

THE ALMSHOUSE ASSOCIATION 2021 FINANCIAL ACCOUNTS

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HRH The Duke of Gloucester KG GCVO

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Francesca Quint
Professor Cameron Swift
Richard Waite - joined 2021

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Nick Phillips

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Rosie Sweeney / Julian Marczak

Head of Policy and Engagement

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Head of Finance

Michael Drake

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The Board of Trustees - 2021

Elizabeth Fathi (Chair) *	Jim Kennedy *
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(*Finance and General Purposes Sub Committee)
(#Leonard Hackett Memorial Trust) (~ F&GP only)

WHO WE ARE AND WHAT WE DO



Almshouses are a charitable form of self-sufficient, low-cost community housing held in trust for local people in need of genuinely affordable housing. Established through philanthropy and managed and run by independent

almshouse charities led by local, volunteer trustees. The oldest form of charitable housing, almshouses can trace their history back over a thousand years. Today, 36,000 people are living full and independent lives in almshouses, finding friendships, wellbeing and security inside their walls and within their communities. The Almshouse Association (previously known as the National Association of Almshouses) was established in 1946 by a group of passionate representatives from London's almshouses who met up in the Chapter House of Southwark Cathedral and formed a committee to safeguard the interests of almshouse buildings and the welfare of residents. The objects of the Association were set and continue to form the cornerstones of our services today:

- promote the establishment, continuation, efficiency and effectiveness of almshouse foundations
- promote the provision, improvement, upkeep and maintenance of almshouses and associated services and facilities
- support our members to protect, develop and deliver homes for people in need of housing.

Today, The Almshouse Association supports, promotes, and represents over 1,600 independent almshouse charities. It guides on all aspects of almshouse management, supports member charities with the provision of up-to-date policies and governance advice, seminars and training, grants and loans and representation, as well as offering a single point of contact helpline. Through raising awareness, fundraising, donations and legacies, The Almshouse Association is working hard with almshouse charities, local authorities and the government alike, to make it possible for many more almshouses to be built to secure affordable housing for people in housing need today and for generations to come.

CHAIR'S REVIEW

Welcome to the Annual Report for the 75th anniversary year of The Almshouse Association

I am delighted to share with you another successful year during which, despite the pandemic and wider economic challenges, we have achieved our strategic targets, assisted more members and maintained a strong balance sheet.

Seventy-five years ago, a small group of almshouse trustees, led by Leonard Hackett, came together to support almshouse charities who were finding post-war conditions difficult. The Government was pushing ahead with building houses, including social housing, but support for small charity housing providers was lacking. Trustees, being individual members of the community, were juggling the demands of charity trusteeship and the personal legacy that a world war had left them. They turned to each other for help and formed The Almshouse Association.

Its purpose has not changed: to provide guidance and advice to trustees and to represent members when and where decisions were being made which would affect their duties and obligations as providers. Three-quarters of a century later there are nearly 1,600 members representing 30,000 almshouses across England, Wales, Scotland and Northern Ireland. A measurable and significant success.

Some of the challenges faced all those years ago remain today. Almshouses occupy a special and unique space in the charity world, where much needed accommodation is held in trust for many future generations of eligible residents. A trustee's duty of care is keenly felt. Throw into the mix historic buildings, and an older population with increasingly complex needs, and it is not surprising that a trustee of an almshouse charity can begin to feel the pressure.

With this knowledge to hand, The Almshouse Association board members met in November for a day to review the strategic direction for the next few years. We identified four broad subject areas to concentrate on over the next five years which cover historic buildings and carbon neutral ambitions, prevention of almshouse charities reaching crisis point, trustee support (especially around advice, legislation and finances) and encouraging new benefactors to establish new almshouse charities. We intend to fund



Chair Elizabeth Fathi with HRH The Prince of Wales cutting an Almshouse Association 75th anniversary cake at Bond's Hospital almshouses in Coventry in May 2021.

the additional services needed to achieve these strategic ambitions by using the unrestricted reserves currently designated, but not yet used, and direct fundraising.

As always, I would like to thank my fellow board members not only for channelling their energy and expertise to provide this focused five-year framework but for their continued support and engagement throughout the year. Since that day in November, the dedicated and committed staff team, under the diligent leadership of Chief Executive, Nick Phillips, has begun the process of implementing those aims. Our overarching guiding light is to showcase almshouses as the exemplary community-led housing model that began in the ninth century and continues to this day.

The financial statements that follow show us in a strong financial position but in long-term need of unrestricted income if we are to meet our objectives. As planned, our expenditure in 2021 has exceeded



left: Chair Elizabeth Fathi at the Association's 75th anniversary garden party alongside fellow board members Richard Knipe, David Healey, Tricia Scouller and Clive Cook, with guests

above right: The Rt Hon Theresa May MP and Almshouse Association ambassador Kevin Crossley-Holland. above right: Royal Vice Patron HRH Duke of Gloucester at Winnocks and Kendalls Almshouse Charity in Colchester, one of three almshouse charities he visited during a busy month in September.



left: The Almshouse Association staff members worked hard to showcase both the Association and the almshouse movement during our 75th year.

Our research, carried out this last year, shows the benefits that almshouses can bring to local economies as well as to the residents' wellbeing, longevity and sense of belonging. We witness lives being changed for the better. We intend to begin a new fundraising appeal this coming year ...

income and we drew from the designated reserves in order to provide much-needed additional member services, support and engagement, and to complete the final stages of our current strategic plan.

Fundraising has become a central activity and we have sought professional advice to give us the best chance of success. We are blessed with active support from our Patron, HRH The Prince of Wales and Vice Patron, HRH The Duke of Gloucester who, along with our ambassadors, provide an invaluable platform on which we can inform, educate and raise the profile of almshouses and the central place they have played and continue to play in housing local people in need.

Most of us know, at first-hand, individual stories of hardship and distress relieved not just by the allocation of an almshouse but by the community spirit and friendship that is found within. Our research, carried out this last year, shows the benefits that almshouses can bring to local economies as well as to the residents' wellbeing, longevity and sense of belonging. We witness lives being changed for the better.

We intend to begin a new fundraising appeal this coming year and to build on a strong footing of partnership working with like-minded national organisations especially those helping people in need and those looking after historic, sometimes ancient, buildings.

Whilst our 75th anniversary had to be, by pandemic necessity, a small open-air gathering to present awards and mark the occasion, I am hopeful that our Members Day planned for June 2022 will allow us all to meet up again and celebrate – celebrate the movement, celebrate the network and celebrate your achievements as trustees and almshouse supporters. I very much look forward to seeing you there.

In the meantime, it just remains for me to thank everyone who works so tirelessly with The Almshouse Association, to keep this very special, enduring housing model in good heart. Here's to the next 75 years!

**Elizabeth Fathi,
Chair of The Almshouse Association**

CHIEF EXECUTIVE'S REPORT

In 2021 we maintained our focus on the 2018-2023 strategy despite the distractions of COVID-19. We are encouraged by the considerable progress made during the year and the number of strategic projects delivered - twenty are now completed whilst ten are in the process to conclude.

During 2021, led by our Chair Liz Fathi, the board offered and delivered relentless support to me as CEO, to the team and to the almshouse movement. Their commitment, encouragement and professional guidance has driven standards of service, delivery of strategic objectives ahead of time and on budget and built spirit and enthusiasm in the organisation.

