investment in the scheme.

Development

The lessee is looking at improving the existing accommodation and increasing the number through a redevelopment of the site.

Management

The day-to-day responsibility for the management of the Charity is delegated to the parent managing agent, Harrogate Housing Association Limited. A fee was charged for this work until the lease was put in place. There is now minimal work to be undertaken which is provided free of charge.

For administrative efficiency reasons the Trustee made payments to suppliers on a group basis, including those for the Charity with its own. These costs were reimbursed on the same day as it made the payment to the supplier. The costs are shown in the accounts in line with the original service description delivered by the supplier. This was the position for the first quarter of the year but no costs have been incurred subsequently.

Approved on 27 July 2022 by the Sole Corporate Trustee, Harrogate Housing Association Limited, and signed on its behalf by

Steven Brook
Secretary, Harrogate Housing Association Limited

Applegarth Homes

Statement of Financial Activities For the year ended 31 March 2022

| | Notes | Unrestricted Funds 2022 £ | Restricted Funds 2022 £ | Total Funds 2022 £ | Total Funds 2021 £ |
|---|-------|------------------------------------|----------------------------------|--------------------------|--------------------------|
| Income from: | | | | | |
| Charitable activities – social housing | 3 | 14,579 | - | 14,579 | 57,833 |
| Investment income | 4 | 561 | - | 561 | 5,085 |
| Total income | | <u>15,140</u> | <u>-</u> | <u>15,140</u> | <u>62,918</u> |
| Expenditure on: | | | | | |
| Charitable activities – social housing | 5 | (7,462) | - | (7,462) | (36,198) |
| Total expenditure | | <u>(7,462)</u> | <u>-</u> | <u>(7,462)</u> | <u>(36,198)</u> |
| Net gains on investments | 14 | 5,403 | - | 5,403 | 22,996 |
| | | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Net income and net movement in funds | | <u>13,081</u> | <u>-</u> | <u>13,081</u> | <u>49,716</u> |
| | | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Reconciliation of funds: | | | | | |
| Total funds brought forward | | 256,676 | 13,300 | 269,976 | 220,260 |
| Total funds carried forward | | 269,757 | 13,300 | 283,057 | 269,976 |
| | | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

The charity is no longer active and all of the above operations ceased following the leasing of the main asset.

The notes on pages 6 to 13 form an integral part of these financial statements.

The financial statements on pages 4 to 13 were approved and authorised for issue by the Sole Corporate Trustee, Harrogate Housing Association Limited, on 27 July 2022 and were signed on its behalf by:-

Steven Brook

Secretary, Harrogate Housing Association Limited

Applegarth Homes

Balance Sheet At 31 March 2022

| | Notes | 2022 | | 2021 | |
|---|-------|----------------|----------------|----------------|----------------|
| Fixed assets | | £ | £ | £ | £ |
| Tangible fixed assets | 9 | | 10,417 | | 10,624 |
| Investments | 10 | | - | | 128,620 |
| | | | <u>10,417</u> | | <u>139,244</u> |
| Current assets | | | | | |
| Debtors | 11 | 272,640 | | 2,487 | |
| Cash and cash equivalents | 12 | - | | 137,665 | |
| | | <u>272,640</u> | | <u>140,152</u> | |
| <u>Less:</u> | | | | | |
| Creditors: amounts falling due within one year | 13 | - | | (9,420) | |
| | | | | <u>(9,420)</u> | |
| Net current assets | | | <u>272,640</u> | | <u>130,732</u> |
| Total assets less current liabilities | | | <u>283,057</u> | | <u>269,976</u> |
| Total net assets | | | <u>283,057</u> | | <u>269,976</u> |
| Funds of the charity | | | | | |
| Unrestricted funds: | | | | | |
| Designated reserves | 14 | | - | | 53,763 |
| Revaluation reserve | 14 | | - | | 26,966 |
| Unrestricted general fund | 14 | | 269,757 | | 175,947 |
| | | | <u>269,757</u> | | <u>256,676</u> |
| Restricted funds | 14 | | 13,300 | | 13,300 |
| | | | <u>13,300</u> | | <u>13,300</u> |
| Total charity funds | | | <u>283,057</u> | | <u>269,976</u> |

The notes on pages 6 to 13 form an integral part of these financial statements.

