

Orchard Homes

ANNUAL REPORT
AND FINANCIAL STATEMENTS

for the year ended
31st March 2020



Haberfield House

Registered Charity No. 1109141/17
Homes England Registration No. A0072

National Association of Almshouses Membership No. 177

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Reference and Administrative Details

Trustee	Bristol Charities is corporate Trustees for Orchard Homes
The Trustees of Bristol Charities are	<p>Richard Gore, B.A. (Joint Hons), Solicitor Paul Staples, F.C.A., B.Sc. (Hons) (Vice Chair of Trustees) Michelle Meredith Harriet Bosnell, B.A. (Hons) Cantab Jonathan O'Shea, F.C.C.A., B.Sc. (Hons) Nolan Webber, B.A. (Hons) Chartered F.C.S.I Rachel Howell, M.A., M.Sc., C.Psychol., A.F.B.Ps.S. Andy Mennell, B.A, M.Sc., C.I.H.C.M. Olivia Spencer, B.A., B.Sc., R.I.B.A. Keith Low B.Sc. (Hons) M.R.I.C.S. Patrick Finch M.B.A., F.R.I.C.S. Elizabeth Carrington-Porter (appointed 23rd September 2020), Cert Mgmt. (Open) Ian Dunn, B.A. (Hons) (appointed 23rd September 2020)</p>
Patron	Mary Prior M.B.E
Chief Executive & Company Secretary	Anne Anketell, B.A. (Hons)
Principal Office/ Registered Office	<p>17 St Augustine's Parade Bristol BS1 4UL</p> <p>Telephone: 0117 930 0301 Email: info@bristolcharities.org.uk Website: www.bristolcharities.org.uk</p>
Property Advisers	<p>Alder King Pembroke House 15 Pembroke Road Bristol BS8 3BA</p>
Investment Managers	<p>Baring Asset Management Limited 155 Bishopsgate London EC2M 3XY</p> <p>Smith & Williamson Investment Management Portwall Place Portwall Lane Bristol BS1 6NA</p>

Auditor	Milsted Langdon LLP Chartered Accountants Freshford House Redcliffe Way Bristol BS1 6NL
Bankers	Handelsbanken 66 Queen Square Bristol BS1 4JP
Legal Advisers	Womble Bond Dickinson LLP 3 Temple Quay Temple Back East Bristol BS1 6DZ Veale Wasbrough Vizards LLP Orchard Court Orchard Lane Bristol
Funders	Homes England 2 Rivergate Temple Quay Bristol BS1 6H

Message from the Chair and CEO

Welcome to our 2019/20 Annual Report. As you will see, it has been a busy one for the Charity, but also a year of two parts. Early in 2019, the charity took handover of Haberfield House and has worked during the year to establish the scheme as the Charity's first Extra Care Housing Almshouse.

This year we also finalised our strategy and plans for a 30 year planned maintenance programme re-affirming our commitment to deliver good quality and safe homes to our residents.

Since February 2020, the Charity like so many others has had to work hard to put in place measures to protect our staff and residents, to adapt our services and mitigate the loss of income. Our staff are the real heroes of our response to the pandemic, with our Almshouse staff in particular continuing to work with courage and commitment on the front line of the crisis.

We are grateful for the good governance and strong leadership shown by Trustees during these uncertain times and for the resilience of all our staff as we have all had to adapt to the new normal. Like most charities, we are facing a year of challenges ahead, but strongly believe our flexible approach and the preparations we have already made will put us in a strong position to navigate the likely impact of coronavirus without diminishing our impact.



Richard Gore,
Chair of Trustees



Anne Anketell,
Chief Executive

Mission Statement & Values

This is the mission statement for the Bristol Charities Group. Orchard Homes is part of the Bristol Charities Group and shares its missions, values and purpose.



WHO WE ARE, WHAT WE DO

OUR MISSION:

Providing opportunities and support for people and communities to improve lives through grants, housing and charitable projects

WHAT WE ASPIRE TO BE

OUR VALUES:

Commitment to Excellence: We set high standards and strive to improve the quality of everything we do for the people we work with

One Team: Working together across different service areas towards shared goals

Aspirational in Our Approach: We embrace innovation, anticipate change and respond with creative solutions

Passion for Our Work: We show pride, enthusiasm and dedication at all times and are committed to making a difference

Report of the Trustee

Introduction

The Trustees present their annual report including a strategic report on the activities of Orchard Homes together with the financial statements for the year ended 31st March 2020.

Aims and objectives

The aims and objectives of Orchard Homes are contained in the charity's scheme. Its main objective is to provide Almshouses for persons in need that are resident in the City of Bristol.

We do this by:

- Developing well designed high-quality homes for older people who need them in the Bristol area
- Providing excellent accommodation through our 3 existing Almshouses, each one offering onsite support and a safe community setting
- In total providing 112 x 1 and 2 bed self-contained flats
- Managing 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 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

Achievements and Performance

Goal A - Increase the number of excellent quality homes we provide

In March 2019, the charity took handover of the Haberfield House Extra Care Scheme. The Scheme has 60 x 1 and 2 bedroom flats for older people and also has a range of communal facilities. Care is delivered by one team, employed by our partner care provider, Housing 21. As an Extra Care Scheme Haberfield House is a fusion of housing and care and the challenge in 2019 has been responding to the competing pressures of care and housing needs.

During the year we have worked with our care provider and Bristol City Council to ensure the right balance between using the scheme to minimise admissions to residential care in the city and creating a balanced community including those with lower care needs and those with mainly housing needs.

The Scheme has been slowly increasing its occupancy up until the start of the Covid-19 pandemic in March 2020, with 51 of the 60 flats being let or allocated. Since the pandemic and due to the restrictions on moving to new homes, we have had to stop new admissions to the Scheme.

During 2019, the charity completed an extension of the Barstaple Almshouse Scheme, taking handover of 3 additional 1 bed flats and a newly remodelled communal lounge and kitchen for residents. All 3 flats were let at handover stage.

The Charity has continued its search for a possible site for its next development in Bristol. Although we have not identified a suitable site, we have been able to talk to a number of organisations and charities and explore with them the possibility of an intergenerational approach to our next development. This work has resulted in bringing together a consortium of complementary providers who are able to deliver intergenerational living and activity.

Goal B - Improving the Services We Provide

Customer Satisfaction received a high overall rating for services at 92% during the year. This is backed by even higher ratings for a number of areas including quality of home (95%), appearance of scheme (93%) and overall customer service (93%).