The members of the board continue to serve on sub-committees, act as champions and stretch every sinew

member charity had insufficient funds. The team supported 17 struggling charities back into a position of resilience (often with the support of our team of regional champions or trustees). In place of face-to-face seminars, the Association ran several webinars on key topics, such as recruiting trustees, trustee responsibilities and mergers. Credit is also due to our regional champions for their help in contacting local charities and being ready to signpost any issues back to The Almshouse Association team.



above left: **Nick Phillips CEO with Vice Patron HRH The Duke of Gloucester at Winnocks and Kendalls Almshouse Charity, Colchester and (above right) speaking at The Almshouse Association 75th anniversary event at Bucklebury House.**

to further the great works of almshouses and our member charities. This service, given freely, is often provided with the additional support of their own charities.

The almshouse movement continued to be heard in government with the success of the ongoing All-Party Parliamentary Group on Almshouses and research has continued with a detailed independent report identifying the added value that almshouses bring to the community.

During 2021, the team tirelessly maintained the support offered to members, responding to over 2,500 enquiries, supporting members with up-to-date trusted information about legislation, governance, charity law, health and safety, finances, trusteeship and industry issues.

Our team encouraged and processed 26 funding applications, approved £699,000 in new loans and £102,220 of grants from The Almshouse Association reserves to support members. Some of the grants were made for emergency purposes to respond to issues such as failed boilers or roofs where the

There were three staff changes in 2021. Our fundraising strategy was reviewed and it was felt that greater success may be achieved through utilising external experts. This meant that the post of Head of Fundraising was not required. Our Head of Member Services left the Association at the end of 2021 and an experienced member of staff stepped into the role.

The almshouse movement continued to be heard in government with the success of the ongoing All-Party Parliamentary Group on Almshouses and research has continued with a detailed independent report identifying the added value that almshouses bring to the community.

It is important to highlight some of the significant areas of work undertaken by the team in 2021. Within our strategy, raising the profile of the movement and the Association is key to achieving many other objectives.

2021 was the 75th anniversary year for The Almshouse Association. Given the global pandemic, it would have been understandable if we had let the date pass without any fanfares, however there was such a strong feeling amongst the team that we must continue with our plans.



above: **Our Royal Patron, HRH The Prince of Wales, unable to attend the 75th anniversary event, presented trustees and members with a heart-warming and thoughtful video message.**

right: **Special thanks to Almshouse Association trustee, Willie Hartley Russell (pictured cutting the anniversary cake) for hosting the Association's 75th anniversary garden party.**



Our founders gathered to establish The Almshouse Association 75 years ago as the smouldering rubble of WWII was being lifted from the devastated City of London, so we felt we could not slow our step because of a pandemic! The 75th anniversary celebrations were rapidly redesigned in the face of the pandemic.



video message referencing how he recognises the value of almshouses in the community and wishing us all a happy 75th anniversary.

The 75th celebrations across the movement included over 35 garden parties and 73 media references and articles about the almshouse model, with the Association featuring twice in the national press, once on the BBC and in four trade press publications.

left: **Residents of Mason Cottages, Sir Josiah Mason Trust almshouses, West Midlands, in their dancing shoes!**

Events were moved to outdoor spaces and smaller indoor parties within our members' communities and concluded with a garden party for the Association and partners, supported by many of our ambassadors. They included Kevin Crossley-Holland who wrote and delivered a wonderful poem for the celebration.

We are, as always, grateful to our Royal Patron and Vice Patron, HRH The Prince of Wales and HRH The Duke of Gloucester. The Prince of Wales, though not able to attend the event, gave our trustees and members a heart-warming and thoughtful

Despite the background of COVID-19, 2021 had a palpable sense of drive and enthusiasm amongst the team and members and hence so much was achieved.

below: **Saffron Walden almshouses mark The Almshouse Association's 75th anniversary with a garden party welcoming 550 guests. photograph credit: Celia Bartlett.**



The almshouse movement is often symbolised by the historic buildings representing the charities. About a third of our member charities hold historic buildings and many are the most significant historic buildings in the towns and villages of their community.

Our members have asked for help in maintaining these wonderful buildings and Historic England has now started a project to develop a guide for almshouse charities and local historic building officers. This guide or "Architectural Note" booklet will emphasise the architectural importance of almshouse buildings and enable them to adapt sympathetically to continue their use.

Many of our members' building projects were delayed during the pandemic, but astonishingly hundreds of new almshouses were built in 2021 despite the challenges and many more planned over coming years. The Association worked with the *Almshouse Consortium Ltd* and *Homes England* to support many new building projects and saw over 350 new homes built.

We have continued to work with members seeking to develop and add to their almshouses and we maintain a positive relationship with The Church of



England and their interest in almshouse development on church land. We have also worked with other partners supporting almshouse development such as *The National Federation of Housing*. We anticipate increasing support in this key area in the future. The All-Party Parliamentary Group on Almshouses has met and helped raise the value

above: Girton Town Charity, Cambridgeshire marks a milestone at Dovehouse Court with the erection of timber frame panels for the new energy efficient 'Passivhaus' homes.

below: The Hallaton and Isabella Stelling Trust welcomes a young family to their new home in Harborough.





above: At the Hospital of St John the Evangelist and of St Anne, Oakham, CEO Paul Martin hands over the keys of a newly converted flat to new resident, Terence.



right: Ann Bonnett, Chair of Girton Town Charity, welcomes new residents, Florence and Callum, key workers at Addenbrooke's Hospital, Cambridge, who will live in a new Girton Town almshouse for three years while they save for their own home and remain living near to their family.

and profile of almshouses amongst Members of Parliament. MPs were contacted about their local almshouse during the pandemic and some positive relationships have been formed.

Further research is underway and this includes the largest study undertaken on the longevity of almshouse residents compared to those living in other forms of housing.

To help create a well-rounded image of what makes almshouses unique and beneficial, we will continue to grow our research so that we can better understand what almshouses do well, what makes the greatest difference to residents' lives and how they can become even better.

The first of our independent research reports seeking evidence into the value for money of the almshouse model, was completed and released in 2021. The objective of the independent report was to understand where and how the almshouse model adds value to the residents and the community. We are

We know, however, that the 'almshouse difference' cannot be shown purely through financial benefit. To help create a well-rounded image of what makes almshouses unique and beneficial, we will continue to grow our research so that we can better understand what almshouses do



finding that local government has a great influence on how our members can expand and thrive and the report recognises that almshouses significantly reduce costs to the local authority.

One aspect of the report shows that the reduction in loneliness offered by the almshouse model often leads to fewer visits to GPs, fewer nights in hospital and fewer emergency call outs. In total, almshouses provide £43m in financial benefits every year.

Report cover courtesy of Whiteley Homes Trust, Surrey.

well, what makes the greatest difference to residents' lives and how they can become even better.

Through the Association's proactive engagement in 2021 it has become clear, however, that not all almshouse charities are thriving and many face maintenance, financial and governance issues.



Residents and trustees of the Methodist Homestead almshouses, Northampton, enjoy afternoon tea.

Although rewarding, the responsibility of being an almshouse charity trustee is not an easy task. The number and availability of trustees is a challenge and member trustees have required support in finding successors, upskilling their own boards, and dealing with the complexities of running a charity. The Association team has responded with enthusiasm and plans are in place to deliver more training, networking events, new webinars and help make the role more enjoyable in 2022.

The Association continued to upgrade our in-house IT, moving to a cloud-based Microsoft 365 system for improved efficiency, flexibility and security at the end of 2021, having already introduced a new CRM system in 2020 that has become a lifeline whilst we work remotely.

The Almshouse Association was unable to meet budgeted income expectations in this period as events and seminars had to be cancelled, albeit some associated costs were reduced. The Association continues to be prudent with finances whilst using more of the reserves to support our members.

