

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

National Association of Almshouses Membership No. 177

Orchard Homes

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended

31st March 2022



TABLE OF CONTENTS

| | Page |
|--------------------------------------|-------------|
| Reference and Administrative Details | 2 |
| Message from the Chair | 4 |
| Mission Statement and Values | 5 |
| Trustee's Report | 6 |
| Trustee's Responsibilities Statement | 15 |
| Independent Auditor's Report | 16 |
| Statement of Comprehensive Income | 20 |
| Balance Sheet | 21 |
| Cash Flow Statement | 22 |
| Notes to the Financial Statements | 24 |

Reference and Administrative Details

| | |
|--|---|
| Trustee | Bristol Charities |
| Trustees of Bristol Charities | Richard Gore BA (Joint Hons) (<i>Chair of Trustees</i>) Paul Staples FCA, BSc (Hons) (<i>Vice Chair of Trustees</i>) Michelle Meredith Harriet Bosnell BA (Hons) Cantab (<i>resigned 15 February 2022</i>) Jonathan O'Shea FCCA, BSc (Hons) Nolan Webber BA (Hons), Chartered FCSI Rachel Howell MA, MSc, CPsychol, AFBPsS Andy Mennell BA, MSc, CIHCM Olivia Spencer BA, BSc, RIBA Keith Low BSc (Hons) MRICS Patrick Finch MBA, FRICS (<i>resigned 9 February 2022</i>) Elizabeth Carrington-Porter Cert Mgmt. (Open) Ian Dunn BA (Hons) Keith Hicks BTech (Hons) (<i>appointed 21 September 2022</i>) |
| Patron | Mary Prior MBE |
| CEO and Company Secretary | Anne Anketell BA (Hons) (<i>until 2 May 2022</i>) Julian Mines BA (Hons), PGCE (<i>from 3 May 2022</i>) |
| Principal & Registered Office | 17 St Augustine's Parade Bristol BS1 4UL Telephone: 0117 930 0301 Email: info@bristolcharities.org.uk Website: www.bristolcharities.org.uk |
| Property Advisers | Alder King LLP Pembroke House 15 Pembroke Road Bristol BS8 3BA |
| Investment Managers | Evelyn Partners Portwall Place Portwall Lane Bristol BS1 6NA |

Reference and Administrative Details *(continued)*

| | |
|-----------------------|---|
| Auditors | Bishop Fleming LLP 10 Temple Back Bristol BS1 6FL |
| 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 Narrow Quay House Narrow Quay Bristol BS1 4QA |
| Funders | Homes England 2 Rivergate Temple Quay Bristol BS1 6EH |

Message from the Chair

I begin this report with thanks to Anne Anketell who this year announced her retirement as CEO of Bristol Charities and left the charity at the end of April 2022. I am hugely grateful to Anne for her highly successful leadership of Bristol Charities, helping us to grow the charity to support more elderly and vulnerable people and deliver many more much-needed, modern and affordable homes for older people.

In the previous financial year, we confirmed the acquisition of the Vassall Centre which we completed in May 2021. At the time we predicted that this would be a challenging and ambitious project and the subsequent months have confirmed this to be the case, but with exciting possibilities for the future.

With the support of a fantastic project and design team we now have an exciting place-based vision for a multi-generational and multi-sectoral development, which includes Housing for Older People, a Nursery, work/office space, meeting spaces and a café (the Hub), Specialist Supported Housing, a flexible community space, and the development of social housing. The scheme seeks to significantly enhance the accessibility and sustainability of the site, with a landscaped central space for the whole community. Working closely with existing and new tenants, and with the added value of our experience in housing, grant making, and development, we hope the Vassall Centre will represent a unique development and one which will benefit the whole community. Only a year on from acquisition we have completed the first and second stages of public consultation, and our planning application was submitted in July 2022.

As we emerged from the effects of the pandemic, we were also able to rethink our approach to our housing work, reshaping our team and its focus on supporting our residents engage with and access social events and activities within our homes and in the local community. In addition to the essential work of providing a home, post-pandemic, this community building work will be vital in combatting social isolation and improving wellbeing.

Our new CEO, Julian Mines, started in May 2022, and with the Vassall Centre in development, and building on our existing housing programme I am looking forward to exciting new opportunities to develop the work of Orchard Homes.



RICHARD GORE

Chair of Trustees

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

Trustee's Report

Our Achievements and Performance

Progress against our Objectives

In the first year of our Five-Year Strategy, we have made good progress on most of our objectives.

Strategy for Growth: To realise our vision through responsible growth, delivering on expectations in terms of both quality and costs.

The primary focus for our growth will be delivered through the Vassall Centre development.

- We have developed a placemaking vision and delivery roadmap for the Vassall Centre with high levels of support from key stakeholders
- We have engaged and consulted with the community and other key stakeholders on the Vassall Centre vision and roadmap, including the first round of formal Public Consultations with the second round completed in May 2022
- Relationships have been established with our preferred providers for social housing (Brighter Places) and the Nursery (BS3)

Strategy for Services: Our residents need to be at the centre of everything we do. We need to listen to their views on their homes, the services we provide and the future so that we can provide high quality services for them.

- Customer engagement policy agreed and an action plan for Resident involvement developed.
- New Housing Team structure designed and implemented to provide a greater focus on resident engagement and support
- Improvement action plan for the Vassall Centre properties created and delivered, with early improvements in the management of the Centre
- New FM contract in place and delivering early improvements in the efficient and effective maintenance of our properties
- All property compliance actions have been identified and good progress has been made against recommended timescales

Strategy for People, Process and Technology: We will support and develop a motivated and committed workforce who understand and unite behind our purpose, vision, and values and who live the organisational behaviours. Our leadership will be strong, diverse, agile, and accountable to ensure that Orchard Homes is able to achieve its objectives. We will embrace digital technology thereby offering greater choice and flexibility and innovation in the way we operate.