One of the Strategic Priorities identified for 2019/20 was to develop a long-term investment strategy for the Charity's properties. During the year, we undertook detailed building surveys and analysis and have completed an investment strategy which includes the timing and approach to undertaking cyclical programmes and how these should be funded.

In addition to our reactive and planned maintenance programmes we have developed the following:

- An annual improvement budget with decisions made on spend by residents and local managers
- Cyclical programmes – long term replacements and renewals including capital works e.g. kitchen and bathroom replacements as well as exterior and communal areas
- Following the completion of Haberfield House, the charity has undertaken a lessons learnt exercise, reflecting on what went well and what not so well during the development of the Scheme. This has now been documented and will be used to provide future project teams with information that can increase the effectiveness and efficiency of future developments. This work also enables the charity to build on the experiences learned by the completion of Haberfield House

Goal C - Ensure the Charity Remains Financially Resilient

The Charity has experienced a deficit this year compared to budget. This has been partly caused by higher voids than expected in Haberfield House. The scheme was closed to new referrals because of the Covid 19 Pandemic in March 2020 and the restrictions also meant that some residents who were due to move in were unable to do so.

During 2019 we also worked on our Asset management Strategy making a conscious decision to invest in our properties which resulted in an overspend on budget.

Goal D - Increase our Profile

Work to increase our profile in 2019/20 included an Open Day for Haberfield house in September 2019 attended by a range of stakeholders from Bristol City Council, South Gloucestershire and other charities and organisations in the City alongside local residents and businesses.

Looking Forward

The current covid-19 pandemic will continue to have an impact on the charity and its work in the year ahead. Due to restrictions around social distancing, the applications process for our Schemes remained closed until June 2020. This means that rental income will continue to be impacted.

A few weeks on from the easing of lockdown restrictions, we are finding that there is a slow move to bring sites to market and that public and private sector confidence to begin major new projects still remains scarce. The charity recognises that demand for housing will only continue to rise but that there will be an inevitable delay in realising its plans for a new development project.

The Trustees have delayed their strategic planning until later on in the year, which means that a new 3-year Strategy has not been set for 2020 -2023.

Whilst Covid-19 has had an undeniable impact on the charity sector, Bristol Charities remains in a strong position. We have and will continue to adapt our services to the changing needs of beneficiaries and retain our focus on supporting the more vulnerable members of our community. Our staff continue to embrace new technologies and ways of working and the next year will see our governance arrangements continue to be nimble and adaptable.

The Trustees have however agreed the following objectives for the following year:-

Goal 1 - Increase the number of Excellent Quality Homes We Provide.

Objectives:

- Pursue the change in objects of Orchard Homes in order to extend the geographical boundaries and increase opportunity to acquire and develop sites
- Identify and evaluate potential sites for Acquisition

Goal 2 - Improve the Services We Provide

Objectives:

- Complete work on procurement of a facilities management service for the charity
- Assess the impact of Covid 19 and revise and adapt plans and strategy as necessary

Goal 3 – Maintain and Raise the Charity’s Profile during the Current Crisis

Objectives:

- Complete refresh of the website
- Develop Communications Plan

Value for Money

The Value for Money Strategy is an important part of how we deliver strategic priorities set out in the Charity's Strategic Plan. Delivering these priorities requires Orchard Homes to have sufficient financial capacity to deliver services, refurbish its housing stock and build new homes. The financial capacity to invest in these requires Bristol Charities to ensure that its operations are cost effective and represent Value for Money for its residents.

We measure VFM performance against the following metrics:-

Measure	2019/20	2018/19	Analysis of Performance
Operating Margin Overall	-3.20%	11.6%	Haberfield House voids of £202K adversely impacts Operating Margin
Operating margin Social housing	-35%	2.7%	Haberfield House voids of £202K adversely impacts Operating Margin
EBITDA MRI	-64%	4214%	Haberfield House only partly occupied in the year but incurred full year's operating costs.
Gearing	17%	16%	£3m bank loan in place in both years
New Supply delivered Social Housing Units	3%	52%	In 2018/19 the 60 flats at Haberfield House were supplied. In 2019/20 3 units at Barstaple were supplied
New Supply non-social Housing	0%	0%	Orchard Homes as an almshouse charity only develops accommodation for older people
Reinvestment	5%	25%	Investments in 60 units at Haberfield house in 2018/19 compared to 3 units at Barstaple in 2019/20
Return on Capital Employed	-1%	0.06%	Return impacted by Haberfield House being partly occupied in the year but incurred full year's operating costs.
Headline Social Housing Cost per unit	£6,762	£3,453	2018/19 only included Haberfield House operating costs of £42K from March 2019 compared to a full year of costs of £337K in 2019/20
Customer Satisfaction	92%	91%	Satisfaction rates remain broadly the same as last year
Voids	20%	3.7%	Haberfield House voids of £201K in 2019/20 compared to £21K in 2018/19
Rent Collected	100.4%	98%	Implemented a direct debit collection approach in the year which has improved collection rates

Legal structure, governance and management

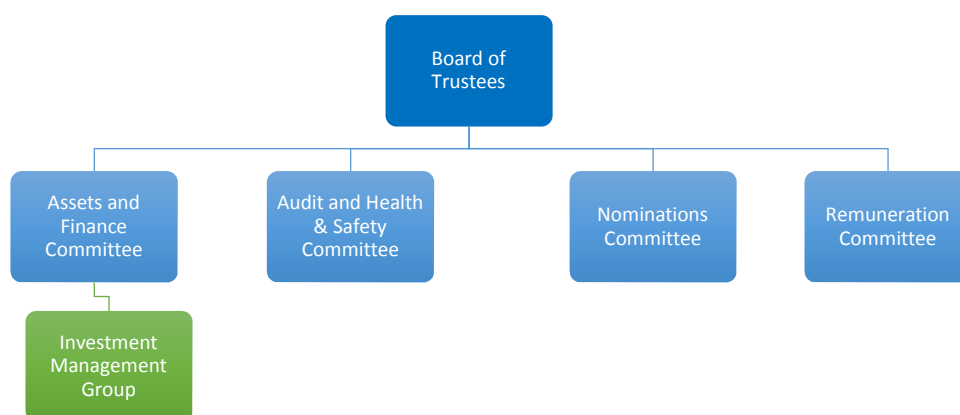
Orchard Homes is both a registered Housing Association (No. A0072) and a registered charity (No. 1109141/17) constituted under a Charity Commission Scheme dated 6th September 1977. The organisation sits within the Bristol Charities Group and shares the governance and management structure of Bristol Charities.

