

Orchard Homes

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended

31 March 2014

Orchard Homes

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Orchard Homes

CHAIRMAN'S MESSAGE

for the year ended 31 March 2014



Welcome to our Annual Report for 2013/14. Over a very busy period, we have continued our focus on delivering high-quality, supported accommodation to older people living in Bristol.

We continue to look for ways to be as good as we can be at what we do. The current financial environment brings some challenges but we have taken action to respond to them and have ended the year in a solid position.

We seek constantly to improve the quality and increase the size of our Almshouse estate, better to serve the needs of older people in Bristol. The major activity this year has been the reprovision of John Barstaple's Almshouse charity on a new site at Brentry and this work completed shortly after the year end with 31 one and two-bed flats of the highest specification now becoming occupied.

Behind the scenes, the year has been one of significant change. In May 2013, David Jones stood down as Chief Executive. Sarah Davies did an outstanding job as Interim Chief Executive until Anne Anketell joined us as our new Chief Executive in October. During the year we said goodbye to two Trustees who had taken great interest in our almshouses: Barry England, a Trustee since 1998 and Chairman from 2001-2011, and Vanessa Stevenson, a Trustee since 1994. I thank them both.

Anne Anketell has led a review of our activities, now encapsulated in our latest Business Plan. This calls for a review of our existing Almshouse estate, with the objective of improvement, reprovision and expansion over the next three years. Since the year end, and in line with this review's findings, Trustees have taken the decision to close the Manor House, which had become an uneconomic financial proposition. The proceeds of the eventual sale of this building will help facilitate a new building elsewhere in the city in due course.

We have the team, the financial resources and the will to deliver this plan. We are heavily engaged in the search for new sites, both for free-standing almshouses and for joint ventures with other parties with relevant, complementary needs.

Andrew Hillman, A.C.A.

Orchard Homes

HIGHLIGHTS

for the year ended 31 March 2014

Our range of almshouses grew this year with the addition of the new Barstaple Almshouse. Along with John Foster's Almshouse, it points to the future, and stands alongside Perrett House and Redcross Mews, older developments which have served their residents wonderfully over the years.



Barstaple Almshouse (below left) was completed in March (pictured left is the building site). Perrett House and Redcross Mews (right) have housed residents for many years, while John Foster's Almshouse (below right) was completed in 2009.



Orchard Homes

HIGHLIGHTS *(continued)*

for the year ended 31 March 2014

We asked the residents what they thought of our Almshouses and the service we provide them, and they offered us some great comments. Here's a brief selection:

Perrett House and Redcross Mews:

"If a resident had a problem, they would always listen and treat them fairly."

"Clean and efficient service. Well organised. Good background support. New almshouses in excellent condition."

"Provides warm comfortable accommodation for vulnerable people."

"Keeps residents informed of whatever. I have been at Perrett House now for 16 years, and I love the place."

"I have always found them reasonable and caring. I live at Perrett House, it is ideal for shopping, bus and train services. I would not wish to live anywhere else."

John Foster's Almshouse:

"Bristol Charities supplies excellent affordable housing for needy people, and continues to support tenants."

"Provides really modern and comfortable homes for elderly tenants."

"I am really happy here and feel most fortunate to have this lovely place to live in and to have Bristol Charities to turn to if there is a problem."

"Having spent 5 years here, we feel we are still on holiday."

Barstaple Almshouse:

"Everyone's attitude is helpful and friendly rather than the official jobsworth attitude that many adopt these days."

Orchard Homes

REPORT OF THE TRUSTEES

for the year ended 31 March 2014

The Trustees present their annual report on the affairs of Orchard Homes, together with the financial statements and auditor's report, for the year ended 31 March 2014.

OBJECTS

The aim and objective of Orchard Homes is the provision of almshouses and pensions for poor persons resident in the City of Bristol.

PUBLIC BENEFIT AIMS

In exercising relevant powers and duties, the Trustees have considered Charity Commission guidance on public benefit from Section 17 of the Charities Act 2011.



CHIEF EXECUTIVE'S REVIEW

WHAT WE DO

Orchard Homes's mission is to enhance the quality of life of older people living in our communities. We make a difference in the lives of older people by supporting them to live independently.

We do this by:

- Developing well-designed high-quality new homes for older people who need them in the Bristol area.
- Providing excellent accommodation through our 5 almshouses, each one offering onsite support and a safe community setting.
- Looking after and repairing our existing homes well so that they are easy and cost effective to run and our residents remain proud to live in them.
- Providing a personalised and accessible customer service to our residents.
- Managing a small portfolio of properties. The income derived from this estate is used to fulfil the charity's main objective which is the provision of almshouses for older people.

Orchard Homes

REPORT OF THE TRUSTEES

Chief Executive's Review (continued)

for the year ended 31 March 2014

We set out four priorities for 2013/14 and have made good progress with each of them.