- Annual appraisals for all staff have taken place including reviewing development plans. Some staff are considering accredited training
- One Kickstart Apprentice was employed at the Vassall Centre

- The Housing Team was restructured in the light of the Vassall Centre development and to improve customer services, with an interim Housing & Support Manager appointed to provide additional capacity and support implementation
- Vassall Centre manager now has more capacity to deal with the upcoming development and develop the next phase of tenant and community engagement.
- Digital Strategy and roadmap with analogue to digital surveys completed to inform future development

Strategy for Finance and Governance: To ensure we are financially secure for the future and that we can continue to re-invest in our services, innovation, improvement and in our people. We will ensure that equality, diversity, and inclusion is central to all of our strategies and plans.

- Assessment of financial capacity to fund growth completed with a range of options under consideration
- On-going financial modelling and reporting to ensure financial viability and governance, ensuring that all finance KPIs are met
 - Investment yields currently 3.0% (3.4% in 2020-21)
 - Void losses are 3.5% (7.0% in 2020-21)
 - Current tenant arrears are currently 2.9% (2.0% in 2020-21)
 - Successful Procurement exercise undertaken, and Bishop Fleming appointed as Auditors
- Timeline on completing the review and refresh of the Investment Management strategy agreed April 2022
- Equality, Diversity, and Inclusion Action Plan
 - Good progress has been made on the diversity and inclusion action plan, with the majority of actions completed
 - 100% staff and Trustees completed training in equality and diversity
- We have developed an equality impact assessment framework and plan to trial this in September of this year

Looking Forward

Due to the plans of the previous CEO to retire, a new CEO started in May 2022 after an extensive recruitment process concluding mid-February 2022. This meant that the Trustees' Strategy Day was delayed until June 2022. At the time of reporting, future plans will be informed by the following:

1. **Comprehensive review of progress against the 5-Year Strategy to establish:**
 - 1.1. Outstanding objectives from Year 1 to carry over to 2022-23 (see 2) and agree KPI's and targets for the remainder of 2022-23 (Year 2 of the existing 5-Strategy)
 - 1.2. Any adjustments or additions to the 5-Year Strategy in the light of changing socio-economic issues (post Pandemic) and the development of the Vassall Centre
 - 1.3. New opportunities to develop the charitable activities (see 3)

- 2. Outstanding Objectives and actions from 2021-22 to carry-over (deferred/not completed):**
 - 2.1. Mergers and acquisitions check list
 - 2.2. Develop digital strategy and roadmap – initial scoping work completed in June 2022.
 - 2.3. Work with our residents to help shape our service – this objective has been impacted by the restructure and delays in the recruitment of a new housing team.
 - 2.4. Equality, Diversity, and Inclusion – impact assessment framework to be tested on at least 2 key policies
 - 2.5. Financial capability – develop alternative sources of funding for Vassall Centre to reduce reliance on high levels of debt finance
 - 2.6. Financial viability – continue to make progress on voids, arrears, and managing the costs of Facilities Management
- 3. Emerging strategies and new opportunities for future development will be presented to the Trustees in September 2022, following the above reviews and will address the next stage in the development of the Vassall Centre and on-going improvements to our existing housing provision.**

Trustees

Bristol Charities is the sole corporate Trustee of Orchard Homes and therefore the following notes relate to the arrangements of Bristol Charities.

a) Trustee Recruitment

Trustee candidates are recruited based on the skills, experience and knowledge that will be needed on the Board. The Nominations Committee undertakes a regular skills analysis to identify gaps on the Board. Any recruitment campaigns focus on the specific skills and experience required to fill those gaps. One new Trustee was appointed during the period covered by this report. Bristol Charities has a role description for the Trustee and Chair posts and the recruitment pack is updated annually. Applicants have the opportunity to meet the Chair and the Chief Executive before being interviewed by two members of the Nominations Committee. Recommendations to appoint are then made by the Nominations Committee to the Board.

b) 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 Bristol Charities.

Trustees are sent information on a regular basis on training courses and briefings. The CEO report on the Board of Trustees' meeting agenda provides 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 Bristol Charities by increasing diversity.

Value for Money (VfM)

The Value for Money Strategy is an integral 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 the Bristol Charities group 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 | 2021-22 | 2020-21 | Analysis |
|-------------------------------------|---------|---------|--|
| Operating margin (Overall) | -2.2% | 8.7% | £231k profit on property disposal in 2020-21 |
| Operating margin (Social Housing) | -15.6% | -17.4% | Improved EBITDA due to lower void losses. |
| EBITDA MRI interest cover | 0.0% | 1212.6% | £3m bank loan repaid in Q1 of 2020-21 |
| Gearing | -14.1% | -23.0% | £3m bank loan repaid and small operating cash surplus generated in year |
| New supply delivered (SH units) | 0.0% | 0.0% | No new units in year. |
| New supply delivered (non-SH units) | 0.0% | 0.0% | No new units in year. |
| Reinvestment | 0.1% | 0.3% | Some late account payments for schemes at practical completion in prior year only. |
| Return on Capital Employed | -0.1% | 0.4% | £231k profit on property disposal in 2020-21 |
| Headline SH cost per unit | £7,629 | £7,355 | 3.7% increase in line with inflation seen in the year |
| Customer satisfaction | 87.0% | 87.0% | Customer satisfaction remains as in 2020-21 |
| Voids | 3.5% | 6.9% | Haberfield House voids reducing over the year. 0% achieved at points in the year |
| Rent collected | 101.4% | 100.9% | Consistent year on year and in line with targets and benchmarks |

Generally, we have been able to improve VfM performance year on year largely by reducing the level of void losses in our housing schemes, principally at Haberfield House. This has allowed to improve EBITDA and social housing operating margins.