The financial statements on pages 4 to 13 were approved and authorised for issue by the Sole Corporate Trustee, Harrogate Housing Association Limited, on 27 July 2022 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 2022

1. General information

Until the 3 January 2021, the Charity was an unincorporated Charity registered in England and Wales, number 221962. The charity was registered with the Charity Commission as a Charitable Incorporated Organisation (CIO) on 4 January 2021. The comparative numbers reflect the results of both the unincorporated charity and the CIO for the year ended 31 March 2021.

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

Post 1 July 2021 the Charity ceased operating on a day to day basis as the main asset is subject to a long lease at a peppercorn rent if demanded. All liabilities have been settled but the CIO holds the title to the freehold property in perpetuity so must remain in existence. For accounts purposes it remains a going concern.

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.
- Lease of the property
The Charity considers this an operating lease.

2. Principal accounting policies (continued)

Incoming resources

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

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.

Since 2020 when the charity replaces major components within the property the costs are capitalised 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 a replaced component when it is replaced for the first time.

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 |

Following the inception of the lease components are no longer depreciated as the lessor is responsible for ensuring they are maintained/replaced and so no diminution in value will occur for the charity.

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.

Under the terms of the lease dated 1 July 2021 the cash balances of the charity were transferred to the leaseholder for use in improving the freehold property. This is shown as a debtor in the accounts as if it is not used for the defined purpose it must be returned to the charity. As the funds are used the amounts will be capitalised into the freehold property. There was no use of the funds in the year.

2. Principal accounting policies (continued)

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.

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. Following the inception of the lease the designated reserves are no longer required and have therefore become true unrestricted reserves.

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.

Lease

The freehold property is subject to a full insuring and repairing long lease. There is no rent due on the lease and the property will be returned to the charity in a fully lettable condition on its cessation. No value is attributed to the lease in the accounts.

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Notes to the Financial Statements For the year ended 31 March 2022

| 3. Income from charitable activities | Unrestricted Funds 2022 £ | Unrestricted Funds 2021 £ |
|--|--|--|
| Maintenance contributions from residents | 11,779 | 46,606 |
| Service charge including water rates and gas | 2,800 | 11,227 |
| Total income from charitable activities | 14,579 | 57,833 |
| Void losses (being maintenance contributions and service charge income lost as a result of property not being let, although it is available for letting) | - | - |

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

| 4. Investment income | Unrestricted Funds 2022 £ | Unrestricted Funds 2021 £ |
|-----------------------------------|--|--|
| Bank interest received | 4 | 50 |
| Income on fixed asset investments | 557 | 5,035 |
| | 561 | 5,085 |

| 5. Expenditure on charitable activities | Unrestricted Funds 2022 £ | Unrestricted Funds 2021 £ |
|--|--|--|
| Management | 3,527 | 13,442 |
| Service charge costs including water rates and gas | 2,609 | 11,018 |
| Routine maintenance | 777 | 3,473 |
| Planned/cyclical maintenance | 56 | 1,936 |
| Accountancy | - | 1,890 |
| Legal and professional | 286 | 4,232 |
| Depreciation on housing properties | 207 | 207 |
| Total expenditure on charitable activities | 7,462 | 36,198 |

Legal and professional costs include those associated with the conversion of the unincorporated charity to a charitable incorporated organisation.

Applegarth Homes

Notes to the Financial Statements For the year ended 31 March 2022

| | | |
|---|-----------------------------|-----------------------------|
| 6. Accommodation managed by others | 2022 | 2021 |
| | Number of properties | Number of properties |
| General housing | 10 | 10 |

7. Taxation

The Charity is exempt from tax on its charitable activities.

8. Employees

The Charity has no employees (2021 – 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 | Components | Total |
| | £ | £ | £ |
| Cost | | | |
| At 1 April 2021 | 6,900 | 4,138 | 11,038 |
| Component additions | - | - | - |
| Disposals | - | - | - |
| | <hr/> | <hr/> | <hr/> |
| At 31 March 2022 | 6,900 | 4,138 | 11,038 |
| | <hr/> | <hr/> | <hr/> |
| Depreciation | | | |
| At 1 April 2021 | - | 414 | 414 |
| Charge for the year | - | 207 | 207 |
| Eliminated on disposals | - | - | - |
| | <hr/> | <hr/> | <hr/> |
| At 31 March 2022 | - | 621 | 621 |
| | <hr/> | <hr/> | <hr/> |
| Net book value | | | |
| At 31 March 2022 | 6,900 | 3,517 | 10,417 |
| | <hr/> | <hr/> | <hr/> |
| At 31 March 2021 | 6,900 | 3,724 | 10,624 |
| | <hr/> | <hr/> | <hr/> |