WHAT WE SET OUT TO DO

1. Complete the development of Barstaple Almshouse in February 2014.
2. Identify properties that are no longer fit for the future and would require a large amount of money to be spent on them in the next couple of years.
3. Search for new sites in Bristol suitable for the re-provision of accommodation.
4. Ensure that we provide a personalised and accessible customer service to our residents.

WHAT WE DID

- ✓ Whilst Barstaple Almshouse was due for completion in February 2014, the final phase of the building programme was delayed as a result of adverse weather conditions and was completed in late April 2014.
- ✓ We carried out a review of our existing property portfolio, and we agreed upon a strategy for acquisition and disposal which will be delivered over the next few years. We have identified properties that are not fit for the future and would require significant investment over the next couple of years and identified a number of schemes scheduled for closure.
- ✓ In November 2013, we appointed an agent, Alder King, to work with us on our site search. Alder King have, during the year, carried out an initial site search in order to draw up a long list of properties. This exercise identified over 40 sites which were initially assessed and filtered to provide a shorter list which will be proactively investigated.
- ✓ In 2013/14, we began work on reviewing our customer service for residents. A survey of residents was planned to understand residents' perception of and satisfaction with the service. A review of the maintenance and repairs service is also planned. As part of the Business planning process, Orchard Homes has refined its strategy to include the objective of building homes for life that are care ready and offer flexibility for future changes in user.

Orchard Homes

REPORT OF THE TRUSTEES

Chief Executive's Review (continued)

for the year ended 31 March 2014

WHAT WE WILL DO IN 2014/15

- Ensure that our new almshouses are fit for the future by developing a specification that meets Extra Care or Care Ready Standards.
- Start the process of increasing the number of almshouse units by 50 over the next three years with the specific objective to identify and acquire one new site in 2014/15.
- Carry out a review of the customer service we provide for our residents, including a customer satisfaction survey. The goals for an improved service include making customer services personalised and accessible, getting the basics right, and eliminating mistakes so that we get it right first time. We will aim for the majority of residents to be prepared to recommend us to their friends.

PRINCIPAL RISKS

Management of risk is a key part of our decision making process, with risks identified and assessed as we develop our yearly plans.

The Audit Committee and Trustees monitor and review significant risks.

During the last year, we identified and managed the following key risks:

- ❑ Failing to deliver the Barstaple building development in budget and on time.
- ❑ Having poor handover arrangements at Barstaple, which negatively affects residents and service delivery.
- ❑ Lack of demand for almshouse accommodation resulting in loss of income.
- ❑ Failing to identify and acquire suitable sites for future development.
- ❑ Health and Safety and environment issues lead to untoward death or injury of a resident.

Orchard Homes

REPORT OF THE TRUSTEES *(continued)*

for the year ended 31 March 2014

STRUCTURE, GOVERNANCE AND MANAGEMENT

Orchard Homes is both a registered housing association ((No. A0072) and a registered charity (No. 1109141/17), constituted under a Charity Commission scheme dated 6 September 1977, as amended in September 1980.

Bristol Charities is the corporate trustee of the charity.

Bristol Charities' Trustees are appointed on a triennial basis. Candidates are recruited on the basis of the skills and experience required on the Board. The Nominations Committee identifies the skills, experience and knowledge that will be needed on the Board and seeks to recruit candidates on this basis. The Committee oversees the process of recruitment and makes recommendations to the Board of Trustees at the Annual General Meeting.

The list of Bristol Charities' trustees, along with the registered charity address and list of advisors is included on page 28.

Day to day management is delegated to the Chief Executive (Anne Anketell). The Chief Executive reports progress on key areas of work to the Board on a regular basis.

Orchard Homes

REPORT OF THE TRUSTEES (continued)

Financial Review

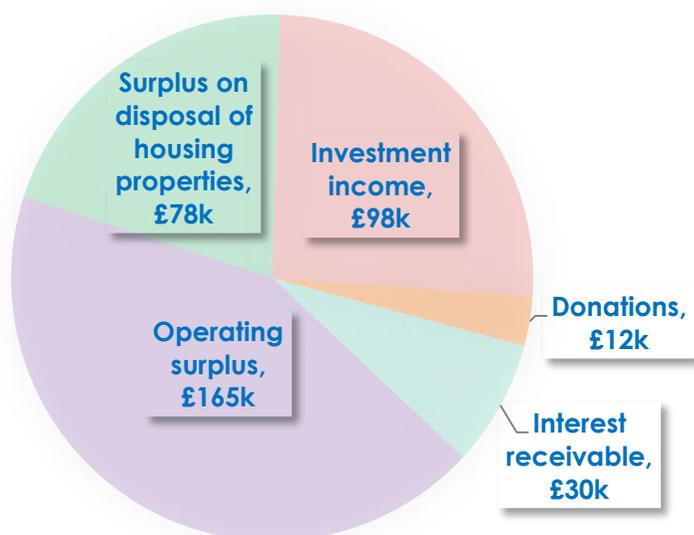
for the year ended 31 March 2014

2013/14 was a year of investment by the charity. The construction phase of the development of Barstaple Almshouse, which started in October 2012, was in full swing.