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 Trustee has 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 three almshouses, each one offering on site support and a safe community setting for older vulnerable people.

The Trustee's report section (pages 6 to 8) 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 of Bristol Charities, who are also Bristol Charities' Trustees, along with Bristol Charities' Senior Management Team comprise the key management personnel of the Bristol Charities group and are in charge of directing and controlling the charity. The CEO and Senior Management Team are delegated the task of running and operating the charity on a day-to-day basis. All Bristol Charities Trustees give their time freely and no Trustee received remuneration in the year. Details of Trustee expenses are disclosed in note 12 of the accounts.

The pay of the senior management team is reviewed annually by the Bristol Charities Remuneration Committee.

Risk Management

The Board of Trustees of Bristol Charities 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.

Principal Risks and Uncertainties

Bristol Charities' Trustees and staff have, during the year, reviewed the principal 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. They are satisfied that these mitigation actions have reduced the following risks to an acceptable level:

| Risk | Management Actions |
|---|---|
| The Charity's Income Streams are adversely impacted by Covid 19 | <ul style="list-style-type: none"> • Ongoing review and monitoring by Investment Managers • Ongoing Review by Investment Management Group • Income reductions incorporated into forecasts and plans • Continued KPI monitoring of Voids, Rental Income and Arrears. • Recommencing letting activity when restrictions are lifted |
| Next Development fails to make a return on investment impacting on Charity's financial resilience | <ul style="list-style-type: none"> • Detailed Due diligence undertaken pre-acquisition of the Vassall Centre • Long term financial modelling completed • Board scrutiny and approval |
| Capital required for cyclical maintenance is larger or happens earlier than expected, adversely impacting the working capital availability of the Charity | <ul style="list-style-type: none"> • FM Provider completed a comprehensive cyclical maintenance • Separate Investment Account for sinking fund for cyclical works set up and transfer sums agreed for future years • Cash Flow Forecasts revised with any changes to cyclical maintenance projections and other capital outlay |
| Major Outbreak of Covid either in a scheme or amongst staff results in serious illness/death and Business Interruption | <ul style="list-style-type: none"> • Risk Assessments undertaken for all buildings and staff • Covid Secure measures in place in all schemes • Cleaning regime in place for communal areas • Home working for office-based staff • PPE for all Housing 21 Care Staff • Vaccination rollout promoted and supported for staff and residents |
| IT Security of accounts could be compromised by remote working resulting in corruption of business processes and unauthorised access. | <ul style="list-style-type: none"> • Annual programme of works in conjunction with our IT support providers. • Achieving and maintaining an industry-recognised cyber security standard. |

Financial review

The charity reported turnover in the year of £1,093,715 (2021: £1,050,996) The reported deficit on the income and expenditure account for the year is £23,780 (2021: surplus of £126,907), including gains on disposal of housing assets of £nil (2021: £230,879). Investment losses of £124,567 (2021: gains of £359,037) have resulted in a total recognised deficit for the year of £148,347 (2021: surplus of £485,944).

i) Housing schemes

The first residents moved into Haberfield House at the end of April 2019 and therefore the year under review represents the second full year of Haberfield House contributing to financial performance. Occupancy at Haberfield has increased steadily during the year and reached a high of 100% during the year.

Occupancy at other schemes has remained high, in keeping with historical trends. An occupancy high of 100% was achieved for these other schemes during the year. This high coincided with that of Haberfield House, meaning that for part of the year there were zero voids across all properties.

Three new units at Barstaple House were completed in October 2019 so 2021-22 represents only the second full year that these units have contributed to financial performance.

2021-22 represents the second full year that a planned preventative maintenance arrangement has been in place with Alder King LLP. This arrangement has been extended for a minimum of three years from 1 April 2021 after a rigorous procurement exercise.

ii) Investments

The charity's financial investment arrangements are noted within the Income and endowments accounting policy,

Investment income from the Bristol Charities Common Pool Investment fund has been consistent with the prior year. However, the charity's investment income has been boosted by the acquisition of the Vassall Centre in May 2021. Although the Centre is earmarked for future development of housing assets, it is currently operated as an investment property. The Centre contributed net investment income of £77k in the year (gross income of £295k less Centre running costs of £218k).

The Trustee has implemented an ethical investment policy which now ensures that direct investments in companies which generate the majority of their revenues from alcohol, tobacco, pornography or gambling are excluded from charity's holdings, as are direct investments in companies which are known or suspected to treat their employees poorly or with disregard to prevailing law and regulation.

iii) Going concern and reserves policy

The Trustee has continued to monitor the effects of the Covid-19 pandemic both during the year and since the year end and has made changes to the charity's operations accordingly.

In addition, the Trustee has monitored global political and economic outlooks and adjusted risk appetites and financial policies accordingly.

Under the terms of the charity's Reserves Policy and in forming a view on the charity as a Going Concern, the Trustee has noted:

- The charity has a risk management framework which is updated annually. Risks identified are reviewed by the Trustee's 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 housing income
- The other risks to the charity and the protective steps taken to mitigate against them.

- The charity's investment income and capital growth have proven resilient against the Covid-19 pandemic.
- The charity's housing income from residents is secure, voids are closely monitored and housing demand remains high and has done throughout the Covid-19 pandemic.
- The charity holds reserves at a level which is at or exceeds the Reserves Policy (see below).

The Trustee has determined that an appropriate level of free reserves is shown as follows;

| | £ |
|---|----------------|
| One month of projected operating costs (i) | 51,000 |
| One month of projected Vassall Centre costs (i) | 16,000 |
| One year of housing sinking fund contributions (ii) | 172,000 |
| | 239,000 |

(i) One month of housing and Vassall Centre costs is deemed appropriate as the nature of these activities means that one month is likely to represent a maximum time period over which they may be required to operate without any additional income.