The unrestricted funds allotted to delivering the strategy are being used constructively and projects continue to come in below budget. The main costs of the office move have yet to be utilised, however, staffing to deliver parts of the strategy, developing a CRM system, upgrading IT, government communications and information systems, online training, profile raising and focused support have all been delivered within budget. Our finances remain in a good position but we will need to maintain our ambition that subscriptions should cover the main operational costs by 2030.

At present, membership fees cover just over 50% of running costs. 2022 saw a small rise in subscription rates to keep in line with inflation. Costs of the Association remained within budget and the invest-

ment returns helped show positive results for 2021. Our fundraising targets were significantly affected in 2020 and 2021 and failed to meet budget. This was partly due to the pandemic curtailing events that were the focus of our fundraising strategy. In 2021 we received a significant donation to our resources of £249,000 from East Bilney Almshouses that were ceasing operations.

I must repeat our credit and thanks to members who have supported their charities with much professionalism and enthusiasm throughout another challenging year for all charities, but particularly those who provide such meaningful support to often vulnerable residents. A further thanks to our members who offer support to the movement, help raise the profile of the movement, support other local almshouses and make donations to the Association to support the delivery of our services.

The Association continued to upgrade our in-house IT, moving to a cloud-based Microsoft 365 system for improved efficiency, flexibility and security at the end of 2021, having already introduced a new CRM system in 2020 that has become a lifeline whilst we work remotely.

The future for the Association will be to focus on greater support, training and networking opportunities for trustees, assistance in finding successors and upskilling existing teams, support with buildings, particularly maintenance, new builds and decarbonisation. We will maintain our helplines, further develop our engagement with trustees and continue to raise the profile of the movement, attracting more philanthropists and donors to establish new charities that will continue to serve those in housing need for another thousand years.

**Nick Phillips,
Chief Executive of The Almshouse Association**

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Almshouse Association board is responsible for guiding the charity and developing and overseeing the delivery of the strategy. In doing so, the board employs and manages the Chief Executive Officer, monitors the finances and acts as champion for the Association and the almshouse movement. Crucially, the board ensures that the vision of our founders 75 years ago is delivered today.

PUBLIC BENEFIT

The Almshouse Association was established in 1946 to raise the profile of the almshouse movement, to support all member almshouse charities in their duty of providing homes and community to their residents, to help member charities protect their buildings and continue to develop more and better almshouse communities.

The Almshouse Association carries out support to member charities by offering a helpdesk, guidance manual, training, seminars, networking opportunities, representation at national and local government level, engaging experts to advise on specific issues, offering loans and emergency grants when needed and engaging and proactively supporting those charities in most need.

THE LEONARD HACKETT MEMORIAL TRUST (LHMT)

The Leonard Hackett Memorial Trust exists to promote and advance the charitable work of The Almshouse Association. It is an independent charity led by volunteer trustees with the mission to support almshouse charities that are failing to deliver suitable homes and communities to their residents. Acting as a "trustee of last resort", the trustees take an active leadership role in guiding the Association team, assisting them to bring the buildings, the governance and the finances of the charity in crisis to a robust condition before establishing a new independent local board of trustees to oversee the long-term future of the charity.

The trustees of the Leonard Hackett Memorial Trust, under the chairmanship of Tricia Scouller, have reviewed the role of LHMT and feel that earlier prevention is a more efficient way of dealing with charities needing support. However, the charity remains ready to step in as a charity of last resort. Currently LHMT is responsible for running the Edmund Sawyer Charity, two stone cottages in Kettering. In 2021, LHMT reviewed Edmund Sawyer Charity and carried out a detailed survey. LHMT are considering long-term options with the almshouse charity.

"LHMT remains an important backstop for charities in crisis and will always have a role to support The Almshouse Association and its members in most need."

Tricia Scouller, Chair of The Leonard Hackett Memorial Trust

STRATEGY 2018-2023

The 2018 - 2023 strategy is the guide and direction for the team. The Association board reviews the strategy at each board meeting and every Finance and General Purposes meeting. The board reviews and guides on the delivery of the strategy. The key projects have been delivered throughout the 2021 period. Twenty of the projects have been completed and ten are well under way. Areas of the strategy completed include the elements below:

- Legal definition of almshouses agreed with the Charity Commission
- Member surveys
- All-Party Parliamentary Group on Almshouses
- IT upgrade Microsoft 365
- CRM system for improved service - introduce and train staff
- Government advocate alert service introduced
- New logo and branding
- Online training
- Introduction of proactive "seek and support" health check for charities in crisis
- Research projects completed - Return on Investment Value of Almshouses agreed
- Mediation charity service engaged
- 75th anniversary celebrations

The Almshouse Association is considering the long-term objectives of driving up standards for all almshouse charities. There will be a review of the current strategy in 2022. This review will take into account the achievements made to date against the strategy, the needs of our members following the pandemic and the opportunities available for members. It is clear there are pressures on recruitment, retention and development of trustees, increased costs of older buildings and increased demand for more almshouses.

STATEMENT OF RISK

The board is ultimately responsible for "risk". Day-to-day responsibility for risk is overseen by the CEO and senior staff but the board maintains a keen watch on the Risk Register, regularly challenging and reviewing the highest priority risks. The Register is updated and reviewed at every board and Finance and General Purposes meeting. The Almshouse Association's principal risk areas are as follows:

Aspect	Key Risk	Description	Mitigation
Operational	Efficiency impacted during COVID-19 crisis.	Staff working from home and utilising inefficient IT. Staff communication impacted by loss of contact. Staff sickness.	Regular communication with IT company. CEO acts as main contact to oversee service. Cover back-up plan in place.
Operational	Service to members affected by poor communications.	Members unable to attend events and main communication reliant on telephone, website and email.	Establish team member responsible for help with web access issues. Maintain website information and guidance. Develop team of regional contacts to act as on the ground contacts to signpost to TAA over regional issues.
Financial	Loss of fundraising and investment income.	Charitable Trusts are focused on awarding grants to COVID-19 emergency charities. Fewer opportunities to engage with donors during lockdown.	Focus on fundraising high level, dedicated staff to develop relationships with corporates, individuals and develop and deliver the legacy strategy. Regular reports on fundraising to the board and F&GP. Case for support with new branding developed and being used. Specialised fundraising consultant recruited. Review at six months and reprioritise if needed.
Policy	New government policies negatively affect members.	Government policy affects members and the Association is unable to influence.	High level engagement with MPs, civil servants and Lords. Clear key messages on behalf of our members.
Operational	Information technology.	Systems fail to meet operational need. Failure to innovate or update systems, loss or corruption of data.	Systems upgraded and external IT support contracts in place.
Reputational	Poor member charity governance.	Member charities do not provide an acceptable standard of accommodation and support for their residents.	Focus on identifying those members who might require support. Identifying training and resources required.
Operational	Procedural and systems documentation.	Lack of awareness of procedure and policies. Board access to AA policy documents.	Ongoing Compliance Reviews. Loan and grant policy procedures updated. Regular senior leadership team meetings. GDPR and policy reviews.

FINANCIAL REVIEW

Overview

The Statement of Financial Activities shows that the Association's net income before investment gains for 2021 was £114,637 (2020 net expenditure £360,787). Net gains on investments amounted to £1,134,215 (2020 £168,230).

Total funds at 31 December 2021 were £12,780,259 (2020 £11,531,407) divided between unrestricted, restricted and endowment funds.

Of that total, £9,266,101 (2020 £8,164,887) is invested in various forms, and £2,843,288 (2020 £2,869,478) had been lent to member charities.

Net expenditure before investment gains was £196,004 in respect of unrestricted funds and there was income of £307,627 relating to restricted funds and income of £3,014 in respect of endowment funds.