There were no major changes to the charity's operations during the year, and the financial results remained stable, with the day to day operations generating an operating surplus and cash surplus.

FINANCIAL PERFORMANCE IN THE YEAR

The surplus for the financial year was £383k, (2013 £395k) and was made up of:



Results from operating activities

The operating surplus in the year was £165k, (2013: £105k). Much of the difference in surplus between the 2014 and 2013 is due to higher maintenance expenditure in 2013 (£114k) compared to the current year (£57k), because of the replacement of the lifts at Perrett House in the previous year.

Apart from the difference in maintenance expenditure, operating results for the two years were very similar. This reflects the stability of Orchard Homes' operations. Occupancy of the 75 (2013: 74) housing units available in the year was 97.0% (2013: 97.3%).

Orchard Homes generated £234k cash from operating activities (2013 £437k). The current policy of the Trustee of Orchard Homes is to generate surpluses to help fund new almshouse accommodation and maintain existing housing stock.

Disposal of charitable assets

Other income in the year includes, £78k surplus on the disposal of 22 Bryant's Hill, a one bedroom flat, which was one of the Furber Fund properties. The property was sold when it became vacant, and the surplus will be invested in the next almshouse development.

Investment income

Orchard Homes holds £3m investments in the Common Pooled Investment Fund (CPIF) run by Bristol Charities. The majority of the funds invested are Endowment Funds, £2.3m, but there are also Restricted Funds invested of £0.7m.

The investment income in the year was £98k, down from £109k in the previous year. The reduction in income is due to a change of the make-up of the CPIF: investment properties were sold and the funds invested in managed investment portfolios, because it is thought that this would generate better long-term returns, although income would be reduced in the short-term. We expect income to increase from this low point.

Interest income

Interest has reduced to £30k from £38k in the previous year. The fall in interest due to the reduction of cash deposits has been offset by an increase in funds held in a loan to William Jones's Almshouse charity, which generates interest of 3.23% pa (compared to approximately 0.55% on cash deposits).

Orchard Homes

REPORT OF THE TRUSTEES *(continued)*

Financial Review (continued)

for the year ended 31 March 2014

CAPITAL EXPENDITURE

The majority of the construction on the new Barstaple Almshouse development took place in the year. Capital expenditure on the project was £3.4m, bringing the total cost of the build to £4.9m at the year end, out of a budgeted total cost of £5.2m.

We had planned the almshouse completion for February, however, Barstaple Almshouse was handed over by the developer, to Orchard Homes, on 22 April 2014. Whilst this was two months later than was planned, total costs were within budget. The delay was largely due to appalling weather experienced during the construction phase.

Barstaple Almshouse is a development of 31 one and two bedroom self-contained flats, and a day-centre which is also communal space for the almshouse residents.

The development was funded from Orchard Homes' cash reserves, which had been built up from prior year surpluses and selling charitable properties which had been found to need reprovisioning (including the old Barstaple Almshouse).

Cash reserves

At the start of the year Orchard Homes held £4.7m in cash and short term cash investments. After the spend in the year £1.6m remained, of which a further £0.3m was due to the developer for works completed in the year; with a further £0.3m expected costs to the end of the project. The remaining £1m will be used for the purchase of the next site for development.

Restricted reserves

In 2014/15 the property long-term maintenance programmes are being reviewed, to free-up excess restricted reserves that were set aside for major repairs of period properties (£705k total) which have been disposed of, these will then be invested in the next development. The review will set appropriate levels for reserves for major works, and inform maintenance budgets going forward.

RESERVES POLICY

The current policy of the Trustee of Orchard Homes is to generate surpluses to fund the long term renewal of existing accommodation and to build new almshouses. The Trustees are prepared to engage in prudent borrowing to assist in building new almshouses.

INVESTMENT POLICY AND PERFORMANCE

The investment policy for the CPIF is for a balanced return with a medium level of risk. The Trustees seek to produce the optimum total return, commensurate with at least maintaining the capital value in line with inflation, as defined by the National Statistics.

Two firms, Baring Asset Management and Smith & Williamson Investment Management Limited, manage the non-property investments and each was allocated 50% of the portfolio.

Each of the investment managers was instructed to generate a minimum spendable return of £186k in the year (up from £161k in the prior year – due to the increase in the investments held, plus average wage inflation). The income generated by the two investment managers was £413k, exceeding the target.

Total return in the year was 5.26%, (FTSE TR 2014 6.66%; 2013 5.42%).

GOING FORWARD

Orchard Homes' priority for 2015 is to purchase a new site for the next development, and to continue the process of reprovisioning the housing stock.