(ii) This represents the annual contribution required to Orchard Homes' housing sinking funds in order to build up sufficient funds to cover the cost of the likely cyclical maintenance programme over the life of that programme.

Actual free reserves at the year end are shown as follows;

| | £ | £ |
|---|------------------|------------------|
| Unrestricted funds total | 6,553,918 | 6,427,019 |
| Less those held in tangible fixed assets | (73,294) | (83,110) |
| Less those held in unrestricted investment property | (2,027,735) | - |
| Unrestricted free reserves | 4,452,889 | 6,343,909 |
| Excess funds over reserves policy balance | 4,213,889 | 6,133,909 |

There is therefore a £4,213,889 (2021: £6,133,909) surplus of free reserves at the year end. The Trustee has determined that this is appropriate given;

- The charity's ambitious development plans for the coming years. The Trustee anticipates allocating a significant proportion (c £3m) of excess free reserves to the redevelopment of the Vassall Centre, commencing in 2022-23
- Remaining economic uncertainty caused by the Covid-19 pandemic
- Further uncertainty caused by other global geo-political events
- The projection for moderate to high levels of inflation to be present within the economy for the short to medium term
- Internal balance sheet risk such as that arising from the situation where cumulative sinking fund contributions are not sufficient to meet the capital maintenance requirements of the charity at any given time

Disclosure of Information to Auditor

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

The annual report was approved by the Board of Trustees of Bristol Charities on 21 September 2022 and signed on their behalf by:

.....
Richard Gore (Chair of Trustees, Bristol Charities)
Date: 21 September 2022

Trustee's Responsibilities Statement

The Trustee is responsible for preparing the report of the Trustee and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Charity law and registered social housing legislation require the Trustee to prepare financial statements for each financial year. Under charity law, the Trustee 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 Trustee is 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 Trustee is 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 the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2019. 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.

Approved by the Trustee and signed on their behalf by:

.....
Richard Gore (Chair of Trustees, Bristol Charities)

Date: 21 September 2022

Independent Auditor's Report to the Trustee of Orchard Homes

Opinion

We have audited the financial statements of Orchard Homes for the year ended 31 March 2022 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 17. 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).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2022 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 in England 2019.

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the Trustee with respect to going concern are described in the relevant sections of this report.

Other information

The Trustee is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Independent Auditor's Report to the Trustee of Orchard Homes - *continued*

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

We have nothing to report in this regard.

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 Trustee 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.

In addition, we have nothing to report in respect of the following matter where the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- a satisfactory system of internal control over transactions has not been maintained.

Responsibilities of the Trustee

As explained more fully in the Trustee's Responsibilities Statement set out in page 15, the Trustee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee is responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to liquidate the charity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and section 136 of the Housing and Regeneration Act 2008 and report in accordance with regulations made under section 154 of the Charities Act 2011 and section 137 of the Housing and Regeneration Act 2008. 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.

Independent Auditor's Report to the Trustee of Orchard Homes - *continued*

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

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

- We have considered the nature of the sector, control environment and performance of the entity;
- We have considered the results of our enquiries with management and the directors to their own identification and assessment of the risk of irregularities within the entity; and
- We have reviewed the documentation of key processes and controls and performed walkthroughs of transactions to confirm that the systems are operating in line with documentation.

As a result of these procedures, we have considered the opportunities and incentives that may exist within the organisation for fraud and identified the areas of high risk to be in relation to revenue recognition. In common with all audits under ISAs (UK) we are also required to perform specific procedures to respond to the risk of management override.

We have also obtained an understanding of the legal and regulatory frameworks that the Charity operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures within the financial statements. The key laws and regulations we considered in this context included the Charities Act 2011, Charity SORP 2019, FRS 102 and the Housing and Regeneration Act 2008. In addition, we considered provision of other laws and regulations that do not have a direct effect on the financial statements but compliance with may be fundamental for the Charity's ability to operate or avoid a material penalty. These included health and safety regulations; employment legislation; social housing legislation and data protection laws.

Our audit procedures performed to respond to the risks identified included, but were not limited to:

- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Reviewing the financial statement disclosures and testing to supporting documentation to assess the recognition of revenue;
- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;

Independent Auditor's Report to the Trustee of Orchard Homes - *continued*

- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgments made in accounting estimates are indicative of potential bias; and evaluating the business rationale of significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from an error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

Use of our report

This report is made solely to the charity's Trustee, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act and section 137 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the charity's Trustee 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 Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

.....
Mr D Butler FCA, DChA (Senior Statutory Auditor)
For and on behalf of Bishop Fleming LLP
Chartered Accountants and Statutory Auditor
10 Temple Back
Bristol BS1 6FL

Date:

Statement of Comprehensive Income

| | Note | 2022 £ | 2021 £ |
|--|------|------------------|------------------|
| Turnover | | | |
| Continuing operations | 2 | 1,093,715 | 1,050,996 |
| Operating costs | 2 | (1,264,600) | (1,198,083) |
| Operating deficit | | <u>(170,885)</u> | <u>(147,087)</u> |
| Profit on disposal of fixed assets | 4 | - | 230,879 |
| Investment income | | 353,416 | 57,394 |
| Donations | | 11,451 | 11,359 |
| Interest receivable on short-term deposits | | 24,146 | 38,909 |
| Interest payable on bank loans | | - | (16,828) |
| Professional fees | | (23,591) | (43,333) |
| Investment management expenditure | 4 | (218,317) | - |
| Sundry costs | | - | (4,386) |
| (Deficit)/surplus for the year | | <u>(23,780)</u> | <u>126,907</u> |
| Investment (losses)/gains | 6 | (124,567) | 359,037 |
| Total comprehensive (deficit)/income for the year | | <u>(148,347)</u> | <u>485,944</u> |

The notes on pages 24 to 36 form part of these accounts. All of the charity's operations are classed as continuing.