Day to day management of the charity 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.

The address of the principle office of the charity as well as names of the charity's Trustees can be found on page 1 and 2.

There are 4 standing Committees of the Board. In addition to this is an Investment Management Group which reports back to the Assets & Finance Committee.

The Committee Structure is as follows:



Assets and finance committee

This Committee is responsible for overseeing all aspects of the charity's investment portfolio including investment policy, setting appropriate benchmarks and maintaining the performance of the 2 Investment Managers. The Committee has overall responsibility for all endowment and operational property and non-property investments and assets. It also reviews the consolidated annual operating and capital project budgets and central management income and expenditure.

Audit and health & safety committee

This Committee is responsible for the review of the external audit of the financial statements, the requirements for any internal audit projects and the review of risk management. The Audit, Health & Safety Committee recommends to the Board the appointment of the firm which conducts the external audit.

Nominations committee

This Committee ensures that the Board of Trustees has the right balance of skills, expertise and experience required to govern the charity and company. The Committee oversees the recruitment and appointment of new Trustees and recommends prospective Trustees for election to the Board of Trustees.

Remuneration committee

This Committee considers and makes decisions about staff terms, conditions and pay.

Investment management group

This group meets bi-annually to measure the investment performance and review the service provided by the Investment Managers.

Recruitment, Induction, Training and Appraisal of Trustees

Bristol Charities is a corporate Trustee of Orchard Homes.

Training, induction and appraisal of trustees

New Trustees take part in a structured induction programme, attending meetings with key staff and other Trustees, visiting projects and sites and are encouraged to attend all committees to really get an understanding of the work of the charity.

Trustees are sent information on a regular basis on training courses and briefings. A regular item has been introduced to the Board of Trustees' meeting agenda to provide updates on policy/legislation changes. Trustees who have attended training are encouraged to share knowledge with fellow Trustees.

There is a Trustee appraisal policy and procedure in place.

The Board of Trustees is committed to assessing its own performance as a Board in order to identify its strengths and areas in which it may improve its functioning. An evaluation process is carried out every two years.

Trustees recognise that effective leadership and good decision making is enabled through a diverse board membership, a culture of listening to and acting on diverse perspectives. The Board's aim is to focus on bringing strength to the charity by increasing diversity.

Public benefit

The objects and aims of Orchard Homes are contained in the Charity Scheme dated 6th September 1977. Its objects are to provide almshouses for poor persons resident in the City of Bristol.

The Trustees have considered the Charity Commission Guidance on public benefit from section 17 of the Charities Act 2011. We believe that the work of Orchard Homes has directly benefitted people by providing excellent, purpose-built accommodation through our 3 almshouses, each one offering on site support and a safe community setting for older vulnerable people.

The Trustees report section (pages 5 to 19) sets out the aims and strategies of the charity and demonstrates how the aims and activities of the charity during the year were carried out for the public benefit.

Pay policy for senior staff

The Board of Directors, who are the Bristol Charities' Trustees, along with the Bristol Charities' senior management team comprise the key management personnel of the charity in charge of directing and controlling the charity and running and operating the charity on a day-to-day basis. All Trustees give their time freely and no Trustee received remuneration in the year. Details of Trustee expenses are disclosed in note 13 of the accounts.

The pay of the senior management team is reviewed annually by the Remuneration Committee, for details please see page 11.

Our staff and volunteers

Orchard Homes is committed to providing a working environment where everyone has a chance to develop and contribute. It is through the commitment to our staff that we can meet our objectives. We provide training and career development to all employees.

We assess an individual's career development with an annual appraisal and regular 1:1 meetings and we provide training to meet any ongoing needs with the aim of developing employees for both their current and future roles.

We also recognise the invaluable work that our volunteers do on our behalf and the part they play in contributing to our shared objectives. This year, although the charity did not receive any input from formal volunteers, we recognise the valuable work that a number of older people have undertaken, which has supported our community development projects. They gave their time to organise and sit on steering groups and by running and organising activities.

As well as their time, volunteers ensure the vital link between the charity and the local communities we work in.

Risk Management

The Board of Trustees assess risk for Orchard Homes alongside the rest of the Bristol Charities Group annually, with additional operational and financial risk assessment through delegation to the relevant committee and to the Audit and Health & Safety Committee.

It oversees its responsibility through its review of the effectiveness of the charity's Risk Framework. This framework is designed to support informed decision-making regarding the risks that affect the charity's performance and its ability to achieve its objectives.

Management of risk is embedded into our day-to-day activities and well-established processes and policies are in place to manage them. All of our employees have a role in reducing risk through our internal control framework.

Risks are recorded in a risk register and are evaluated in terms of impact and likelihood. The register also provides for a consistent approach to identifying, assessing and dealing with the risks facing the charity to ensure they do not exceed the level of risk the charity is willing to assume. The register is designed to manage, rather than eliminate, the risks to the charity's objectives and to provide reasonable, but not absolute mitigation of these risks.

The Audit and Health & Safety Committee bi-annually reviews the results of the risk reviews undertaken by management and approves an annual risk-based internal audit plan which covers the major risks identified

Principle Risks and Uncertainties

Trustees and staff have, during the year, reviewed the principle risks to the charity. Actions to mitigate these risks have been developed and progress on these actions monitored regularly at both Board and Senior Team level. Trustees are satisfied that these mitigation actions have reduced the following risks to an acceptable level:

Risk:	Management Actions:
Impact of Covid-19 on the charity's income streams	<ul style="list-style-type: none"> • Ongoing monitoring by Investment Managers and Investment Management Group • Quarterly re-forecast of budget • Management scrutiny and action on voids, rental income and arrears
Major outbreak of Covid-19 either in a Scheme or amongst staff resulting in serious illness, death or business interruption	<ul style="list-style-type: none"> • Advice to residents on social distancing • Cleaning regime in place for communal areas • Home working for office-based staff • PPE in place for care staff
Failure to secure a new site impacting on the charity's Financial Resilience	<ul style="list-style-type: none"> • Agent in place to support the site search • Review of sites brought to market by Bristol City Council • Pursue Change in objects to allow extension of Geographical boundaries
Haberfield House Voids over Budget resulting in loss of income	<ul style="list-style-type: none"> • Amended criteria agreed with Bristol City Council to increase number of applications • Extra resource in place to speed up referral process • Local advertising campaign in place • Housing teams contacted
Benefits of outsourced repairs and maintenance service are not realised	<ul style="list-style-type: none"> • Monthly reporting in place • KPI's in place • Work completed on cyclical and replacement programmes
IT Security of accounts could be compromised resulting in corruption of business processes and unauthorised access	<ul style="list-style-type: none"> • Pro secure portal in place • Regular vulnerability scans in place • Annual penetration test carried out • Cyber Essentials Plus accreditation in place • Ongoing monitoring, updating and application of policies by IT Provider

Financial Review

The deficit for the year was £269,394 (2019 surplus: £135,103). The main reason for the reported deficit is the investment valuation losses of £242,058 (2019 gain: £49,764).

	2020 £	2019 £
Operating (deficit)/surplus	(303,542)	15,661
Investment income	78,038	75,063
Donations from Dr Owens	14,985	15,180
Professional fees	(26,289)	(77,862)
Bank loan interest	(87,783)	(4,216)
Interest receivable	91,952	61,949
Other costs	(488)	(101)
Profit/(loss) on disposal of fixed assets	205,791	(335)
(Deficit)/surplus before revaluation of investments	(27,336)	85,339
(Loss)/gain on revaluation of investments	(242,058)	49,764
Total (deficit)/surplus	(269,394)	135,103

Rental income net of voids in the year was £821,144 (2019: £564,660), split by property:

	2020 £	2019 £
John Fosters	180,245	172,953
Barstaple	352,430	330,910
Haberfield House	240,407	-
Almshouse rental income	773,082	503,863
Furber properties	48,062	60,797
Total rental income	821,144	564,660

3 new units at Barstaple were completed and residents moved into them in October 2019. Rental income from these 3 units is the reason for the increased revenue reported for Barstaple in the year. Rental income from the Furber Properties fell in the year because 42 Lavington Road was vacant and was sold in October 2019.

Rental income lost through voids in the year, split by property:

	2020 £	2019 £
John Fosters	-	353
Barstaple	1,280	803
Haberfield House	201,085	20,759
	202,365	21,915

The first residents moved into Haberfield House at the end of April 2019. Occupancy of the almshouse has increased steadily during the year and at the year end 51 out of 60 units were occupied.

Operating costs in the year were £1,148,408 (2019: £565,106), the split by almshouse being:

	2020 £	2019 £
John Fosters	209,423	187,935
Barstaple	357,238	279,330
Haberfield House	553,051	64,822
Almshouse rental income	1,119,712	532,863
Furber properties	28,696	33,087
Total operating costs	1,148,408	565,106

Haberfield House practical completion was achieved on 15 March 2019 and operating costs for the almshouse for the period 16 to 31 March 2019 amounted to £64,822. Haberfield House full year operating costs in 2019/20 amounted to £553,051.

Property facilities maintenance was outsourced to the charities' facility management provider in February 2019 and 2019/20 represents the first full year under the new regime. A detailed review of the building was performed and identified several maintenance issues that were addressed in the year. A proactive planned maintenance program for the almshouse was implemented whereas previously maintenance was performed on a reactive basis. This change in approach has resulted in increased maintenance costs of £122,402 in the year.

Barstaple Almshouse

During the year, the Charity built 3 additional units in Barstaple Almshouse, increasing the number of units to 34. The new units cost £581,996 and residents moved into them in October 2019.

Bank Loan

On 14 March 2019 Orchard Homes drew down the full £3m available from the loan facility with Handelsbanken. The loan was secured by a fixed charge over the John Fosters and Barstaple Almshouses. Loan interest charged in the year was £87,783 (2019: £4,216) and is calculated at a rate of 2.1% above LIBOR. The £3m loan was repaid in full on 24 June 2020.

Social Housing Grants

Orchard Homes was successful in applying for a social housing grant from Homes England in the year of £120,000 for the 3 new units at Barstaple. Homes England approved the allocation of £190,011 of Recycled Capital Grant Fund to the cost of the 3 Barstaple units.

Profit/(loss) on Disposal of Fixed Assets

42 Lavington Road, a Furber Property, was sold in the year generating a surplus of £205,791.

Investment Policy and Performance

Orchard Homes owns a proportion of the Bristol Charities' Common Pooled Investment Fund. The investment objective for the Bristol Charities' Common Pooled Investment Fund is to achieve 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.

The Trustees have delegated investment of the charity's equity investments to Barings and Smith and Williamson. Full information on the performance of Barings and Smith and Williamson is disclosed in the Report of the Trustees within the Bristol Charities' annual accounts.

Ethical Investment Policy

We encourage and expect our Fund Managers to take social, environmental and ethical considerations into account when assessing the suitability of investments in order to meet the charity's aims and objectives. The Trustees do not wish to adopt an exclusionary policy, but individual investments may be excluded if perceived to conflict with the charity's purposes.

Going Concern

Towards the end of the year and also since the year end the pandemic has impacted some of the Charity's activities and this is explained in the Bristol Charities Trustees Report page 5. Trustees have continued to monitor the effects of the pandemic since the year end and will make further changes to the Charity's operations as deemed necessary.

The Trustees regularly prepare forecasts and projections, taking account of reasonably foreseeable changes in income and expenditure. Based on the above, the Trustees have a reasonable expectation 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.

Reserves Policy

During 2019, the Trustees reviewed and agreed a new reserves policy. In formulating the new policy Trustees noted:

- The charity has a risk management framework which is updated annually. Risks identified are reviewed by the Audit and Health & Safety Committee every six months.
- The charity has adequate insurance cover in place to mitigate against a potential business interruption event which might cause a loss of rental income
- The other risks to the charity and the protective steps taken to mitigate against them

- The charity does have a financial risk from any potential increases in bank interest rates causing increased loan interest costs against the loan taken out from Handelsbanken
- The charity's investment income and almshouse income from residents is historically secure and voids are closely monitored

The bank loan was repaid on 24 June 2020.