GOING CONCERN

The Trustees forecasts and projections, taking account of reasonably foreseeable changes in income and expenditure, show that the charity has adequate resources to continue for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the report of the Trustees and financial statements.

Orchard Homes

REPORT OF THE TRUSTEES *(continued)*

Trustees' Responsibilities Statement

for the year ended 31 March 2014

The Trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2010 and the provisions of the trust deed, as well as the Housing and Regeneration Act 2008 and the Accounting requirements for Registered Social Landlords General Determination 2012. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Deloitte LLP has indicated their willingness to continue in office.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Approved by the Trustees and signed on their behalf by:



Andrew Hillman, A.C.A. (Chairman of Trustees)

Date 28 October 2014

Orchard Homes

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF ORCHARD HOMES

for the year ended 31 March 2014

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF ORCHARD HOMES

We have audited the financial statements of Orchard Homes for the year ended 31 March 2014 which comprise the Income and Expenditure Account, the Statement of Total Recognised Surplus and Deficit, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement, the trustees are responsible for the preparation of the financial statements which give a true and fair view.

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2014, and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2012.

Orchard Homes

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF ORCHARD HOMES *(continued)*
for the year ended 31 March 2014

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

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



Deloitte LLP

Chartered Accountants and Statutory Auditor

Bristol, United Kingdom

Date *28 October 2014*

Deloitte LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006 and consequently to act as the auditor of a registered charity.

Orchard Homes

INCOME AND EXPENDITURE ACCOUNT

for the year ended 31 March 2014

	Notes	2014 £	2013 £
TURNOVER	2	565,262	561,459
Less: Operating costs	2	<u>(400,565)</u>	<u>(456,244)</u>
OPERATING SURPLUS		164,697	105,215
Surplus on disposal of housing properties		78,333	129,706
Loss on disposal of investments		-	(131)
Investment income		98,116	108,676
Donations		11,622	13,437
Interest receivable		<u>29,738</u>	<u>38,244</u>
SURPLUS FOR THE FINANCIAL YEAR		382,506	395,147
Transfer from restricted reserves	11	-	53,291
SURPLUS FOR THE YEAR ON REVENUE RESERVES AFTER TRANSFERS	13	<u>382,506</u>	<u>448,438</u>

The notes on pages 18 to 27 form part of these accounts. All of the charity's operations are classed as continuing.

There are no material differences between the historic cost surplus and that shown within the income and expenditure account.

Orchard Homes

STATEMENT OF TOTAL RECOGNISED SURPLUS AND DEFICIT

for the year ended 31 March 2014

	Note	2014 £	2013 £
SURPLUS FOR THE YEAR		382,506	448,438
Unrealised surplus / (deficit) on revaluation of investments	7	(8,567)	157,617
TOTAL RECOGNISED SURPLUS FOR THE YEAR		<u>373,939</u>	<u>606,055</u>

Orchard Homes

BALANCE SHEET

for the year ended 31 March 2014

	Notes	2014	2013
		£	£
FIXED ASSETS			
Housing properties – depreciated cost	6	9,712,300	6,405,981
Less Social Housing Grants	6	<u>(1,916,043)</u>	<u>(1,916,043)</u>
		7,796,257	4,489,938
Investments	7	2,955,941	2,964,508
Other fixed assets	8	3,780	4,971
		<u>10,755,978</u>	<u>7,459,417</u>
CURRENT ASSETS			
Asset held for sale		-	6,934
Debtors due after more than one year	9	644,326	-
Debtors due within one year	9	97,519	462,016
Investments		1,450,847	4,455,937
Cash at bank and in hand		<u>127,663</u>	<u>282,283</u>
		2,320,355	4,799,999
CREDITORS: Amounts falling due within one year	10	<u>(357,876)</u>	<u>(322,069)</u>
NET CURRENT ASSETS		<u>1,962,479</u>	<u>4,885,101</u>
		<u>12,718,457</u>	<u>12,344,518</u>
CAPITAL AND RESERVES			
Endowment reserves	13	9,740,327	8,143,969
Restricted reserves	13	705,448	707,494
Unrestricted reserves:			
Revenue reserves	13	2,272,682	2,124,403
Designated reserves	13	-	1,368,652
		<u>12,718,457</u>	<u>12,344,518</u>

The notes on pages 18 to 27 form part of these accounts.

The financial statements of Orchard Homes, charity registration number 1109141/17, were approved by the Board of Trustees and authorised for issue on 28 October 2014 and signed on their behalf by:

.....