The financial statements of Orchard Homes, charity registration number 1109141/17, were approved by the Board of Trustees of Bristol Charities and authorised for issue on 21 September 2022 and signed on their behalf by:

Richard Gore
(Chair of Trustees, Bristol Charities)

Jonathan O'Shea
(Trustee, Bristol Charities)

Balance Sheet – Charity Number 1109141/17

| | Note | 2022 £ | 2021 £ |
|---|------|--------------------------|--------------------------|
| Fixed assets | | | |
| Housing properties - depreciated cost | 5 | 18,102,306 | 18,452,744 |
| Investments | 6 | 4,260,489 | 2,182,032 |
| Other fixed assets | 7 | 73,294 | 83,110 |
| | | <u>22,436,089</u> | <u>20,717,886</u> |
| Current assets | | | |
| Debtors due after more than one year | 8 | 471,326 | 507,903 |
| Debtors due within one year | 8 | 311,231 | 465,581 |
| Cash at bank and in hand | | 2,702,392 | 4,378,198 |
| | | <u>3,484,949</u> | <u>5,351,682</u> |
| Creditors: amounts falling due within one year | 9 | (362,561) | (333,272) |
| Net current assets | | <u>3,122,388</u> | <u>5,018,410</u> |
| Creditors: amounts falling due after more than one year | 9 | (3,513,961) | (3,543,433) |
| Net assets | | <u><u>22,044,516</u></u> | <u><u>22,192,863</u></u> |
| Capital and reserves | | | |
| Unrestricted reserves | 13 | 6,553,918 | 6,427,019 |
| Endowment reserves | 13 | 15,490,598 | 15,765,844 |
| Total capital and reserves | | <u><u>22,044,516</u></u> | <u><u>22,192,863</u></u> |

The notes on pages 24 to 36 form part of these accounts.

The financial statements of Orchard Homes, charity registration number 1109141/17, were approved by the Board of Trustees of Bristol Charities and authorised for issue on 21 September 2022 and signed on their behalf by:

Richard Gore
(Chair of Trustees, Bristol Charities)

Jonathan O'Shea
(Trustee, Bristol Charities)

Cash Flow Statement

| | Note | 2022 £ | 2021 £ |
|--|------|-------------------------|-------------------------|
| Net cash flow from operating activities | (i) | 1,934 | 106,846 |
| Cash flows from investment activities | | | |
| Acquisition and construction of properties | | (11,294) | (49,570) |
| Purchase of other fixed assets | | (2,860) | (594) |
| Receipts from disposal of housing properties | | - | 236,694 |
| Purchase of investments | | (3,255,154) | (186,640) |
| Disposal and revaluation of investments | | 1,176,697 | (172,397) |
| Investment income | | 353,416 | 57,394 |
| Interest receivable on short-term deposits | | 24,146 | 38,909 |
| | | <u>(1,715,049)</u> | <u>(76,204)</u> |
| Cash flows from financing activities | | | |
| Bank loan repaid | | - | (3,000,000) |
| William Jones's Almshouse Charity loan repayments | | 37,309 | 36,442 |
| | | <u>37,309</u> | <u>(2,963,558)</u> |
| Net change in cash and equivalents during the year | | <u>(1,675,806)</u> | <u>(2,932,916)</u> |
| Cash and equivalents at the start of the reporting period | | 4,378,198 | 7,311,114 |
| Cash and equivalents at the end of the reporting period | (ii) | <u>2,702,392</u> | <u>4,378,198</u> |

Notes to the Cash Flow Statement

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

| | 2022 £ | 2021 £ |
|--|--------------|----------------|
| Net movement in funds for the reporting year | (148,347) | 485,944 |
| Adjustments for; | | |
| Depreciation charges | 374,408 | 372,776 |
| Amortisation of Social Housing Grant | (29,472) | (29,471) |
| Profit on disposal of housing properties | - | (230,879) |
| Investment income | (353,416) | (57,394) |
| Interest receivable on short-term deposits | (24,146) | (38,909) |
| Decrease / (Increase) in debtors | 153,618 | (291,955) |
| Increase / (decrease) in creditors | 29,289 | (103,266) |
| Net cash flow from operating activities | <u>1,934</u> | <u>106,846</u> |

(ii) Analysis of cash and equivalents

| | 2022 £ | 2021 £ |
|-----------------------------------|-------------------------|-------------------------|
| Cash at bank and in hand | 2,702,392 | 4,378,198 |
| Total cash and equivalents | <u>2,702,392</u> | <u>4,378,198</u> |

Notes to the Financial Statements

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.

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

Key sources of estimation uncertainty

In the application of the charity's accounting policies, the Trustee is 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.

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.

1. Accounting policies (*continued*)

Going Concern

The charity's activities and future plans are set out in the Trustee's report. The charity manages its activities with positive unrestricted bank balances. The Trustee's forecasts and projections, taking account of the ongoing impact of Covid-19 and of reasonably foreseeable changes in income and expenditure, show that the charity should be able to continue to operate on this basis.

Based on the above the Trustee has a reasonable expectation that the charity has adequate resources to continue for the foreseeable future. Accordingly, the Trustee continues to adopt the going concern basis in preparing the report of the Trustee and the Financial Statements.

Turnover

Turnover represents rental and service charge income reported 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.

Fund structure

Unrestricted funds comprise those funds that the Trustee is free to use in accordance with the charitable objects of the charity.

Endowment funds represent those assets that must be held permanently by the charity. Income arising on the endowment fund can be used in accordance with the objects of the charity and is included as either restricted or unrestricted income, as appropriate. Any capital gains or losses arising on the investments form part of the fund.

Tangible Fixed Assets and Depreciation

Fixed assets are initially recorded at cost.