Taking account of these various risks and available mitigants, Trustees have agreed at 31 March 2020 that it would be prudent to retain unrestricted cash reserves of a minimum value as follows:

Increased cost of bank borrowing, +1% interest costs	£ 7,500
1 month of projected almshouse costs	£ 60,000

Total unrestricted reserves requirement	£ 67,500
	=====

In summary, a minimum cash reserve of £90,000 is retained in the current account, which is one month's maximum expected monthly expenditure, plus the cost of increased loan interest costs if interest rates were to increase by 1% in the period up to when the bank loan was repaid in June 2020. By comparison, total reserves at 31 March 2020 amounted to £21,706,917 (2019: £21,976,313) and included unrestricted reserves of £6,156,945 (2019: £5,954,902).

The total of free reserves as at 31 March 2020 amounted to:

	2020	2019
	£	£
Free reserves	5,842,638	6,689,648
	=====	=====

The total of free reserves are calculated as:

	2020	2019
	£	£
Total reserves	21,706,919	21,976,313
Less Housing Property fixed assets	(18,769,682)	(18,185,118)
Less other fixed assets	(94,599)	(101,547)
Add back bank loan	3,000,000	3,000,000
Total free reserves	5,842,638	6,689,648
	=====	=====

Internal control

Accounting policies and procedures are determined as far as is practical to provide a good level of financial control over the charity's income, expenditure, assets and liabilities. All transactions are required to be authorised before payment and all payments require 2 authorisations. All non-standard payments of £10,000 or more require approval by a Trustee before payment. In advance of each year, the Trustees review and approve a budget. Each quarter the Trustees review actual performance of the charity against budgets and make enquiries to management of significant deviations.

The Audit and Health & Safety Committee meets twice per year to oversee the external audit process, review the annual accounts and to consider recommendations from the auditors on internal controls and procedures based on the findings in their audit fieldwork.

The Trustees recognise that, with a small head office function, internal controls rely on a small number of key staff but they believe that the controls in place are adequate to safe-guard the charity's income, expenditure and assets.

The Governance Framework sets out the operational boundaries and defines the activities of the Board, Committees and Management Team. It sets out how actions and decisions should be taken and ensures compliance is effectively assessed. The charity maintains a strong health and safety focus to ensure that as far as practical, safe working arrangements and effective management of key hazards (fire, legionella, electrical and mechanical safety). Regular reports are presented to the management team and the Audit and Health & Safety Committee.

Disclosure of Information to Auditor

Each Trustee has taken steps that they ought to have taken as a trustee to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information. The Trustees confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Reappointment of Auditor

The auditors Milsted Langdon LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Trustees' Responsibilities Statement

The Trustees (who are also directors of Bristol Charities for the purposes of company law) are responsible for preparing the report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group 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 judgements and estimates that are reasonable and prudent
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

The Trustees are responsible for preparing the Trustees' report and the financial statements in accordance with applicable laws and regulations.

Charity law requires the Trustees to prepare financial statements for each financial year. Under charity law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, 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 charity's SORP
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed
- 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 adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply the Charities Act 2011 and Charity Accounting and Reporting regulations 2008. 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 in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements.

Approved by the Trustees and signed on their behalf by:

.....
Richard Gore, Solicitor (Chair of Trustees)
Date: 23 September 2020

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 2020 which comprise the income and expenditure account, statement of total recognised surplus and deficit, balance sheet, cash flow statement and the related notes 1 to 20. 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 set out in pages 20 and 21, 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 report of the Trustees 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 2020 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 Requirements for Registered Social Landlords General Determination 2006.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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 Report of the Trustees 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

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.

.....
Mrs S R Jenkins (Senior Statutory Auditor)

For and on behalf of Milsted Langdon LLP
Chartered Accountants and Statutory Auditors
Freshford House
Redcliffe Way
Bristol
BS1 6NL

September 2020

Income and Expenditure Account

	Note	2020 £	2019 £
Turnover			
Continuing operations	2	849,066	580,767
Operating costs	2	(1,152,608)	(565,106)
Operating (deficit)/surplus		(303,542)	15,661
Profit/(Loss) on disposal of fixed assets	4	205,791	(335)
Investment income		78,038	75,063
Donations	4	14,985	15,180
Interest receivable on short-term deposits		91,952	61,949
Bank loan interest		(87,783)	(4,216)
Professional fees		(26,289)	(77,862)
Sundry costs		(488)	(101)
(Deficit)/surplus for the financial year		(27,336)	85,339

The notes on pages 30 to 43 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.

Statement of Total Recognised Surplus

	Note	2020 £	2019 £
Surplus for the financial year		(27,336)	85,339
Unrealised (deficit)/surplus on revaluation of investments	7	(242,058)	49,764
Total recognised (deficit)/surplus for the year		<u>(269,394)</u>	<u>135,103</u>

The notes on pages 30 to 43 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 23 September 2020 and signed on their behalf by:

.....
Richard Gore (Chair of Trustees)

.....
Jonathan O'Shea (Trustee)

Balance Sheet

	Note	2020 £	2019 £
Fixed assets			
Housing properties – depreciated cost	5	18,769,682	18,185,118
Investments	6	1,822,995	2,065,053
Other fixed assets	7	94,599	101,547
		<u>20,687,276</u>	<u>20,351,718</u>
Current assets			
Debtors due after more than one year	9	546,923	581,833
Debtors due within one year	9	171,048	484,200
Cash at bank and in hand		7,311,114	7,342,772
		<u>8,029,083</u>	<u>8,408,805</u>
Creditors: amounts falling due within one year	10	<u>(3,436,538)</u>	<u>(300,284)</u>
Net current assets		4,592,547	8,108,521
Creditors: amounts falling due after one year	10	<u>(3,572,904)</u>	<u>(6,483,926)</u>
		<u>21,706,919</u>	<u>21,976,313</u>
Capital and reserves			
Endowment reserves	15	15,549,972	16,021,411
Unrestricted reserves:			
Revenue reserves	15	6,156,947	5,954,902
		<u>21,706,919</u>	<u>21,976,313</u>

The notes on pages 30 to 43 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 23 September 2020 and signed on their behalf by:

.....
Richard Gore (Chair of Trustees)

.....
Jonathan O'Shea (Trustee)