Total income of £1,094,046 was up 42.4% primarily as a result of a one-off donation from a member of £248,760. Excluding this one-off donation, total income was up 10.0% due to higher public fundraising donations. However, dividends receivable from investments were down 8.3% as a result of a reduction in dividend yields on investments due to the COVID-19 pandemic. Members' subscriptions were in line with last year and income from other services such as seminar and conference fees were lower since the majority of events were cancelled during the year due to the pandemic.

Total expenditure of £979,409 was £149,775 lower than the previous year mainly due to a decrease in grants made to members to assist them to develop and improve their almshouses. Due to the pandemic and the consequent reduction in members development projects, the number of grant and loan applications received from members reduced significantly in 2021 compared to 2020.

Unrestricted funds

Unrestricted funds are those available for any purpose consistent with the Association's objectives. Income from all sources amounted to £624,247 (2020 £647,507); 54% was derived from members' subscriptions, 16% from investment income and the balance raised through donations, services to member charities, sale of publications and fundraising. Bearing in mind that many of our members only have a small number of homes under management and may therefore find it particularly difficult to meet increased costs, the Association continues to maintain members' subscriptions at a modest level.

Reserves are held to ensure continuity of service to members and to provide investment income. A designated investment fund which amounted to £2,344,691 on 31 December 2021 is held to generate income to cover the shortfall between members' subscriptions and the annual cost of running the Association. Members' subscriptions cover only about half the cost of the Association's charitable activities.

A designated terminal reserve fund of £370,000, equal to about half the total annual expenditure, is held to cover the cost of any liabilities arising in the event of the termination of activities.

As reported in 2018, the board approved a five-year strategic plan to improve the support provided to member charities and to develop services. A strategic plan reserve of £708,000 was allocated to fund this plan. During the year £121,093 (2020 £80,541) of the reserve was utilised, leaving a reserve balance of £483,072 on 31 December 2021.

The remainder of the unrestricted funds after allowing for those invested in tangible fixed assets constitute the Association's free reserves, which amounted to £378,090 (2020 £517,527) which is less than a full year's running costs.

Restricted funds

Income from all sources amounted to £466,785 (2020 £117,569); this increase was primarily due to an increase in fundraising income. The results benefitted from a one-off donation of £248,760 received from a member.

Restricted funds are held to provide loans and grants to member charities for almshouse improvement or development. As set out in Note 9 to the financial statements, some of these funds are for specified almshouses, groups of almshouses and regions, with the remainder available to all members. Endowment funds are held to provide income for specific purposes.

Loans and grants are provided to members when other sources of funding have been fully explored. The policy is that loans are interest free and generally repayable over a 10 year period, and grants of up to £25,000 are reserved for those charities that lack the resources to undertake a loan. A key objective of the Association's fundraising campaign is to increase the level of restricted funds from which loans and grants are made.

In 2021, £494,932 (2020 £535,120) was advanced in new loans and at the end of the year the total value of loans being provided and outstanding was £2,843,288. This figure includes an administration fee of 5% which is added to offset some of the Association's costs. The total grants made in 2021 were £77,220 compared with £338,005 in 2020.

Investment policy and performance

During the year, Waverton Investment Management Limited managed the investment funds for the charity as a single amalgamated fund comprising the invested portion of unrestricted, restricted and endowment funds. During the year the market value of investments generally increased as economic conditions recovered following the worst of the pandemic.

Overall, there was an investment gain of £1,134,215 or 13.9% for the year. Details are shown in Note 6. Investments also generated £186,959 of dividend and other distributable income, which was £16,864 less than the previous year due to a reduction in dividend yields on investments, mainly due to the pandemic.

Restricted funds not yet allocated to interest free loans for members are held as investments or on short term cash deposits to the extent that they are required for loans included in the Association's forward programme. Of the total unutilised restricted funds of £4,331,179 as at 31 December 2021, approximately 10% was held in the form of cash deposits and the remainder held either in managed funds or in a discretionary managed portfolio.

The uncertainty within the global economy following the COVID-19 outbreak means that financial markets continue to be volatile. We pursue a balanced investment strategy which has helped to mitigate losses in this area. The Association has strategies in place to manage its short-term cash needs and takes a long-term view of its investments, and so does not believe that there is any risk to the sustainability of the organisation arising from current stock market fluctuations.

Plans for future periods

In response to the COVID-19 outbreak, the Association continues to proactively review its activities to ensure continued support to members. The trustees have reviewed the risks that COVID-19 poses to the charity and concluded that the charity is in a strong financial and operational position and can continue to support almshouses now and for the foreseeable future.

Simon Ling FCA,
Honorary Treasurer of The Almshouse Association

FINANCIAL STATEMENTS

Statement of Financial Activities (SOFA) for year ended 31 December 2021, incorporating an Income and Expenditure Account.

	Notes	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2021 £	Total 2020 £
Income and endowments from:	2					
Gifts, donations and legacies		130,491	374,944	3,014	508,449	158,299
Charitable activities		398,571	-	-	398,571	405,544
Investments		95,185	91,841	-	187,026	204,554
Total		624,247	466,785	3,014	1,094,046	768,397
Expenditure on:	3					
Raising funds		123,271	45,104	-	168,375	153,226
Charitable activities		696,980	114,054	-	811,034	975,958
Total		820,251	159,158	-	979,409	1,129,184
Net income/(expenditure) before investment gains		(196,004)	307,627	3,014	114,637	(360,787)
Net gains on investments	6	385,217	512,476	236,522	1,134,215	168,230
Net income/(expenditure) and net movement in funds		189,213	820,103	239,536	1,248,852	(192,557)
Reconciliation of funds						
Total fund balances brought forward at 1 January		3,386,640	6,354,364	1,790,403	11,531,407	11,723,964
Fund balances carried forward at 31 December	9	3,575,853	7,174,467	2,029,939	12,780,259	11,531,407

The comparative Statement of Financial Activities is shown in Note 13 to the accounts.

The total income for Companies Act purposes excludes £3,014 (2020: £3,321) income on endowment funds which is an increase in endowment capital.

The accompanying notes form an integral part of these financial statements. There are no recognised gains and losses other than those stated above.

All the income and expenditure is from continuing operations.

Balance Sheet
As at 31 December 2021

	Notes	2021 £	2020 £
Fixed assets			
Tangible assets	5	32,361	47,056
Investments	6	9,266,101	8,164,887
<i>Total fixed assets</i>		<u>9,298,462</u>	<u>8,211,943</u>
Current assets			
Loans to member charities -	10		
Recoverable within one year		507,579	477,227
Recoverable after one year		2,335,709	2,392,251
Other debtors	7	384,042	334,602
Cash at bank and in hand		674,286	530,661
<i>Total current assets</i>		<u>3,901,616</u>	<u>3,734,741</u>
Liabilities			
Creditors: amounts falling due within one year	8	(419,819)	(415,277)
<i>Net current assets</i>		<u>3,481,797</u>	<u>3,319,464</u>
<i>Total assets less current liabilities</i>		12,780,259	11,531,407
Total net assets		<u>12,780,259</u>	<u>11,531,407</u>
The funds of the charity:	9, 10		
Endowment funds		2,029,939	1,790,403
Restricted funds		7,174,467	6,354,364
<i>Total restricted funds</i>		<u>9,204,406</u>	<u>8,144,767</u>
Unrestricted funds			
General		378,090	517,527
Designated:			
Investment reserve		2,344,691	1,894,948
Terminal reserve		370,000	370,000
Strategic plan reserve		483,072	604,165
<i>Total unrestricted funds</i>		<u>3,575,853</u>	<u>3,386,640</u>
Total charity funds		<u>12,780,259</u>	<u>11,531,407</u>

The accompanying notes form an integral part of these financial statements.