Depreciation is provided to write off the asset categories as follows:

| | |
|-------------------------|---------------------------------------|
| Furniture and fittings: | 3 – 10 years on a straight line basis |
| Computer equipment: | 3 years on a straight line basis |
| Land: | Not depreciated (see note 5) |

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 2018 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:

1. Accounting policies (*continued*)

| Component | Useful Economic Life (Years) |
|------------------------------|------------------------------|
| Kitchens, Bathrooms, Heating | 20 |
| Roof, Windows & Doors, Lift | 20-30 |
| Structure | 100 |
| Insurance | 12 |

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.

Grants

Social Housing grants are paid by 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.

Other grants are recognised when all conditions of entitlement have been met.

Investments

Investments are included at their mid-market value at the balance sheet date. The investments represent part of the Common Pool Investment Fund (CPIF) held by Bristol Charities. Investment properties, both those held within the CPIF and those held directly, are valued at market value by Alder King LLP, RICS Registered Valuers. Any gain or loss on valuation is taken to the endowment fund and reflected in the Statement of Total Recognised Surplus.

Financial instruments

Classification

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Recognition and measurement

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

1. **Accounting policies (*continued*)**

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

2. Turnover, operating costs and operating surplus/(deficit)

| | Housing | | 2022 | 2021 |
|------------------------------------|------------------|---------------|------------------|------------------|
| | Almshouses | Furber Fund | Total | Total |
| | £ | £ | £ | £ |
| Turnover | 1,048,028 | 45,687 | 1,093,715 | 1,050,996 |
| Operating costs | (1,232,385) | (28,947) | (1,261,332) | (1,198,083) |
| Operating deficit/(surplus) | (184,357) | 16,740 | (167,617) | (147,087) |
| Turnover | | | | |
| Rents / maintenance charges / fees | 942,714 | 45,687 | 988,401 | 999,760 |
| Service charges | 82,943 | - | 82,943 | 83,427 |
| Rent losses from voids | (37,025) | - | (37,025) | (75,097) |
| Sundry income | 29,924 | - | 29,924 | 13,434 |
| Social Housing Grant income | 29,472 | - | 29,472 | 29,472 |
| | 1,048,028 | 45,687 | 1,093,715 | 1,050,996 |
| Operating costs | | | | |
| Routine maintenance | (4,086) | 1,452 | (2,634) | (3,278) |
| Direct costs | (590,049) | (16,233) | (606,282) | (565,428) |
| Administrative costs - management | (267,295) | (13,066) | (280,361) | (256,601) |
| Depreciation | (370,955) | (1,100) | (372,055) | (372,776) |
| | (1,232,385) | (28,947) | (1,261,332) | (1,198,083) |

3. Staff numbers and costs

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

| | 2022 | 2022 | 2021 | 2021 |
|-----------------------------|-----------|------|-----------|------|
| | Headcount | FTE | Headcount | FTE |
| | No. | No. | No. | No. |
| Housing staff | 3.8 | 3.1 | 4.1 | 3.7 |
| Clerical staff | 2.6 | 1.5 | 2.7 | 1.5 |
| Investment management staff | 2.8 | 2.7 | - | - |
| | 9.2 | 7.3 | 6.8 | 5.2 |

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 2022 were £187,988 (2021: £152,655). One member of staff were employed via an agency in 2022 and agency costs were £11,192 (2021: £22,012 for two members of staff).

During the year the charity received grants totalling £2,396 (2021: £12,970) from the Coronavirus Job Retention Scheme, covering one (2021: two) furloughed staff member(s).

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. (Deficit)/Surplus for the financial year

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

| | 2022 | 2021 |
|---|---------|-----------|
| | £ | £ |
| Depreciation of tangible fixed assets | 10,324 | 12,083 |
| Depreciation of housing properties | 361,731 | 360,693 |
| Surplus on disposal of housing properties | - | (230,879) |
| Auditors' remuneration: | | |
| Fees in respect of the audit of the charity's annual accounts | 8,160 | 7,200 |
| Investment management expenditure: | | |
| Maintenance and management of investment property | 218,317 | - |

The charity acquired the Vassall Centre in May 2021 and the costs of operating this investment property during the year are shown as investment management expenditure above.

5. Housing property

| Freehold property | Almshouses £ | Housing £ | Total £ |
|--|-------------------|---------------|-------------------|
| Cost | | | |
| At 1 April 2021 | 19,963,455 | 109,959 | 20,073,414 |
| Additions | 11,294 | - | 11,294 |
| Disposals | - | - | - |
| At 31 March 2022 | 19,974,749 | 109,959 | 20,084,708 |
| Depreciation | | | |
| At 1 April 2021 | 1,597,578 | 23,092 | 1,620,670 |
| Charge for the year | 360,632 | 1,100 | 361,732 |
| Disposals | - | - | - |
| At 31 March 2022 | 1,958,210 | 24,192 | 1,982,402 |
| Net book value at 31 March 2022 | 18,016,539 | 85,767 | 18,102,306 |
| Net book value at 31 March 2021 | 18,365,877 | 86,867 | 18,452,744 |

The number of almshouses and housing units in management at 31 March was:

| | Number of units 2022 | Number of units 2021 |
|-------------------|-------------------------|-------------------------|
| John Foster's | 18 | 18 |
| Barstaple | 34 | 34 |
| Haberfield House | 60 | 60 |
| Furber Properties | 5 | 5 |
| | 117 | 117 |

5. Housing property (continued)

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 £30,151,739 (2021: £27,188,536).

The value of the land included in housing properties at 31 March 2022 and 31 March 2021 was £1,520,000. Land is not depreciated as it is deemed to have indefinite useful economic life.