Cash Flow Statement

	Note	2020 £	2019 £
Net cash flow from operating activities	(i)	(201,112)	(487,386)
Cash flows from investing activities			
Acquisition and construction of properties		(938,960)	(4,795,559)
Purchase of other fixed assets		(5,003)	(90,623)
Receipts from disposal of housing properties		211,655	-
Receipts from disposal of other fixed assets		-	61
Purchase of investments		(149,088)	(170,573)
Sale of investments		391,144	120,809
Investment income		78,038	75,063
Interest received		91,952	61,949
		(320,262)	(4,798,873)
Cash flows from financing activities			
Bank loan received		-	3,000,000
Social Housing Grant received		456,000	1,008,000
William Jones's Almshouse Charity Loan repayments		33,716	32,789
		489,716	4,040,789
Change in cash in the year		(31,658)	(1,245,470)
Cash and cash equivalents at the beginning of the reporting period		7,342,772	8,588,242
Cash and cash equivalents at the end of the reporting period	(ii)	7,311,114	7,342,772

Notes to the Cash Flow Statement

(i) Reconciliation of net movement in funds to net cashflow from operating activities

	2020	2019
	£	£
Net movement in funds for the reporting year	(269,394)	135,103
Adjustments for:		
Depreciation charges	360,483	162,004
Amortisation of Social Housing Grant	(27,922)	(11,206)
(Profit)/loss on disposal of housing properties	(205,791)	335
Investment income	(78,038)	(75,063)
Interest receivable on short-term deposits	(91,952)	(61,949)
(Increase) in debtors	(21,651)	(94,840)
Increase/(decrease) in creditors	133,153	(541,770)
Net cash (outflow) provided by operating activities	<u>(201,112)</u>	<u>(487,386)</u>

(ii) Analysis of cash and cash equivalents

	2020	2019
	£	£
Cash at bank and in hand	7,311,114	7,342,772
Total cash and cash equivalents	<u>7,311,114</u>	<u>7,342,772</u>

Notes to the Financial Statement

1. Accounting policies

Basis of Preparation

The financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS 102) and the Housing SORP 2018: Statement of Recommended Practice for Registered Social Housing Providers and comply with the Accounting Direction for Private Registered Providers of Social Housing 2019.

The financial statements are prepared on the historical cost convention modified to include the revaluation of fixed asset investments. They are prepared on a going concern basis.

The financial statements are prepared in sterling, which is the functional currency of the company, and rounded to the nearest £.

A summary of the more important accounting policies is set out below.

Key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Income and endowments

Voluntary income including donations, gifts and legacies and grants that provide core funding, or are of general nature, are recognised where there is entitlement, receipt is probable and the amount can be measured with sufficient reliability. Such income is only deferred when:

- the donor specifies that the grant or donation must only be used in future accounting periods; or
- the donor has imposed conditions which must be met before the charity has unconditional entitlement.

Rental income from investment properties is included on an accruals basis.

1. Accounting policies (continued)

Investment income from the Common Pooled Investment Fund and other investment income is included on an accruals basis. Income relating to grant endowments is restricted, and income relating to Orchard Homes endowments is unrestricted.

Interest receivable is recognised on an accruals basis.

Other income is recognised on an accruals basis and is recognised when there is entitlement, and the receipt is probable and the amount can be measured with sufficient reliability.

Going Concern

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

Orchard Homes manages its activities with positive unrestricted bank balances. The Trustees' forecasts and projections, taking account the impact of Covid-19 and of reasonably foreseeable changes in income and expenditure, show that Orchard Homes should be able to continue to operate on this basis.

Orchard Homes 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.

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 asset categories as follows:

- Cost of Motor vehicles at 25% per annum on a reducing balance basis
- Cost of Furniture and fittings on rates of 10 to 33.3% on a straight line basis
- Computer equipment over three years on a straight line basis

1. Accounting policies (continued)**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.

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 the Almshouses where it has a material impact. Depreciation on all capitalised components is on a straight-line basis over the life of the asset as follows:

Component	Useful Economic Life (years)
Kitchens	20
Bathrooms	20
Heating	20
Roof	30
Windows and Doors	30
Lift	30
Structure	100
Insurance	12

Land cost is not depreciated in these accounts.

Social Housing Grants

Social Housing grants are paid by the Homes England and are included within creditors. The grant is amortised to the Income and Expenditure account over 100 years which is the deemed life of the structure of the almshouse property.

Social Housing grants are 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.

1. Accounting policies (continued)

Investments

Investments are included at their mid-market value at the balance sheet date. The investments represent part of the Common Pool Investment Fund held by Bristol Charities. Within the Bristol Charities Common Pool Investment Fund are investment properties which are valued at market value by Alder King LLP, RICS Registered Valuers. Full details of the investments are reported in Bristol Charities annual accounts, notes 17 and 20. Any gain or loss on valuation is taken to the endowment fund and reflected in the Statement of Financial Activities.

2. Turnover, operating costs and operating surplus

----- Housing -----

	Almshouses	The Furber Fund	2020 Total	2019 Total
	£	£	£	£
Turnover	801,003	48,063	849,066	580,767
Operating costs	(1,123,913)	(28,695)	(1,152,608)	(565,106)
Operating surplus	(322,910)	19,368	(303,542)	15,661
Turnover				
Rents/maintenance charges/fees	880,583	48,063	928,646	538,831
Service charges	93,551	-	93,551	52,645
Rent losses from voids	(202,365)	-	(202,365)	(21,915)
Sundry income	1,312	-	1,312	-
Social Housing Grant income	27,922	-	27,922	11,206
	801,003	48,063	849,066	580,767
Operating costs				
Routine maintenance	(6,117)	-	(6,117)	(31,099)
Direct costs	(504,210)	(13,766)	(517,976)	(233,753)
Administrative costs – management	(243,505)	(13,262)	(256,767)	(131,530)
Administrative costs – other	(10,813)	(452)	(11,265)	(6,720)
Depreciation	(359,268)	(1,215)	(360,483)	(162,004)
	(1,119,713)	(28,695)	(1,152,608)	(565,106)

3. Staff numbers and costs

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

	2020		2019	
	Average No.	FTE No.	Average No.	FTE No.
Almshouse staff	3.33	1.69	2.83	2.83
Clerical staff	0.06	0.03	0.00	2.83
	<u>3.39</u>	<u>1.72</u>	<u>2.83</u>	<u>2.83</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 2020 were £81,528 (2019: £68,370). One member of staff was employed via an agency in 2020, agency costs were £45,354 (2019: £14,295).

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 11.