The financial statements on pages 22 to 37 were approved by the Board on 9 March 2022.

Mrs E Fathi (Chair)

The Almshouse Association

Mr A Barnes (Trustee)

Registered company number 04678214

FINANCIAL STATEMENTS

Statement of Cash Flows For the year ended 31 December 2021

	2021 £	2020 £
Cash flows from operating activities		
<i>Net cash used in operating activities</i>	(101,336)	(429,203)
Cash flows from investing activities		
Dividends and interest from investments	187,026	204,554
Purchase of property, plant and equipment	(1,256)	(20,394)
New loans made	(494,932)	(535,120)
Repayments of loans made	521,122	520,709
Proceeds from sale of investments	581,653	1,255,584
Purchase of investments	(516,371)	(1,250,156)
<i>Net cash provided by investing activities</i>	277,242	175,177
Analysis of changes in net cash		
<i>Change in cash and cash equivalents in the reporting period</i>	175,906	(254,026)
Cash and cash equivalents at the beginning of the reporting period	611,513	865,539
<i>Cash and cash equivalents at the end of the reporting period</i>	787,419	611,513
Reconciliation of net income to net cash flow from operating activities		
<i>Net increase (expenditure) for the reporting period (as per the statement of financial activities)</i>	1,248,852	(192,557)
Adjustments for:		
Depreciation charges	15,951	10,251
Gains on investments	(1,134,215)	(168,230)
Dividends and interest from investments	(187,026)	(204,554)
(Increase)/decrease in debtors	(49,440)	(190,290)
Increase/(decrease) in creditors	4,542	316,177
<i>Net cash used in operating activities</i>	(101,336)	(429,203)
Analysis of cash and cash equivalents		
Cash at bank and in hand	674,286	530,661
Cash held for investment	113,133	80,852
<i>Total cash and cash equivalents</i>	787,419	611,513

The Association does not hold any external debt, for that reason a separate analysis of the change in net debt has not been prepared.

ACCOUNTING POLICIES

1 Accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

Basis of preparation

These financial statements have been prepared for the year to 31 December 2021 under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or in the notes. They have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The charity constitutes a public benefit entity as defined by FRS 102. The financial statements are presented in sterling and are rounded to the nearest pound.

Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the trustees and management to make significant judgements and estimates. The full impact of the global coronavirus pandemic on future accounting periods is unknown. It is therefore not currently possible to evaluate all the potential implications for the charity's activities, beneficiaries, funders, suppliers and the wider economy. Estimates used in the accounts, particularly with respect to the value of listed investments and investment properties (see Note 6) are subject to a greater degree of uncertainty and volatility. As set out in these accounting policies under 'going concern', the trustees have considered the impact of the pandemic on the charity and have concluded that although there may be some negative consequences, it is appropriate for the charity to continue to prepare its accounts on the going concern basis. The items in the financial statements where these judgements and estimates have been made include:

- determining the basis for allocating support costs;
- estimating the useful economic life of tangible fixed assets; and
- determining the valuation of the investment property.

Assessment of going concern

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The trustees have made this assessment in respect of a period of one year from the date of approval of these accounts. The trustees of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due. The most significant areas of judgement that affect items in the financial statements are detailed above. With regard to the next accounting period, the year ending 31 December 2022, the most significant areas that affect the carrying value of the assets held by the charity are the level of investment return and the performance of the investment markets (see the Investment policy and the performance and the Statement of Risk sections of this Annual Report 2021 of The Almshouse Association for more information).

Fund accounting

General unrestricted funds are available for use at the discretion of the Executive Committee in furtherance of the general objectives of the Association.

Designated unrestricted funds relate to amounts set aside by the board within unrestricted funds for a particular purpose. Details of these designated reserves are set out in the financial statements.

Restricted funds are funds subject to restrictive conditions imposed by donors or by the nature of the appeal. The purpose and use of the restricted funds are set out in the financial statements.

Endowment funds are permanent capital funds where there is no power to convert into income. The income from them is classified as investment income, and as unrestricted or restricted depending upon the terms of the endowment.

Income recognition

Income is recognised in the period in which the charity has entitlement to the income and the amount can be measured reliably and it is probable that the income will be received. Income is deferred only when the charity has to fulfil conditions before becoming entitled to it or where the donor or funder has

ACCOUNTING POLICIES *(continued)*

specified that the income is to be expended in a future accounting period.

Income comprises donations and legacies, subscriptions, income from seminars, income from the sale of publications, interest and investment income and sundry income.

Donations are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

In accordance with the Charities SORP FRS 102 volunteer time is not recognised.

Legacies are included in the statement of financial activities when the charity is entitled to the legacy, the executors have established that there are sufficient surplus assets in the estate to pay the legacy, and any conditions attached to the legacy are within the control of the charity.

Income from other charitable activities, including membership, seminars and publications, is recognised to the extent that it is probable that the economic benefits will flow to the charity and the revenue can be measured reliably. It is measured at the fair value of the consideration received or receivable, excluding any discounts or rebates.

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Expenditure and the basis for apportioning costs

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

Expenditure comprises the following:

- The cost of raising funds includes the salaries, direct costs and overheads associated with generating voluntary income.
- The costs of charitable activities comprise expenditure on the charity's primary charitable purposes as described in the trustees' report.

Grants payable are included in full in the statement of financial activities when approved and when the recipient has either received the funds or been informed of the decision to make the grant and has satisfied all related conditions.

Allocation of support and governance costs

Support costs represent indirect charitable expenditure. In order to carry out the primary purposes of the charity it is necessary to provide support in the form of personnel development, financial procedures, provision of office services and equipment and a suitable working environment.

Governance costs comprise the costs involving the public accountability of the charity (including audit costs) and costs in respect to its compliance with regulation and good practice.

Support costs and governance costs are apportioned on the basis of time spent by individual staff members on these activities.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, less depreciation. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of such assets on a straight line basis over their expected useful life, as follows:

- Freehold buildings - 50 years
- Computers - 5 years
- Furniture and equipment - 7 years

Listed investments

Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. Realised and unrealised gains (or losses) are credited (or debited) to the statement of financial activities in the year in which they arise.

The charity does not acquire put options, derivatives or other complex financial instruments.

As noted above, the main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

Investment properties

The investment property is held for the long-term rental yields and is not occupied by the Association. Investment Properties are initially measured as cost, including related transaction costs and where applicable, borrowing costs. After initial recognition, investment properties are carried at fair value. Fair value, which has been estimated by the Trustees, is based on recent market prices and takes into account rental income and current market conditions. The valuation forms the basis for the carrying amount in the financial statements. Changes in fair values are recorded in the Statement of Financial Activities in the year in which they arise.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Association and the rest of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

Debtors

Debtors are recognised at the settlement amount, less any provision for non-recoverability. They have been discounted to the present value of the future cash receipt where such discounting is material, with the exception of loans to member charities. As these loans fall within the exemption from discounting to present value available to public benefit entities, these loans are held at the settlement amount.

Cash at bank

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year are disclosed as short term deposits.

Creditors

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Value Added Tax

The Association is not registered for VAT purposes and all costs and expenditure incurred are inclusive of VAT, unless otherwise indicated.

Pensions

The Association contributes to defined contribution schemes for most current employees. Contributions are recognised in the statement of financial activities when they fall due.

Stocks

No value is placed on stocks of books and publications held for distribution or resale. The cost is written off in the year of purchase and sales are included in the year of receipt.

