

Orchard Homes

ANNUAL REPORT AND FINANCIAL STATEMENTS

for the year ended

31st March 2019



Haberfield House

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

National Association of Almshouses Membership No. 177

Orchard Homes

TABLE OF CONTENTS

References and administrative details	1 to 2
Message from the Chair and the Chief Executive	3
Mission Statement and Values	4
Report of the Trustees	5 to 23
Independent Auditor's Report	24 to 27
Income and Expenditure account	28
Statement of Total Recognised Surplus	29
Balance Sheet	30
Cash Flow Statement	31 to 32
Notes to the Financial Statements	33 to 46

Orchard Homes

REFERENCES AND ADMINISTRATIVE DETAILS

for the year ended 31st March 2018

Trustee: Bristol Charities

The Trustees of Bristol Charities are:

Trustees:

Richard Gore, BA (Joint Hons), Solicitor (Chair of Trustees)
Paul Staples, FCA, BSc (Hons) Vice Chair of Trustees
Laura Claydon LLB, Solicitor (resigned 31 December 2018)
Harriet Bosnell
Dr Shaheen Shahzadi Chaudhry, J.P (resigned 31 December 2018)
Tony Harris, M Sc, FCA (resigned 31 December 2018)
Dr Ros Kennedy, MB BS, MRCP, MRCPGP, DCH (resigned 31 March 2019)
Michelle Meredith
Jonathan O'Shea, FCCA, BSc (Hons)
Nolan Webber, Chartered FCSI
John Webster, BA, BArch, RIBA, MRTPI (resigned 31 December 2018)
Rachel Howell, MA, MSc, CPsychol, AFBPsS
Andy Mennell, BA, MSc, CIHCM
Olivia Spencer, BA, BSc, RIBA
Keith Low BSc (Hons) MRICS (appointed 25 September 2019)
Patrick Finch MBA FRICS (appointed 25 September 2019)

Patron: Mary Prior MBE

Chief Executive &
Company Secretary: Anne Anketell, BA (Hons)

Principal Office/
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
Pembroke House
15 Pembroke Road
Bristol
BS8 3BA

Investment Managers: Baring Asset Management Limited
155 Bishopsgate
London
EC2M 3XY

Orchard Homes

REFERENCES AND ADMINISTRATIVE DETAILS

for the year ended 31st March 2019

	Smith & Williamson Investment Management Portwall Place Portwall Lane Bristol BS1 6NA
Auditor:	Milsted Langdon LLP 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

Orchard Homes

MESSAGE FROM THE CHAIR AND THE CHIEF EXECUTIVE

for the year ended 31st March 2019

Welcome to Bristol Charities 2018/19 Trustee report and accounts. The report looks back on an exciting year of challenges and achievements, culminating in the completion of our long awaited extra care scheme in South Bristol.

With health and care resources in the UK stretched to the limit, the 60 homes we are providing in Bristol will not only provide much needed housing for older people, but this model of integrated housing care and support delivers the outcomes that older people want. The first residents to move in tell us that the ability to stay independent for longer but knowing there is care and support available when needed has increased their confidence and improved their quality of life.

The end of the year saw Orchard Homes in a secure financial position, with a clear budget in place for next year and a business plan for the next five years.

Looking forwards to the future we know that we have the capacity for further development, and this is something we will be focusing on in the new year. The Charity and its Board are ready to take the challenge that further growth and development brings and during the year we recruited 5 new Trustees with the right skills and experience to support Orchard Homes to deliver our plans. New Trustees are Rachel Howell, Olivia Spencer, Andy Mennell, Keith Low and Patrick Finch.

We would also like to express our gratitude to Laura Claydon, John Webster, Tony Harris and Ros Kennedy who stood down from the Board during 2018/19. Their considerable contribution has helped to shape the charity that you see today.

Our thanks go to everyone who has worked with us over the past 12 months and we look forward with confidence to the opportunities in the year to come.



**Richard Gore, BA
(Joint Hons)
Chair of Trustees**



**Anne
Anketell,
Chief
Executive**

Orchard Homes

MISSION STATEMENT AND VALUES

for the year ended 31st March 2019

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

Orchard Homes

REPORT OF THE TRUSTEES

for the year ended 31st March 2019

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 2019.

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. The charity recently opened a 60-home extra care scheme in Stockwood, Bristol, and is currently developing 3 additional homes in one of our existing schemes
- Providing excellent accommodation through our 3 existing Almshouses, each one offering onsite support and a safe community setting
- In total providing 109 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

Orchard Homes

REPORT OF THE TRUSTEES

for the year ended 31st March 2019

Achievements and performance:

Priority 1:

Ensure the charity remains financially resilient

Over the past year, the charity has spent time establishing its financial resilience in a number of ways:

- The charity developed a 5-year financial plan which focused on forecasting cash flow, planning for the next 5 years and defining our financial capacity for development
- Creating a multi-year budget will allow Trustees to track progress and efficiency over time. In carrying out this exercise, the charity can confirm that it has the resources and capacity to commence a further project. The original target was to build a further 100 homes. 60 of these have been completed in 2018/19 and the charity has sufficient capacity to meet the remaining target
- During 2018/19 the charity managed its continuing operations in line with budget
- The investment strategy and policy have been reviewed. We continue to invest wisely and in line with our policy to ensure that the charity is in a strong position to achieve the goals we have set ourselves
- During the year, the charity developed its first value for money strategy which is reported on pages 9-13 of this report

Priority 2:

Increase the number of excellent quality homes we provide

In March 2019, the Haberfield House development was completed delivering 60 new homes for older people. The scheme is the first extra care scheme the charity has developed and provides a mixture of 1 and 2 bedroom flats available to rent and a number of flats designed to be wheelchair accessible.