4. Surplus for the financial year

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

	2020 £	2019 £
Depreciation of tangible fixed assets	11,951	3,950
Depreciation of housing properties	348,532	158,054
Surplus on disposal of housing properties	(205,791)	-
Auditor's remuneration:		
Fees in respect of the audit of the Charity's annual accounts	<u>7,065</u>	<u>6,720</u>

5. Housing property

	Assets in the course of construction		Housing	Total
	£	Almshouses £	£	£
Freehold property at cost				
At 1 April 2019	80,641	18,894,284	124,543	19,099,468
Additions	501,355	437,605	-	938,960
Disposals	-	-	(7,292)	(7,292)
Re-classification	(581,996)	581,996	-	-
At 31 March 2020	-	19,913,885	117,251	20,031,136
Depreciation				
At 1 April 2019	-	890,686	23,664	914,350
Charge in year	-	347,317	1,215	348,532
Disposals	-	-	(1,428)	(1,428)
At 31 March 2020	-	1,238,003	23,451	1,261,454
Net book value at 31 March 2020	-	18,675,882	93,800	18,769,682
Net book value at 31 March 2019	80,641	18,003,598	100,879	18,185,118

The almshouses and housing properties at 31 March comprise:

	Number of units 2020	Number of units 2019
John Fosters	18	18
Barstaple	34	31
Haberfield House	60	60
Furber Properties	6	7
	118	116

The accommodation at John Fosters, Barstaple and Haberfield House is classed as housing for older people. The Furber Properties accommodation is classed as general needs housing.

For insurance purposes the combined value of all housing properties, being the Almshouses and the properties in the Furber Fund, was £27,312,456 (2019: £25,928,176).

The value of the land included in housing properties at 31 March 2020 was £1,520,000 (2019: £1,520,000).

6. Investments

	Total 2020 £	Total 2019 £
Market value at 1 April	2,065,053	2,015,289
Additions	149,086	119,554
Disposals market value at 1 April	(170,949)	(116,272)
Investment management charge	(4,908)	(4,537)
Adjustment to market value	(215,287)	51,019
	<hr/>	<hr/>
Market value at 31 March	1,822,995	2,065,053
	<hr/> <hr/>	<hr/> <hr/>
Historical cost	1,710,744	1,732,608
	<hr/> <hr/>	<hr/> <hr/>
Investments at market value comprised:		
	2020 £	2019 £
Investment properties	186,024	186,024
UK fixed interest bonds	119,116	178,585
Private equity	193,977	149,762
UK quoted equities	240,762	327,996
UK Investment & unit trusts	42,709	59,673
Overseas equities	265,698	295,023
Barings pooled funds	737,107	856,930
Cash	37,602	11,060
	<hr/>	<hr/>
Market value at 31 March	1,822,995	2,065,053
	<hr/> <hr/>	<hr/> <hr/>

At 31 March 2020 the Charity held 357,216 units in the Bristol Charities Common Pooled Investment Fund (CPIF) (2019: 357,216). Full details of the CPIF are included in the Bristol Charities financial statements (note 17).

Orchard Homes' share of realised and unrealised gains and losses in the year were:

	2020	2019
	£	£
Realised gains	12,446	9,265
Unrealised (losses)/gains	(254,504)	40,499
	<u> </u>	<u> </u>
(Losses)/gains on investment assets	(242,058)	49,764
	<u> </u>	<u> </u>

Included in the Common Pool Investment Fund are investment properties, Orchard Homes' share of these properties had a market value of £186,024 (2019: £186,024). The most recent valuation was carried out by Alder King LLP, RICS Registered Valuers for 31 March 2016. The Trustees have considered the value of investment properties to be included in the accounts and deem that there is no material difference from the last valuation.

The last formal valuation of the investment properties portfolio was carried out as at 31 March 2016. The Trustees consider that rent valuations may have increased since then, but that it is reasonable to assume that this uplift will have been eliminated in the prevailing market conditions. As such, the Trustees are satisfied that the current valuation is reasonably stated and plan to undertake the next formal valuation as at 31 March 2021.

7. Other fixed assets

	Furniture and fittings £	Computer equipment £	Total £
Cost			
At 1 April 2019	122,014	3,280	125,294
Additions	5,003	-	5,003
	<u> </u>	<u> </u>	<u> </u>
At 31 March 2020	127,017	3,280	130,297
	<u> </u>	<u> </u>	<u> </u>
Depreciation			
At 1 April 2019	21,614	2,133	23,747
Charge for the year	11,890	61	11,951
	<u> </u>	<u> </u>	<u> </u>
At 31 March 2020	33,504	2,194	35,698
	<u> </u>	<u> </u>	<u> </u>
Net book value at 31 March 2020	93,513	1,086	94,599
	<u> </u>	<u> </u>	<u> </u>
Net book value at 31 March 2019	100,400	1,147	101,547
	<u> </u>	<u> </u>	<u> </u>

8. Debtors

	2020 £	2019 £
Due after more than one year:		
Investment in related party loan	546,923	581,833
Due within one year:		
Trade debtors	33,740	6,776
Investment in related party loan	34,909	33,716
Amounts due from parent undertaking	29,627	61,185
Amounts due from related parties	695	482
Other debtors and prepayments	72,077	46,041
Homes England grants receivable	-	336,000
	171,048	484,200
	717,971	1,066,033
Total Debtors		

During the year ended 31 March 2019 Homes England awarded a social housing grant of £1,344,000 for Haberfield House, please see note 10. £336,000 of this grant was received in April 2019.

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. In this way, the funds would be returned to Orchard Homes within the year 2013/14 and so in prior years that full balance was shown in current debtors.

After reviewing the options for transferring the loan to a bank, it has been decided not to pursue this option. It was therefore agreed that Orchard Homes would invest further additional funds so that its investment then equated to the total loan to William Jones's Almshouse Charity.

The loan is reflected in these accounts as being issued directly by Orchard Homes to William Jones's Almshouse Charity.

The loan is repayable over 21 years from August 2012. 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 £581,832 invested in the loan (2019: £615,549), of which £546,923 (2019: £581,833) was due after more than one year. Interest charged on the loan in the year amounted to £20,887 (2019: £21,503).