Tax

As a charity, the Association is exempt from taxation of income and gains falling within section 505 of the Taxes Act 1988 or section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that they are applied to its charitable purposes. No tax charge has arisen during the year.

NOTES TO THE FINANCIAL STATEMENTS

2 Income and endowments from:

Year ended 31 December 2021

	Unrestricted funds	Restricted funds	Endowment funds	Total 2021
	£	£	£	£
Gifts, donations and legacies				
Public fundraising	104,257	126,184	-	230,441
Members' donations	10,178	248,760	-	258,938
Associate members' subscriptions	2,050	-	-	2,050
Other voluntary income	14,006	-	3,014	17,020
	<u>130,491</u>	<u>374,944</u>	<u>3,014</u>	<u>508,449</u>
Charitable activities				
Members' subscriptions	326,451	-	-	326,451
Panel members' subscriptions	13,212	-	-	13,212
Services to member charities	23,568	-	-	23,568
Conference and seminar fees	900	-	-	900
Sales of Gazettes and publications	22,738	-	-	22,738
Rent receivable	11,702	-	-	11,702
	<u>398,571</u>	<u>-</u>	<u>-</u>	<u>398,571</u>
Investments				
Dividends and distributions receivable	95,145	91,814	-	186,959
Interest receivable	40	27	-	67
	<u>95,185</u>	<u>91,841</u>	<u>-</u>	<u>187,026</u>

Year ended 31 December 2020

	Unrestricted funds	Restricted funds	Endowment funds	Total 2020
	£	£	£	£
Gifts, donations and legacies				
Public fundraising	106,190	15,500	-	121,690
Members' donations	10,965	-	-	10,965
Associate members' subscriptions	1,870	-	-	1,870
Other voluntary income	20,453	-	3,321	23,774
	<u>139,478</u>	<u>15,500</u>	<u>3,321</u>	<u>158,299</u>
Charitable activities				
Members' subscriptions	327,029	-	-	327,029
Panel members' subscriptions	11,967	-	-	11,967
Services to member charities	25,482	-	-	25,482
Conference and seminar fees	4,100	-	-	4,100
Sales of Gazettes and publications	23,274	-	-	23,274
Rent receivable	13,692	-	-	13,692
	<u>405,544</u>	<u>-</u>	<u>-</u>	<u>405,544</u>
Investments				
Dividends and distributions receivable	102,052	101,771	-	203,823
Interest receivable	433	298	-	731
	<u>102,485</u>	<u>102,069</u>	<u>-</u>	<u>204,554</u>

3 Expenditure on:

	Unrestricted funds	Restricted funds	Total 2021	Unrestricted funds	Restricted funds	Total 2020
	£	£	£	£	£	£
Raising funds						
Staff costs (Note 11)	4,911	21,307	26,218	31,636	15,487	47,123
Other direct costs	21,801	8,939	30,740	26,271	9,564	35,835
Investment management and custody fees	18,143	14,858	33,001	13,857	11,219	25,076
Support costs (Note 4)	78,416	-	78,416	45,192	-	45,192
	<u>123,271</u>	<u>45,104</u>	<u>168,375</u>	<u>116,956</u>	<u>36,270</u>	<u>153,226</u>
Charitable activities						
Grants made	-	77,220	77,220	-	338,005	338,005
Staff costs (Note 11)	253,897	-	253,897	230,380	-	230,380
Other direct costs	65,363	36,834	102,197	51,736	22,825	74,561
Support costs (Note 4)	377,720	-	377,720	333,012	-	333,012
	<u>696,980</u>	<u>114,054</u>	<u>811,034</u>	<u>615,128</u>	<u>360,830</u>	<u>975,958</u>

4 Support costs

Total support costs and their allocation (see Note 1) were

	Staff costs	Other costs	Total 2021	Staff costs	Other costs	Total 2020
	£	£	£	£	£	£
Raising funds	46,446	31,970	78,416	31,290	13,902	45,192
Charitable activities	223,725	153,995	377,720	230,573	102,439	333,012
	<u>270,171</u>	<u>185,965</u>	<u>456,136</u>	<u>261,863</u>	<u>116,341</u>	<u>378,204</u>

	2021	2020
	£	£
The above costs include:		
Depreciation	15,951	10,251
Legal and professional costs	23,226	8,226
Auditor's remuneration, including expenses and VAT, for auditing the financial statements:		
Current year	10,580	10,500
Prior year under accrual	-	4,593

5 Tangible fixed assets

	Freehold property	Furniture & equipment	Total
	£	£	£
Cost			
At 1 January 2021	118,372	130,083	248,455
Additions	-	1,256	1,256
At 31 December 2021	<u>118,372</u>	<u>131,339</u>	<u>249,711</u>
Depreciation			
At 1 January 2021	111,569	89,830	201,399
Charge for the year	4,311	11,640	15,951
At 31 December 2021	<u>115,880</u>	<u>101,470</u>	<u>217,350</u>
Net book values			
At 31 December 2020	6,803	40,253	47,056
At 31 December 2021	<u>2,492</u>	<u>29,869</u>	<u>32,361</u>

The Executive Committee have estimated that the freehold property has a current market value of not less than £700,000, taking into account informal professional advice and prevailing local market conditions.

NOTES TO THE FINANCIAL STATEMENTS

6 Investments

	2021 £	2020 £
Investments listed on a recognised stock exchange		
Market value on 1 January	7,484,035	7,321,233
Add: Additions at cost	516,371	1,250,156
Less: Disposal proceeds	(581,653)	(1,255,584)
Net gain on revaluation	1,034,215	168,230
Market value at 31 December	8,452,968	7,484,035
Cash and settlements pending held as part of the investment portfolio	113,133	80,852
	8,566,101	7,564,887
Investment Property at Valuation	700,000	600,000
Investments held	9,266,101	8,164,887
Listed investments at cost	6,677,441	6,596,299
Listed investments (worldwide)		
Equities	4,762,270	4,029,115
Alternatives	807,174	615,880
Diversified Investment Funds (M&G Charity Multi Asset Fund)	2,277,969	2,089,785
Fixed Income	605,555	749,255
Cash held by brokers for investment	113,133	80,852
	8,566,101	7,564,887

The investment property is a dwelling house, which forms part of the Association's property at Billingbear Lodge and is let on a long-term basis. The open market value for investment purposes has been estimated by the trustees.

At 31 December 2021, the investment portfolio included the following investments which represent a material proportion of the portfolio as a whole:

	Market value £	% of portfolio
Diversified Investment Funds (M&G Charity Multi Asset Fund)	2,277,969	24.58%
Waverton Sterling Bond Fund 'A' Inc	302,760	3.27%
Waverton Asia Pacific Fund 'A'	278,226	3.00%
Waverton Global Strategic Bond Fund 'A' Inc	242,520	2.62%
Home Depot Inc	205,291	2.22%

At 31 December 2021 and 2020, the Association was the beneficial holder of the whole of the issued shared capital (£1) of Billingbear Enterprises Limited, a dormant company.