 Andrew Hillman (Chairman)

Orchard Homes

CASH FLOW STATEMENT

for the year ended 31 March 2014

	Notes	2014 £	2013 £
NET CASH FLOW FROM OPERATING ACTIVITIES	(i)	<u>234,189</u>	<u>437,449</u>
RETURNS ON INVESTMENT AND SERVICING OF FINANCE			
Investment income		98,116	108,676
Interest received		29,738	38,244
Net cash received from returns on investment		<u>127,854</u>	<u>146,920</u>
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Receipt of Stokes Croft Almshouse Charity Funds		-	404,035
Receipts from liquidation of investments		-	88,608
Loss on disposal of investments		-	(131)
Investment in William Jones's Almshouse Charity Loan		(237,634)	(406,692)
Acquisition and construction of properties		(3,369,312)	(767,771)
Purchase of other fixed assets		(74)	(2,868)
Net proceeds from property sales		85,267	137,870
Net cash outflow from capital expenditure		<u>(3,521,753)</u>	<u>(546,949)</u>
Change in cash in the reporting period		(3,159,710)	37,420
Cash at the beginning of the reporting period		4,738,220	4,700,800
Cash at the end of the reporting period	(ii)	<u><u>1,578,510</u></u>	<u><u>4,738,220</u></u>

Orchard Homes

CASH FLOW STATEMENT *(continued)*

for the year ended 31 March 2014

NOTES TO THE CASH FLOW STATEMENT

(i) RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2014	2013
	£	£
Net movement in funds for the reporting period (as per the income and expenditure statement)	382,506	448,438
Adjustments for:		
Depreciation charges	64,258	64,154
(Profit) on the sale of housing properties	(78,333)	(129,706)
Loss on disposal of investments	-	131
Investment income	(98,116)	(108,676)
Interest receivable on short-term deposits	(29,738)	(38,244)
(Increase)/decrease in debtors	(279,829)	(371,552)
Add back increase in debtor due to investing in William Jones's Almshouse Loan	237,634	406,692
Increase in creditors	35,807	219,503
Transfers	-	(53,291)
Net cash provided by (used in) operating activities	<u>234,189</u>	<u>437,449</u>

(ii) ANALYSIS OF CASH AND CASH EQUIVALENTS

	2014	2013
	£	£
Instant access cash investments	1,450,847	4,455,937
Cash at bank and in hand	127,663	282,283
Total cash and cash equivalents	<u>1,578,510</u>	<u>4,738,220</u>

Orchard Homes

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom including the Statement of Recommended Practice (SORP), "Accounting by Registered Social Housing Providers Update 2010" and the Accounting requirements for Registered Social Landlords General Determination 2012. A summary of the more important accounting policies is set out below.

The financial statements are prepared under the historical cost convention modified to include the revaluation of certain assets. They are prepared on a going concern basis.

Going Concern

Orchard Home's activities and future plans are set out in the Trustees' report.

Orchard Homes has no external borrowing facilities and manages its activities with positive unrestricted bank balances. The Trustees' forecasts and projections, taking account of reasonably foreseeable changes in income and expenditure, show that Orchard Homes has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Trustees continue to adopt the going concern basis in preparing the financial statements.

Rental income represents Orchard Homes largest income stream.

Orchard Homes also receives substantial investment income from investments in the Common Pooled Investment Fund.

Turnover

Turnover represents rental and service charge income on an accruals basis.

Value added tax

Value added tax (VAT) is not recoverable by the Charity and expenditure is shown in the accounts inclusive of VAT.

Tangible fixed assets and depreciation

Fixed assets are initially recorded at cost.

Depreciation is provided to write off the cost of motor vehicles at 25% per annum on a reducing balance basis; and computer equipment over three years on a straight line basis.

Housing properties

Housing properties are initially stated at cost. The cost of such properties includes the cost of acquiring land and buildings, development expenditure, and expenditure incurred in respect of improvements which increase the future net income stream. Interest is capitalised up to the date of practical completion of the relevant scheme. Assets in the course of construction are capitalised at cost and not depreciated until the work is complete and the assets are transferred to other categories.

Component accounting as set out in the RSL SORP update 2010 has been used to calculate depreciation for John Foster's Almshouse as this is where it has a material impact. Depreciation on all capitalised components for John Foster's Almshouse is on a straight line basis over the life of the asset as follows:

<i>Component</i>	<i>Useful Economic Life (Years)</i>
Land	nil
Kitchens	20
Bathrooms	20
Heating	20
Roof	30
Windows	30
Lift	20
Structure	100

Orchard Homes

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2014

1. ACCOUNTING POLICIES *(continued)*

Housing properties *(continued)*

For other housing properties depreciation is charged at 2% per annum on the cost excluding land. The depreciable amount is the cost of purchase less the value of Housing Grants received and estimated realisable value.

Social Housing grants

Social Housing grants are paid by the Housing and Communities Agency (HCA) to reduce the cost of development. Where developments have been financed wholly or partly by Social Housing grants, the cost of these developments has been reduced by the amount of the grant received. Social Housing grant is repayable under certain circumstances, primarily following the sale of a relevant property when the repayable amount will often be restricted to the net proceeds of the sale.