9. Creditors

	2020 £	2019 £
Due within one year:		
Deferred income	13,162	-
Trade creditors	7,815	50,818
Bank loan interest	4,216	4,216
Other creditors	45,806	24,409
Amounts owed to other group companies:		
Orchard Homes Design and Build Limited	239,567	92,157
Accruals	96,500	102,313
Social Housing Grants	29,472	26,371
Bank Loan	3,000,000	-
	<u>3,436,538</u>	<u>300,284</u>
Due after one year:		
Social Housing Grant	2,829,572	2,550,583
Recycled Capital Grant Fund	743,332	933,343
Bank Loan	-	3,000,000
	<u>3,572,904</u>	<u>6,483,926</u>

Further information on the Social Housing Grants and the Recycled Capital Fund is detailed in notes 10 and 11.

Further information on the bank loan is detailed in note 12.

10. Social housing grant

Social Housing Grants in the year ended 31 March 2020:

	2020 £	2019 £
Due less than one year	29,472	26,371
Due after more than one year	2,829,572	2,550,583
	<u>2,859,044</u>	<u>2,576,954</u>

	2020	2019
	£	£
At 1 April	2,576,954	1,244,160
Grants received for Barstaple Almshouse from Homes England	120,000	1,344,000
Grants allocated from Recycled Capital Grant Fund	190,011	-
Grant amortised to Income in year	(27,921)	(11,206)
At 31 March	2,859,044	2,576,954

11. Recycled capital grant fund

	2020	2019
	£	£
At 1 April	933,343	933,343
Grants allocated to Barstaple Almshouse additional units	(190,011)	-
At 31 March	743,332	933,343

Redcross Mews and Perrett House were sold in May 2017 and the total social housing grant attached to these properties amounted to £933,343. £190,011 of these funds were allocated to the 3 new units build a Barstaple Almshouse in the year. Homes England, formerly the Homes and Communities Agency, require social housing grants to either be re-invested into qualifying housing properties within 3 years of disposal, which the Trustees expect to be the case, or to be repaid.

12. Bank loan

	2020	2019
	£	£
At 1 April	3,000,000	-
Loan drawn down in year	-	3,000,000
At 31 March	3,000,000	3,000,000

The bank loan is from Handelsbanken Plc and was drawn down in full on 14 March 2019 to provide funding for almshouse development. The loan is secured by a first priority legal charge over the John Fosters and Barstaple Almshouses. Loan interest is charged at LIBOR plus a margin of 2.1%. Interest charged on the loan in the year was £87,783 (2019: £4,216).

The Bank loan was repaid in full on 24 June 2020.

13. Trustees' remuneration, benefits and expenses

No remuneration or expenses were paid by Orchard Homes to any Trustee during the year, or the prior year.

14. Capital and reserves

	Endowment reserves £	General Unrestricted reserves £	Total £
At 1 April 2019	16,021,411	5,954,902	21,976,313
Deficit for the financial year	(229,381)	202,045	(27,336)
Deficit on revaluation of investments	(242,058)	-	(242,058)
At 31 March 2020	15,549,972	6,156,947	21,706,919

Endowment reserves are represented by:

	Balance at 1 April 2019 £	Total income £	Total expenditure £	Total losses on investment assets £	Balance at 31 March 2020 £
Endowment reserve	16,021,411	27,922	(257,303)	(242,058)	15,549,972
Total endowment reserves	16,021,411	27,922	(257,303)	(242,058)	15,549,972

Endowment reserves are funds for almshouse tangible fixed assets.

The capital and reserves are represented by:

	Endowment reserves £	General Unrestricted reserves £	Total £
Housing property	18,769,682	-	18,769,682
Investments	1,822,995	-	1,822,995
Other fixed assets	-	94,599	94,599
Current assets	1,559,670	6,469,415	8,029,085
Current liabilities	(3,029,471)	(407,067)	(3,436,538)
Creditors falling due after more than one year	(3,572,904)	-	(3,572,904)
At 31 March 2020	15,549,972	6,156,947	21,706,919

15. Housing stock

The number of Housing Units in management at 31 March was:

	2020	2019
	No.	No.
Housing accommodation for letting	118	116

16. Related party transactions

Bristol Charities, the sole Trustee of Orchard Homes, provided the charity with administrative services and charged Orchard Homes £312,515 (2019: £309,299) in respect of the charity's share of the total administrative costs. 2020 management charges are split as follows:

	£
Almshouse costs expensed in the Income & Expenditure Account	238,041
Costs incurred in the development of 3 additional units for Barstaple almshouse and capitalised in the year	10,274
Costs incurred in researching a new site for development and capitalised in the year	60,000
Management charges for the CPIF Income	4,200
	<hr/>
	312,515

The apportionment of management costs is calculated at the start of the financial year based on the anticipated share of Bristol Charities central management costs and is included in Orchard Homes annual budget.

The amount owed to Orchard Homes by Bristol Charities as at 31 March 2020 was £29,627 (2019: the amount owed to Orchard Homes by Bristol Charities was £61,185).

The amount owed to Orchard Homes by William Jones's Almshouse Charity as at 31 March 2020 was £695. (2019: the amount owed to Orchard Homes by William Jones's Almshouse Charity was £482). The loan owed by William Jones's Almshouse Charity to Orchard Homes as at 31 March 2020 was £581,832 (2019: £615,549).

Orchard Homes Design and Build Limited, a subsidiary of Bristol Charities, provided the charity with construction services for the building of the proposed almshouse in Haberfield House and charged Orchard Homes £426,099 (2019: £4,687,046) for these services.

The amount owed by Orchard Homes to Orchard Homes Design and Build Limited as at 31 March 2020 was £239,567 (2019: £92,157).

The three related parties, Bristol Charities, William Jones's Almshouse Charity and Orchard Homes Design and Build Limited are not registered with Homes England (formerly the Homes and Communities Agency).

17. Defined benefit pension plans

Bristol Charities, the Corporate Trustee of Orchard Homes, participates in two defined benefit pensions Schemes, the Scottish Voluntary Sector Pension Scheme and the Growth Plan Series 3 Plan. Full information on the policy for funding these two plans and the accounting for the contributions payable are disclosed in Bristol Charities annual accounts, notes 14 and 31.

18. Capital commitments

As at 31 March 2019, a capital commitment had been entered into by the charity. The commitment consisted of a contract with a building contractor to develop and build 3 units at the Barstaple Almshouse in Bristol.

The total amount contracted for but not provided in the financial statements was £Nil (2019: £362,497).

19. Other financial commitments

The total amount of other financial commitments not provided in the financial statements was £18,169 (2019 - £21,033)

20. Ultimate controlling party

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