6. Investments

| | 2022 £ | 2021 £ |
|-------------------------------|-------------------|-------------------|
| Market value 1 April | 2,182,032 | 1,822,995 |
| Additions | 3,255,154 | 186,640 |
| Disposals | (1,064,359) | (128,748) |
| Investment management charges | (5,918) | (4,449) |
| Adjustment to market value | (106,420) | 305,594 |
| Market value at 31 March | <u>4,260,489</u> | <u>2,182,032</u> |
| Historical cost | <u>3,790,456</u> | <u>1,732,608</u> |
| Breakdown | 2022 £ | 2021 £ |
| Investment Properties | 2,119,174 | 229,174 |
| UK fixed interest bonds | 39,457 | 170,714 |
| Alternatives and Multi-Assets | 392,266 | 175,375 |
| UK quoted equities | 591,790 | 332,785 |
| UK Investment & Unit Trusts | 244,234 | 46,636 |
| Overseas Equities | 818,986 | 374,184 |
| Barings Pooled funds | - | 847,349 |
| Cash | 54,582 | 5,815 |
| Market value at 31 March | <u>4,260,489</u> | <u>2,182,032</u> |

During the year the charity acquired the Vassall Centre and the purchase price of this investment property, including capitalised fees and internal charges, is included in the value of Additions and Investment Properties in the first and second tables above, respectively.

At 31 March 2022 and 31 March 2021 the charity held 357,216 units in the Bristol Charities Common Pooled Investment Fund (CPIF). Full details of the CPIF are included in the Bristol Charities financial statements (note 17).

During the year the charity established a sinking fund which has been invested in a separate portfolio held by Evelyn Partners. Sinking fund investments are included above.

6. Investments (continued)

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

| | 2022 £ | 2021 £ |
|---------------------------|------------------|----------------|
| Realised gains | 39,278 | 29,749 |
| Unrealised (losses)/gains | (163,845) | 275,845 |
| | <u>(124,567)</u> | <u>305,594</u> |

These values include CPIF, Sinking Fund and Vassall Centre investments.

Included in the CPIF are investment properties, Orchard Homes' share of these properties had a market value of £229,174 (2021: £229,174). A valuation was carried out by Alder King LLP, RICS Registered Valuers, for 31 March 2021 and the Trustee is content that there has been no material change in value since this valuation. As such the Trustee considers the value of investment properties included in the accounts to be a true and fair view of their value as at 31 March 2022.

7. Other fixed assets

| | Furniture and fittings £ | Computer Equipment £ | Total £ |
|--|--------------------------------|----------------------------|----------------------|
| Cost | | | |
| At 1 April 2021 | 127,017 | 3,874 | 130,891 |
| Additions | - | 2,860 | 2,860 |
| At 31 March 2022 | <u>127,017</u> | <u>6,734</u> | <u>133,751</u> |
| Depreciation | | | |
| At 1 April 2021 | 45,539 | 2,242 | 47,781 |
| Charge for the year | 11,742 | 934 | 12,676 |
| At 31 March 2022 | <u>57,281</u> | <u>3,176</u> | <u>60,457</u> |
| Net book value at 31 March 2022 | <u>69,736</u> | <u>3,558</u> | <u>73,294</u> |
| Net book value at 31 March 2021 | <u>81,478</u> | <u>1,632</u> | <u>83,110</u> |

8. Debtors

| | 2022 £ | 2021 £ |
|-------------------------------|----------------|----------------|
| Due after more than one year: | | |
| Related party loan | <u>471,326</u> | <u>507,903</u> |

8. Debtors (continued)

| | 2022 £ | 2021 £ |
|--|----------------|----------------|
| Due within one year: | | |
| Trade debtors | 40,889 | 27,718 |
| Related party loan | 36,755 | 37,487 |
| Amounts due from group entities | 15,248 | 71,235 |
| Capitalised charges paid to parent undertaking | - | 124,828 |
| Capital prepayments | 173,667 | 185,000 |
| Other prepayments and debtors | 44,672 | 19,313 |
| | <u>311,231</u> | <u>465,581</u> |
| Total debtors | <u>782,557</u> | <u>973,484</u> |

Included in debtors is £nil (2021: £124,828) of management charges charged to the charity by the parent undertaking in relation to their support for the charity in securing a new almshouse development site.

Included in capital prepayments is £173,667 (2021: £nil) of capital costs relating to the Vassall Centre redevelopment project, which are held as current assets pending approval of planning permission for the redevelopment.

Also included in capital prepayments is £nil (2021: £185,000) for a 10% deposit paid on the purchase of an investment property. The purchase was completed on 7 May 2021.

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 was 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 £508,081 invested in the loan (2021: £545,390), of which £471,326 (2021: £507,093) was due after more than one year. Interest charged on the loan in the year amounted to £15,358 (2021: £15,996).

9. Creditors

| | Note | 2022 £ | 2021 £ |
|------------------------------------|------|------------------|------------------|
| Due within one year: | | | |
| Deferred income | | 10,893 | 13,261 |
| Trade creditors | | 31,447 | 19,001 |
| Other creditors | | 73,048 | 58,852 |
| Amounts owed to group entities; | | | |
| Orchard Homes Design & Build Ltd | | - | 24,783 |
| Amounts owed to parent undertaking | | 158,113 | 106,199 |
| Accruals | | 59,588 | 81,704 |
| Social Housing Grants | | 29,472 | 29,472 |
| | | <u>362,561</u> | <u>333,272</u> |
| Due after more than one year: | | | |
| Social Housing Grant | 10 | 2,770,629 | 2,800,101 |
| Recycled Capital Grant Fund | 11 | 743,332 | 743,332 |
| | | <u>3,513,961</u> | <u>3,543,433</u> |
| Total creditors | | <u>3,876,522</u> | <u>3,876,705</u> |

Deferred income

Deferred income is made up of almshouse property income and Vassall Centre rental income charged in advance.