Investments

Fixed asset investments are included at their mid-market value at the balance sheet date. Any gain or loss on valuation is taken to the endowment fund and reflected in the Statement of Total Recognised Surplus and Deficit

Orchard Homes

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2014

2. TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

	----- Housing -----		2014 Total £	2013 Total £
	Almshouses £	The Furber Fund £		
Turnover	494,092	71,170	565,262	561,459
Operating costs	(360,650)	(39,915)	(400,565)	(456,244)
OPERATING SURPLUS	<u>133,442</u>	<u>31,255</u>	<u>164,697</u>	<u>105,215</u>
TURNOVER				
Rents/maintenance charges/fees	434,958	71,170	506,128	501,097
Service charges	82,734	-	82,734	79,917
Rent losses from voids	(23,600)	-	(23,600)	(19,555)
	<u>494,092</u>	<u>71,170</u>	<u>565,262</u>	<u>561,459</u>
OPERATING COSTS				
Routine maintenance	(42,350)	(14,667)	(57,017)	(113,903)
Direct costs	(160,697)	(10,659)	(171,356)	(171,794)
Administrative costs – management	(88,950)	(12,320)	(101,270)	(99,760)
Administrative costs – other	(5,856)	(812)	(6,668)	(6,633)
Depreciation	(62,797)	(1,457)	(64,254)	(64,154)
	<u>(360,650)</u>	<u>(39,915)</u>	<u>(400,565)</u>	<u>(456,244)</u>

Orchard Homes

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2014

3. STAFF NUMBER AND COSTS

The average number of staff employed by the Charity during the year was as follows:

	2014		2013	
	Persons No.	Full-time equivalent No.	Persons No.	Full-time equivalent No.
Average monthly number of staff	<u>2</u>	<u>1.8</u>	<u>2</u>	<u>1.8</u>

Staff are employed by Bristol Charities and the salary costs are apportioned to Orchard Homes on the basis of time allocated to the charity. Salary costs for 2014 were £35,138 (2013: £35,518).

A fee is paid in respect of the management services, to the Trustee, Bristol Charities, as there is no separate executive or management team. Details of the amounts paid to Bristol Charities in this respect are shown within note 14.

4. SURPLUS FOR THE FINANCIAL YEAR

The surplus for the financial year is stated after charging / (crediting):

	2014 £	2013 £
Depreciation of tangible fixed assets	1,265	1,106
Depreciation of housing properties	62,993	63,048
Surplus on disposal of housing properties	(78,333)	(129,706)
Auditor's remuneration: fees in respect of the audit of the Charity's annual accounts	<u>7,320</u>	<u>7,380</u>

Orchard Homes

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2014

5. TAXATION

Orchard Homes is a registered charity and as such is entitled to relevant tax exemptions on its charitable income and gains properly applied under normal circumstances for its charitable purposes.

6. HOUSING PROPERTY

	Assets in the course of construction £	Almshouses £	Housing £	Total £
Freehold property at cost				
At beginning of year	1,540,035	4,922,063	139,127	6,601,225
Additions	3,369,312	-	-	3,369,312
At end of year	<u>4,909,347</u>	<u>4,922,063</u>	<u>139,127</u>	<u>9,970,537</u>
Depreciation				
At beginning of year	-	177,156	18,088	195,244
Additions	-	61,602	1,391	62,993
At end of year	<u>-</u>	<u>238,758</u>	<u>19,479</u>	<u>258,237</u>
Social Housing grants				
At beginning of year	-	1,916,043	-	1,916,043
At end of year	<u>-</u>	<u>1,916,043</u>	<u>-</u>	<u>1,916,043</u>
Net book value at 31 March 2014	<u>4,909,347</u>	<u>2,767,262</u>	<u>119,648</u>	<u>7,796,257</u>
Net book value at 31 March 2013	<u>1,540,035</u>	<u>2,828,864</u>	<u>121,039</u>	<u>4,489,938</u>

For insurance purposes the combined value of all housing properties, being the Almshouses and the properties in the Furber Fund, was £12,188,812 (2013 £12,439,725).

Orchard Homes

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2014

7. INVESTMENTS	2014	2013
	£	£
Market value at beginning of year	2,964,508	2,895,499
Disposal of Common Pooled Investment Fund units	-	(88,477)
Loss on disposals	-	(131)
(Loss) / gain on revaluation	(8,567)	157,617
Market value at end of year	<u>2,955,941</u>	<u>2,964,508</u>
Historical cost at end of year	2,328,535	2,328,535
Investments comprise:	£	£
Bristol Charities Common Pooled Investment Fund	2,954,931	2,963,498
Other investments	1,010	1,010
	<u>2,955,941</u>	<u>2,964,508</u>

At 31 March 2014 the Charity held 581,299 units in the Bristol Charities Common Pooled Investment Fund (CPIF) (2013: 581,299). Full details of the CPIF are included in the Bristol Charities financial statements (notes 4 and 24).