7 Other Debtors

	2021	2020
	£	£
Debtors	299,216	259,689
Prepayments and accrued income	84,826	74,913
	<u>384,042</u>	<u>334,602</u>

8 Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	4,103	10,682
Accruals and deferred income	415,716	391,999
Tax and Social Security	-	12,596
	<u>419,819</u>	<u>415,277</u>

9 Funds

Year ended 31 December 2021	Balance at 1 January 2021	Income	Expenditure	Investment gains and transfers	Balance at 31 December 2021
	£	£	£	£	£
Endowment funds					
CJ and EJ Melbourne Fund	342,153	3,014	-	44,846	390,013
St John's Housing Association Fund	1,117,794	-	-	147,941	1,265,735
The Almshouse Christmas Fund	330,456	-	-	43,735	374,191
	<u>1,790,403</u>	<u>3,014</u>	<u>-</u>	<u>236,522</u>	<u>2,029,939</u>
Restricted funds					
Held for almshouse improvement and support generally:					
The Almshouse Association	2,483,997	384,305	(48,511)	114,529	2,934,320
The Thomas Groves Trust for Almshouses	373,203	3	(485)	-	372,721
	<u>2,857,200</u>	<u>384,308</u>	<u>(48,996)</u>	<u>114,529</u>	<u>3,307,041</u>
Held for specified recipients or almshouse groups	117,560	-	-	-	117,560
The Edward Kemp Almshouse Trust	2,473,250	57,778	(63,500)	309,414	2,776,942
The Jubilee Cottages Trust	92,625	-	(300)	-	92,325
The Craymer London Trust	343,065	8,507	(520)	45,558	396,610
The Alfred Wilson Charity for Almshouses Trust	133,947	-	(35,480)	-	98,467
The Almshouse Christmas Fund	3,490	8,167	(10,062)	-	1,595
The Mary Joan Hawley Fund	333,227	8,025	(300)	42,975	383,927
	<u>6,354,364</u>	<u>466,785</u>	<u>(159,158)</u>	<u>512,476</u>	<u>7,174,467</u>
Unrestricted funds					
General funds	517,527	624,247	(699,158)	(64,526)	378,090
Designated funds:					
Investment reserve	1,894,948	-	-	449,743	2,344,691
Terminal reserve	370,000	-	-	-	370,000
Strategic plan reserve	604,165	-	(121,093)	-	483,072
	<u>3,386,640</u>	<u>624,247</u>	<u>(820,251)</u>	<u>385,217</u>	<u>3,575,853</u>
Total funds	<u>11,531,407</u>	<u>1,094,046</u>	<u>(979,409)</u>	<u>1,134,215</u>	<u>12,780,259</u>

NOTES TO THE FINANCIAL STATEMENTS

9 Funds (continued)

Year ended 31 December 2020	Balance at 1 January 2020	Income	Expenditure	Investment gains and transfers	Balance at 31 December 2020
	£	£	£	£	£
Endowment funds					
CJ and EJ Melbourne Fund	327,919	3,321	-	10,913	342,153
St John's Housing Association Fund	1,081,791	-	-	36,003	1,117,794
The Almshouse Christmas Fund	319,813	-	-	10,643	330,456
	<u>1,729,523</u>	<u>3,321</u>	<u>-</u>	<u>57,559</u>	<u>1,790,403</u>
Restricted funds					
Held for almshouse improvement and support generally:					
The Almshouse Association	2,793,143	26,016	(347,331)	12,169	2,483,997
The Thomas Groves Trust for Almshouses	373,640	48	(485)	-	373,203
	<u>3,166,783</u>	<u>26,064</u>	<u>(347,816)</u>	<u>12,169</u>	<u>2,857,200</u>
Held for specified recipients or almshouse groups	117,560	-	-	-	117,560
The Edward Kemp Almshouse Trust	2,337,347	63,524	(2,920)	75,299	2,473,250
The Jubilee Cottages Trust	92,925	-	(300)	-	92,625
The Craymer London Trust	333,133	9,354	(10,509)	11,087	343,065
The Alfred Wilson Charity for Almshouses Trust	159,417	-	(25,470)	-	133,947
The Almshouse Christmas Fund	3,471	9,803	(9,784)	-	3,490
The Mary Joan Hawley Fund	314,246	8,823	(300)	10,458	333,227
	<u>6,524,882</u>	<u>117,568</u>	<u>(397,099)</u>	<u>109,013</u>	<u>6,354,364</u>
Unrestricted funds					
General funds	521,563	647,507	(651,543)	-	517,527
Designated funds					
Investment reserve	1,893,290	-	-	1,658	1,894,948
Terminal reserve	370,000	-	-	-	370,000
Strategic plan reserve	684,706	-	(80,541)	-	604,165
	<u>3,469,559</u>	<u>647,507</u>	<u>(732,084)</u>	<u>1,658</u>	<u>3,386,640</u>
Total funds	<u>11,723,964</u>	<u>768,396</u>	<u>(1,129,183)</u>	<u>168,230</u>	<u>11,531,407</u>

Endowment funds

The income of the CJ and EJ Melbourne Endowment Fund may be used for any purposes that are "exclusively charitable", and is therefore classified as unrestricted.

The income of The Almshouse Christmas Fund is to be used to provide gifts at Christmas to residents of the almshouses of member charities, and unspent income is classified as a restricted fund.

The income of the St John's Housing Association Endowment Fund may be used for any purposes that are consistent with the objects of the donor, namely the accommodation and support of older people.

9 Funds *(continued)*

Restricted funds

The restricted funds (other than unspent income of the Christmas Fund) comprise funds held for almshouse improvements. Some of these funds are held for specified recipients or almshouse groups specified by the donor, as follows:

The Thomas Groves Trust for Almshouses is held for the benefit of almshouses and their occupants.

The Edward Kemp Almshouse Trust is held for the relief of persons in hardship throughout the country with a particular preference for those in Hertford, under the amended Scheme terms agreed by the Charity Commissioners in June 2014.

The Jubilee Cottages Trust is held for the relief of poverty in the County of Suffolk, in particular by building or repairing almshouses, under the terms of a Scheme finalised by the Charity Commissioners in April 2007.

The Craymer London Trust is held for the building or repairing of almshouses in Wiltshire, under the terms of the will of Mary Evelyn London dated 28 August 1992.

The Alfred Wilson Charity for Almshouses Trust is held for the relief of poverty in the counties of Lancashire and West Yorkshire, in particular by building or repairing almshouses, under the terms of a Scheme finalised by the Charity Commissioners in December 2008.

The Mary Joan Hawley Fund is held for the benefit of almshouse charities connected with the Church of England.

Unrestricted funds

Unrestricted funds are available for any purpose appropriate to the Association's charitable objects. The Board has designated a sum of £2,344,691 to be set aside within unrestricted funds for investment to generate dividend income to subsidise member subscriptions, a sum of £370,000 to cover the cost of any liabilities arising in the event of the termination of activities and a sum of £483,072 as a Strategic plan reserve.

NOTES TO THE FINANCIAL STATEMENTS

10 Analysis of net assets by fund

Year ended 31 December 2021

	Unrestricted funds		Restricted funds	Endowment funds	Total funds
	General	Designated			
	£	£	£	£	£
Tangible fixed assets	32,361	-	-	-	32,361
Investments	212,211	3,197,763	3,832,524	2,023,603	9,266,101
Cash and deposits	249,303	-	424,983	-	674,286
Loans to member charities (see below)	-	-	2,843,288	-	2,843,288
Other current assets (excluding loans), less liabilities	(115,785)	-	73,672	6,336	(35,777)
	<u>378,090</u>	<u>3,197,763</u>	<u>7,174,467</u>	<u>2,029,939</u>	<u>12,780,259</u>
Unrealised gains included above	57,930	872,934	1,046,212	552,408	2,529,484

Year ended 31 December 2020

	Unrestricted funds		Restricted funds	Endowment funds	Total funds
	General	Designated			
	£	£	£	£	£
Tangible fixed assets	47,056	-	-	-	47,056
Investments	124,117	2,869,113	3,384,574	1,787,083	8,164,887
Cash and deposits	397,496	-	133,165	-	530,661
Loans to member charities (see below)	-	-	2,869,478	-	2,869,478
Other current assets (excluding loans), less liabilities	(51,142)	-	(32,853)	3,320	(80,675)
	<u>517,527</u>	<u>2,869,113</u>	<u>6,354,364</u>	<u>1,790,403</u>	<u>11,531,407</u>
Unrealised gains included above	22,945	530,399	625,689	330,369	1,509,402