| | 2022 £ | 2021 £ |
|--------------------------------|---------------|---------------|
| Balance at 1 April | 13,261 | 13,162 |
| Released to incoming resources | (13,261) | (13,162) |
| Amounts deferred in the year | 10,893 | 13,261 |
| Balance at 31 March | <u>10,893</u> | <u>13,261</u> |

10. Social housing grant

Social Housing Grants balances at 31 March include:

| | 2022 £ | 2021 £ |
|---------------------------------------|------------------|------------------|
| Amounts due in less than one year | 29,472 | 29,472 |
| Amounts due after more than one year | 2,770,629 | 2,800,101 |
| | <u>2,800,101</u> | <u>2,829,573</u> |
| Balance at 1 April | 2,829,573 | 2,859,044 |
| Grant amortised to income in the year | (29,472) | (29,472) |
| Balance at 31 March | <u>2,800,101</u> | <u>2,829,573</u> |

11. Recycled capital grant fund

| | 2022 £ | 2021 £ |
|---------------------------------|-----------|-----------|
| Balance at 1 April and 31 March | 743,332 | 743,332 |

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 three new units built at Barstaple Almshouse in a prior year. Homes England (formerly the Homes and Communities Agency) require social housing grants to either be re-invested into qualifying housing properties, within a three-year time period, or to be repaid. The charity notified Homes England of its re-investment intentions within the specified three-year period and therefore Trustees do not expect repayment to be necessary.

12. Trustee's remuneration, benefits and expenses

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

13. Capital and reserves

| | Endowment reserves £ | Unrestricted reserves £ | Total £ |
|--|----------------------------|-------------------------------|-------------------|
| At 1 April 2021 | 15,765,844 | 6,427,019 | 22,192,863 |
| (Deficit)/surplus for the financial year | (325,968) | 302,188 | (23,780) |
| Surplus on revaluation of investments | 50,722 | (175,289) | (124,567) |
| At 31 March 2022 | <u>15,490,598</u> | <u>6,553,918</u> | <u>22,044,516</u> |

13. Capital and reserves (continued)

| | Endowment reserves £ | Unrestricted reserves £ | Total £ |
|--|----------------------------|-------------------------------|-------------------|
| Prior year | | | |
| At 1 April 2020 | 15,549,972 | 6,156,947 | 21,706,919 |
| (Deficit)/surplus for the financial year | (143,165) | 270,072 | 126,907 |
| Surplus on revaluation of investments | 359,037 | - | 359,037 |
| At 31 March 2021 | 15,765,844 | 6,427,019 | 22,192,863 |

| | Endowment reserves £ | Unrestricted reserves £ | Total £ |
|--|----------------------------|-------------------------------|-------------------|
| Housing property | 18,102,306 | - | 18,102,306 |
| Investments | 2,232,754 | 2,027,735 | 4,260,489 |
| Other fixed assets | - | 73,294 | 73,294 |
| Current assets | 11,952 | 3,472,997 | 3,484,949 |
| Current liabilities | (29,472) | (333,089) | (362,561) |
| Creditors due after more than one year | (3,513,961) | - | (3,513,961) |
| Balances due between funds | (1,312,981) | 1,312,981 | - |
| At 31 March 2022 | 15,490,598 | 6,553,918 | 22,044,516 |

Endowment reserves are funds for almshouse tangible fixed assets. The movement on endowment reserves during the current and prior years was as follows;

| | Balance at 1 April 2021 £ | Total income £ | Total expenditure £ | Gains on investments | Balance at 31 March 2022 £ |
|-------------------|------------------------------------|----------------------|---------------------------|-------------------------|-------------------------------------|
| Endowment reserve | 15,765,844 | 29,472 | (355,440) | 50,722 | 15,490,598 |

| | Balance at 1 April 2020 £ | Total income £ | Total expenditure £ | Gains on investments | Balance at 31 March 2021 £ |
|-------------------|------------------------------------|----------------------|---------------------------|-------------------------|-------------------------------------|
| Prior year | | | | | |
| Endowment reserve | 15,549,972 | 29,472 | (172,637) | 359,037 | 15,765,844 |

14. Related party transactions

Bristol Charities, the sole Trustee of Orchard Homes, provided the charity with administrative services and charged Orchard Homes £257,234 (2021: £301,924) of management charges in respect of the charity's share of the total administrative costs. 2021 management charges are split as follows:

| | 2022 | 2021 |
|--|----------------|----------------|
| | £ | £ |
| Almshouse costs expensed for the year | 253,415 | 238,430 |
| Capitalised costs incurred in identifying a new development site | - | 60,000 |
| Management charges - Common Pool Investment Fund | 3,819 | 3,494 |
| Management charges - Investment Property | 36,000 | - |
| | <u>257,234</u> | <u>301,924</u> |

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 Bristol Charities by Orchard Homes as at 31 March 2022 was £158,113 (2021: £106,199).

The amount owed to Orchard Homes by William Jones's Almshouse Charity as at 31 March 2022 was £3,296. (2021: £71,235). The loan balance owed by William Jones's Almshouse Charity to Orchard Homes as at 31 March 2022 was £508,081 (2021: £545,390).

Orchard Homes Design and Build Limited, a subsidiary of Bristol Charities, provided the charity with construction services relating to the Haberfield House and Vassall Centre developments and charged Orchard Homes £179,684 (2021: £49,570) for these services. The amount owed by Orchard Homes Design and Build Ltd to Orchard Homes as at 31 March 2022 was £11,952 (2021: £24,783 owed by Orchard Homes to Orchard Homes Design and Build Ltd).

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).

15. Defined benefit pension plans

Bristol Charities, the 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 11 and 24.

16. Other financial commitments

On 1 April 2021 the Bristol Charities group entered into a 36-month contract for Facilities Management Services. Orchard Homes' contractual commitment at 31 March 2022 was £52,800 (2021: £79,200).

17. Ultimate controlling party

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