8. OTHER FIXED ASSETS	Equipment	Motor vehicles	Total
	£	£	£
Cost			
At beginning of year	3,312	4,717	8,029
Additions	74	-	74
At end of year	<u>3,386</u>	<u>4,717</u>	<u>8,103</u>
Depreciation			
At beginning of year	498	2,560	3,058
Charge for the year	726	539	1,265
At end of year	<u>1,224</u>	<u>3,099</u>	<u>4,323</u>
Net book value at 31 March 2014	<u>2,162</u>	<u>1,618</u>	<u>3,780</u>
Net book value at 31 March 2013	<u>2,814</u>	<u>2,157</u>	<u>4,971</u>

Orchard Homes

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2014

9. DEBTORS

	2014	2013
	£	£
Due after more than one year: investment in William Jones's Almshouse Charity loan	644,326	-
Due within one year:		
Trade debtors	9,954	1,367
Investment in William Jones's Almshouse Charity loan, due within one year	-	406,692
Amounts due from parent charity, intercompany account balance	65,194	37,240
Amounts due from other group charities, intercompany account for William Jones's Almshouse Charity	1,680	-
Other debtors and prepayments	20,691	16,717
Total debtors due within one year	<u>97,519</u>	<u>462,016</u>
Total debtors	<u>741,845</u>	<u>462,016</u>

William Jones's Almshouse Charity Loan

In 2012/13, Bristol Charities - the parent charity - agreed to lend to William Jones's Almshouse Charity (another group charity) up to £750,000, towards building a new almshouse. Orchard Homes invested in the loan and receives interest of 2.73% per annum above the Bank of England base-rate, accrued monthly, on the investment.

It was expected that, once the build was complete in June 2014, the loan would be transferred to a bank. And therefore, that the funds would be returned to Orchard Homes within the year 2013/14, and so in the prior year the full balance held was shown in current debtors.

After reviewing the options for transferring the loan to a bank, it has been decided that it is in the interests of all three charities for the current arrangement to continue, until the funds are needed by Orchard Homes for the next build project. That is, once a new site has been found. (At present, Orchard Homes receives around 0.55% on its instant access cash deposits.) The Trustees consider that Orchard Homes has sufficient liquid funds to purchase a site, and that there will therefore be time to liquidate the loan before further funds are needed for the planning phase of the next development.

The loan is repayable over 21 years from August 2013. As there are no current plans to liquidate the investment, amounts repayable after 12 months are shown in debtors due after one year. At the end of the year, Orchard Homes had £644,326 invested in the loan (2012/13 £406,692) of which £619,926 was due after more than one year.

Orchard Homes

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2014

10. CREDITORS

	2014	2013
	£	£
Due within one year:		
Advance income	11,033	-
Trade creditors	17,951	46,577
Other creditors	-	19,073
Accruals	322,602	256,419
Bad debt provision	6,290	-
	<u>357,876</u>	<u>322,069</u>

Average creditor days in the year was 17 days (2012/13: 19 days).

11. GROSS TRANSFERS BETWEEN RESERVES

The following amounts were transferred between reserves during the year:

	Endowment reserves	Restricted reserves	Unrestricted reserves
	£	£	£
Barstaple Almshouse additions from designated reserves	1,368,652	-	(1,368,652)
Barstaple Almshouse additions from unrestricted reserves	218,887	-	(218,887)
Transfers during the year	<u>1,587,539</u>	<u>-</u>	<u>(1,587,539)</u>

All transfers have been made in accordance with restrictions on use of reserves.

12. TRUSTEES' REMUNERATION, BENEFITS AND EXPENSES

No remuneration or expenses were paid to any of the trustees of the parent charity during the year, or the prior year.

Orchard Homes

NOTES TO THE FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2014

13. CAPITAL AND RESERVES

	Endowment reserves	Restricted reserves	Unrestricted reserves	Total
	£	£	£	£
At beginning of year	8,143,969	707,494	3,493,055	12,344,518
Surplus for the financial year	15,340	-	367,166	382,506
Transfers	1,587,539	-	(1,587,539)	-
Loss on revaluation of investments	(6,521)	(2,046)	-	(8,567)
At end of year	9,740,327	705,448	2,272,682	12,718,457

Unrestricted reserves are represented by:

	Balance at 1 April 2013	Total income	Total expenditure	Transfers	Balance at 31 March 2014
	£	£	£	£	£
Designated reserves, New Barstaple(a)	1,368,652	-	-	(1,368,652)	-
General unrestricted reserve	2,124,403	704,738	(337,572)	(218,887)	2,272,682
Total unrestricted reserves	3,493,055	704,738	(337,572)	(1,587,539)	2,272,682

(a) Funds have been designated towards the construction of the new Barstaple Almshouse from the accumulated operating surpluses which have arisen within the charity.