The total unrealised gains as at 31 December 2021 constitute movements on revaluation and are as follows:

Unrealised gains included above:

	2021 £	2020 £
On investments	1,888,670	968,588
On investment property	640,814	540,814
Total unrealised gains at 31 December	<u>2,529,484</u>	<u>1,509,402</u>

Reconciliation of movements in unrealised gains

Unrealised gains at 1 January	1,509,402	1,210,439
Less: in respect to disposals in the year	(114,133)	130,733
	<u>1,395,269</u>	<u>1,341,172</u>
Add: net gains arising on revaluation during the year	1,134,215	168,230
Total unrealised gains at 31 December	<u>2,529,484</u>	<u>1,509,402</u>

10 Analysis of net assets by fund (continued)

Loans to member charities by:	The Almshouse Association	The Thomas Groves Trust for Almshouses	The Edward Kemp Almshouses Trust	Other Funds	Total
	£	£	£	£	£
At 1 January 2021	2,598,137	114,556	77,248	79,537	2,869,478
Loans made	275,456	-	219,476	-	494,932
Loans repaid	(462,952)	(31,710)	(8,925)	(17,535)	(521,122)
At 31 December 2021	<u>2,410,641</u>	<u>82,846</u>	<u>287,799</u>	<u>62,002</u>	<u>2,843,288</u>
Due within one year	<u>432,398</u>	<u>33,286</u>	<u>24,360</u>	<u>17,535</u>	<u>507,579</u>

Commitments

The Association was, at 31 December 2021, committed to make available to the trustees of member almshouse charities loans of £723,244 (2020: £495,607).

11 Employees and employee costs

	2021	2020
	£	£
Salaries	458,734	455,007
Social security costs	41,630	40,855
Employer's pension contributions	40,547	38,200
	<u>540,911</u>	<u>534,062</u>
Full-time equivalent number of employees	<u>9.8</u>	<u>10.2</u>

	Number		Employee costs	
	2021	2020	2021	2020
			£	£
Raising funds	0.5	0.9	26,218	47,123
Costs of charitable activities	4.6	4.4	253,897	230,380
Support costs	4.7	4.9	260,796	256,559
	<u>9.8</u>	<u>10.2</u>	<u>540,911</u>	<u>534,062</u>

An average of 13 (2020: 13) persons were employed during the year. One had remuneration in the range £90,000 to £100,000 (2020: £80,000 to £90,000 one) in the year, and the Association contributed £9,020 (2020: £8,843) towards a pension scheme for that employee. The trustees do not receive any remuneration.

The total cost of employing key management in the period amounted to £299,033 (2020: £311,952). Travel expenses for meetings of £2,035 (2020: £141) were reimbursed to ten (2020: two) trustees.

Pension fund contributions

All current employees are members of defined contribution schemes and contributions are accounted for when paid.

NOTES TO THE FINANCIAL STATEMENTS

12 - Related Parties

During 2021, four (2020: five) trustees of the Association were also trustees of The Leonard Hackett Memorial Trust, which acted as sole trustee of one (2020: three) member Almshouse Charities. These have loans and other advances from the Association, as follows:

	2021	2020
	£	£
The Charity of Edmund Sawyer (228798)	27,096	28,928

The names of the directors of The Leonard Hackett Memorial Trust, who are all also members of the Executive Committee, are listed in that company's Directors' Report.

At the end of the year The Leonard Hackett Memorial Trust had an outstanding advance of £21,073 (2020: £18,240).

The Association provided management services to The Leonard Hackett Memorial Trust and The Charity of Edmund Sawyer. During the year the Association charged £2,656 (2020: £2,850) to these charities towards its administration costs.

Members of the Board of Trustees are connected with member almshouse charities but do not participate in decisions concerning those charities.

During the year, the Association paid £2,414 in respect of Charity Trustee Assurance (2020: £2,147).

Mrs M A Stewart is a trustee of Frances Darlington Charity which had an interest free loan from the Association amounting to £nil (2020: £5,250).

Mr A Sedgwick is a trustee of the Lady Anne Windsor Charity which has an interest free loan from the Association amounting to £18,900 (2020: £23,100).

13 Comparative Statement of Financial Activities (SOFA)

Statement of Financial Activities (SOFA) for year ended 31 December 2020,
incorporating an Income and Expenditure Account

	Notes	Unrestricted funds £	Restricted funds £	Endowment funds £	Total 2020 £
Income and endowments from:	2				
Gifts, donations and legacies		139,478	15,500	3,321	158,299
Charitable activities		405,544	-	-	405,544
Investments		102,485	102,069	-	204,554
Total		<u>647,507</u>	<u>117,569</u>	<u>3,321</u>	<u>768,397</u>
Expenditure on:	3				
Raising funds		116,956	36,270	-	153,226
Charitable activities		615,128	360,830	-	975,958
Total		<u>732,084</u>	<u>397,100</u>	<u>-</u>	<u>1,129,184</u>
Net (expenditure)/income before investment (losses)/gains		(84,577)	(279,531)	3,321	(360,787)
Net (losses)/gains on investments	6	<u>1,658</u>	<u>109,013</u>	<u>57,559</u>	<u>168,230</u>
Net movement in funds		(82,919)	(170,518)	60,880	(192,557)
Reconciliation of funds					
Total fund balances brought forward at 1 January		<u>3,469,559</u>	<u>6,524,882</u>	<u>1,729,523</u>	<u>11,723,964</u>
Fund balances carried forward at 31 December	9	<u>3,386,640</u>	<u>6,354,364</u>	<u>1,790,403</u>	<u>11,531,407</u>

AUDITOR'S REPORT

Independent auditor's report to the members of The Almshouse Association

Opinion

We have audited the financial statements of The Almshouse Association (the 'charitable company') for the year ended 31 December 2021 which comprise the statement of financial activities, the balance sheet, and statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements: ● give a true and fair view of the state of the charitable company's affairs as at 31 December 2021 and of its income and expenditure for the year then ended; ● have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and ● have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon.

The trustees are responsible for the other information contained within the annual report and financial statements. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and,

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report, which is also the directors' report for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report, which is also the directors' report for the purposes of company law, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements for charitable companies operating within this sector, through our own experience as well as through discussion with management and those charged with governance and inspection of regulatory and legal correspondence. We reviewed policies and procedures regarding compliance with laws and

regulation and remained alert throughout our audit to any indications of non-compliance, with areas of highest risk communicated to all members of the audit team.

The charitable company is subject to laws and regulations directly affecting the financial statements including financial reporting legislation and taxation legislation which we assessed compliance with as part of our review of related financial statement items. This includes the Charities Act 2011 and Companies Act 2006 as referenced above. Other laws and regulations of which compliance was considered higher risk (as non-compliance could lead to material misstatement of the financial statements) included anti-bribery regulations, employment law, health and safety legislation and data protection regulations.

We considered areas which could be most susceptible to fraud or misstatement, which included the use of journals and suspense accounts, management override of controls and our audit work has been performed to ensure that these areas have been tested on a sample basis, including the use of data analytics to review for unusual transactions.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected a material misstatement within the financial statements while performing our audit in accordance with applicable audit standards. Irregularities may involve a collusion, forgery, intentional omissions, misrepresentations, or override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Edward Finch (Senior Statutory Auditor)

For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street, London EC2V 6DL