Applegarth Homes

Notes to the Financial Statements For the year ended 31 March 2022

10. Fixed asset investments

| Valuation | Listed investments | Total |
|----------------------|--------------------|-------------|
| | £ | £ |
| At 1 April 2021 | 128,620 | 128,620 |
| Additions | 557 | 557 |
| Disposal in the year | (129,177) | (129,177) |
| | <hr/> | <hr/> |
| At 31 March 2022 | - | - |
| | <hr/> <hr/> | <hr/> <hr/> |

The historic cost of these investments at 31 March 2022 was £nil (31 March 2021 – £101,654).

| | 2022 | 2021 |
|---|-------|---------|
| | £ | £ |
| The investments comprise: | | |
| Listed | | |
| M&G Charity Multi Asset Fund income shares | - | 128,620 |
| | <hr/> | <hr/> |

11. Debtors

| | 2022 | 2021 |
|--------------------------------|-------------|-------------|
| | £ | £ |
| Leaseholder | 272,640 | - |
| Trade debtors | - | 616 |
| Prepayments and accrued income | - | 1,871 |
| | <hr/> | <hr/> |
| | 272,640 | 2,487 |
| | <hr/> <hr/> | <hr/> <hr/> |

12. Cash and cash equivalents

| | 2022 | 2021 |
|--------------|-------|---------|
| | £ | £ |
| Cash at bank | - | 137,665 |
| | <hr/> | <hr/> |

13. Creditors: amounts falling due within one year

| | 2022 | 2021 |
|---|-------------|-------------|
| | £ | £ |
| Trade creditors | - | 2,229 |
| Weekly maintenance and service charge paid in advance | - | 2,652 |
| Accruals and deferred income | - | 4,539 |
| | <hr/> | <hr/> |
| | - | 9,420 |
| | <hr/> <hr/> | <hr/> <hr/> |

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Notes to the Financial Statements For the year ended 31 March 2022

14. Analysis of charitable funds

| | At 31 March 2021 £ | Income £ | Expenditure £ | Transfers £ | Disposal of investments £ | At 31 March 2022 £ |
|--|--------------------------|-------------|------------------|----------------|---------------------------------|-----------------------------|
| 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 | - | - | (10,000) | - | - |
| Extraordinary repair fund | 43,763 | - | - | (43,763) | - | - |
| Revaluation reserve | 26,966 | - | - | - | (26,966) | - |
| Unrestricted general fund | 175,947 | 15,140 | (7,462) | 53,763 | 32,369 | 269,757 |
| Total unrestricted reserves | 256,676 | 15,140 | (7,462) | - | 5,403 | 269,757 |
| | 269,976 | 15,140 | (7,462) | - | 5,403 | 283,057 |

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.

Under the terms of the lease these funds are no longer required.

Revaluation reserve

This represents the uplift from cost to market value for the investment in the M&G Charity Multi Asset Fund.

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 | 3,517 | - | - | 6,900 | 10,417 |
| Current assets | 266,240 | - | - | 6,400 | 272,640 |
| | 269,757 | - | - | 13,300 | 283,057 |

Applegarth Homes

Notes to the Financial Statements For the year ended 31 March 2022

16. Capital commitments

At the balance sheet date there were no capital commitments (2021 – £Nil).

17. Contingent liabilities

At the balance sheet date there were no contingent liabilities (2021 – £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 £2,750 (2021 – £11,000). In addition Harrogate Housing Association Limited paid £5,096 on Applegarth's behalf which was reimbursed (2021 - £16,837). At the balance sheet date £Nil (2021 – £Nil) was owed to Harrogate Housing Association Limited. Following the lease commencement on 1 July 2021 a number of residents paid into Applegarth Homes bank account while their standing order was changed to Harrogate Housing Association's bank account. The monies collected and paid over to Harrogate Housing Association amounted to £11,239.

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

Following the receipt of legal advice the charity entered into a long (125 year) full insuring and repairing lease for the freehold property with the Trustee. No rent is due on the lease but it contains a number of obligations in relation to the management of the property and the beneficiaries. It also commits the leaseholder to maintaining the ethos of the scheme as established by the benefactor.