The capital and reserves are represented by:

	Endowment reserves	Restricted reserves*	Unrestricted reserves	Total
	£	£	£	£
Housing property	7,796,257	-	-	7,796,257
Other fixed assets	-	-	3,780	3,780
Investments	2,250,493	705,448	-	2,955,941
Current assets	-	-	2,320,355	2,320,355
Current liabilities	(306,423)	-	(51,453)	(357,876)
Total net assets	9,740,327	705,448	2,272,682	12,718,457

*The Restricted Reserves are funds that were set aside for major repairs when Orchard Homes owned historic properties, for which significant repairs reserves were needed because of the properties' ages. As the historic almshouses have been reprovioned, we are reviewing the reserve needed for major repairs. Any excess will be released for future almshouse construction projects.

Orchard Homes

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2014

14. HOUSING STOCK

The number of Housing Units in management at 31 March was:	2014	2013
	No.	No.
Housing accommodation for letting	<u>75</u>	<u>74</u>

15. RELATED PARTY TRANSACTIONS

Bristol Charities, the sole Trustee of Orchard Homes, provided the charity with administrative services and charged Orchard Homes £173,270 (2013: £163,760) in respect of the charity's share of the total administrative costs.

The amounts due to Orchard Homes from Bristol Charities as at 31 March 2014 amounted to £709,520 (2013: £443,932). This includes £644,326 which was invested in the loan to William Jones's Almshouse Charity, another subsidiary charity of Bristol Charities. See note 9 for more details.

The amount owed from Orchard Homes to Bristol Charities as at 31 March 2014 was nil (2013: £nil).

Orchard Homes's maintenance officer visited William Jones's Almshouse whilst it was being constructed, and continues go as needed to resolve minor maintenance issues. Orchard Homes charged William Jones's Almshouse Charity £1,568 in the year for this service, which equates to 2 days of the maintenance officer's salary up until November, and then 1 day from December to March, as the amount of work decreased.

Orchard Homes also paid for and recharged sundry maintenance items to William Jones's Almshouse Charity during the year.

At the year end William Jones's Almshouse Charity owed Orchard Homes £1,608.

16. ULTIMATE CONTROLLING PARTY

Ultimate control over the entity is held by Bristol Charities as sole Trustee of Orchard Homes.

Orchard Homes

TRUSTEES, OFFICERS AND ADVISERS

Trustees	Bristol Charities	Property Advisers	Alder King Pembroke House 15 Pembroke Road Bristol BS8 3BA
The Trustees of Bristol Charities are:	Andrew Hillman, A.C.A. (Chairman of Trustees) Laura Claydon, LL.B., Solicitor (appointed as Vice Chairman of Trustees 29 October 2013) Dudley Lewis, Solicitor (resigned as Vice Chairman of Trustees 29 October 2013) Kamala Das, LL.M., Barrister Barry England, O.B.E., D.L., A.C.I.B (retired 20 March 2014) Richard Gore, B.A.(Joint Hons.), Solicitor Susan Hampton, D.L., J.P., B.Sc. Tony Harris, M.Sc., F.C.A. Dr. Ros Kennedy, MB, BS, MRCP, MRCGP, DCH Michelle Meredith (appointed 29 October 2013) Sonia Mills, M.A., M.Sc., M.IHSM Dip.HSM (appointed 24 July 2013) Alfred Morris, C.B.E., D.L., Hon. LL.D., F.C.A. (retired 28 October 2014) Helen E Moss O.B.E. (retired 28 October 2014) Vanessa Stevenson (retired 29 October 2013) David Watts, J.P., M.A., F.R.I.C.S. John Webster, B.A., B.Arch., R.I.B.A., M.R.T.P.I.	Investment Managers	Baring Asset Management Limited 155 Bishopsgate London EC2M 3XY
		Auditor	Smith & Williamson Portwall Place, Portwall Lane Bristol BS1 6NA
		Bankers	Deloitte LLP 3 Rivergate Temple Quay Bristol BS1 6GD
Chief Executive	Anne Anketell, B.A.(Hons.) (appointed 14 October 2013)		CAF Bank Ltd 25 Kings Hill Avenue Kings Hill West Maling Kent ME19 4JQ
Interim Chief Executive	Sarah Davies, M.Sc. (resigned 13 October 2013)		
Former Chief Executive	David W Jones, M. Phil., LL.B. (resigned 9 June 2013)		HSBC Bank Plc 62 George White Street Cabot Circus Bristol BS1 3BA
Principal Office/ Registered Office	17 St Augustines Parade Bristol BS1 4UL Telephone 0117 9300301 Email: info@bristolcharities.org.uk Website: www.bristolcharities.org.uk	Legal advisers	Bond Dickinson LLP 3 Temple Quay Temple Back East Bristol BS1 6DZ