The first residents have moved into the scheme and are enjoying the range of communal spaces and support facilities available.

During 2018, the Trustees approved the development of 3 additional flats at our Barstaple Almshouse in Brentry. The intention is to create 3 x 1 bedroom flats and communal space for existing residents.

We completed the design stage and procured a contractor to develop the additional units and space. The project has now started on site and is due to be completed in September 2019.

Work has been ongoing during the year to acquire a new site for further development. The charity remains in a financially strong position and has the capacity to continue to develop further housing schemes. Following a board strategy day, Trustees confirmed their interest in developing schemes or sites where a number of different amenities are co-located in the same place. Of particular interest to the charity is designing and developing schemes with flexible

Orchard Homes

REPORT OF THE TRUSTEES

for the year ended 31st March 2019

communal space open to the public combined with self-contained private space for our residents to go to when preferred. One of the options the charity will continue to explore is developing spaces where older people can mix and share activities and experiences with different generations

The charity continues to look for opportunities to acquire land to develop, including exploring potential partnerships with other charities and housing providers.

Priority 3:

Improving the services we provide – facilities management

In 2018/19, we changed our maintenance and repairs service delivery model to a managing agent model. During the year, we managed the transfer and continued to provide excellent quality of service to our residents. The transfer was seamless to the extent that many residents did not even notice the change.

Alder King was appointed as the charity's managing agent and has taken responsibility of the administration of the contracts and reports directly to Bristol Charities. The new service model frees up time and resource within the charity, provides business intelligence and brings a valuable supply chain insight. We have used this insight to rationalise the number of contracts we use and drive up performance and quality.

Priority 4:

Improving the services we provide – rent management system

The charity implemented a new rent management system in 2018/19. The system enables the charity to take a proactive approach to collecting income and managing arrears. The system and underlying policy places importance on promoting a positive payment culture amongst our residents and also provides for earlier intervention to prevent residents who we feel may be at risk of accruing arrears, enabling us to act quickly to offer support and advice.

Orchard Homes

REPORT OF THE TRUSTEES

for the year ended 31st March 2019

Looking forward

Strategic objectives 2019/20:

Our plans and objectives for the year ahead are to:

1. Increase the number of excellent quality homes we provide by:

- Establishing our newly opened Haberfield House as an extra care scheme, ensuring its running to capacity and providing an outward facing resource for the older people's community in Stockwood, Bristol
- Delivering 3 additional flats in our Barstaple scheme
- Securing a site for our next development including exploring partnership and consortium opportunities in order to access land
- Develop the new scheme model for future developments including intergenerational living

2. Improving the services we provide by:

- Improving health and care outcomes for existing and new residents including trialling assistive technology initiatives within Haberfield House
- Ensure the charity has a fit for purpose Asset Management service
- Undertaking a "lessons learnt" exercise on Haberfield House in order to bring together insight gained so that it can be usefully applied to future projects

3. Ensure the charity remains financially resilient by:

- Targets and actions for improvement are set for the charity's Value for Money Strategy
- Opportunities are sought to increase services/grants by bidding, tendering and new partnerships
- Appraising options to support decision making on the best value for money solution for an office base for the charity

4. Increase our profile by:

- Developing and reviewing our Communications Strategy and website
- Hold an open day/opening event for Haberfield House

Orchard Homes

REPORT OF THE TRUSTEES

for the year ended 31st March 2019

Value for Money report

The Value for Money Standard 2018 was implemented by the Regulator of Social Housing this year.

Value for Money approach

The charity has identified the following objectives for its first year of reporting on performance. Also detailed is an analysis of performance.

Objective 1 – Understand the financial requirement of the corporate strategy and how we deliver them

In 2018/19 we:

- Set out the charity's strategy and agreed annual objectives. Progress on these objectives were reported quarterly to the Board
- An annual budget was set to reflect the objectives. Reporting on performance against budget took place quarterly to the Assets and Finance Committee
- We have a range of key performance indicators that are reported quarterly to the Assets and Finance Committee. End of year performance can be found on pages 11 to 13.
- In 2018/19, in order to ensure that the charity had in place the proper resources to deliver our strategy and objectives, we undertook the following:
 - a. Development of a Treasury Management Policy
 - b. Reviewed and updated our Investment Management Policy to ensure it was aligned to our strategic objectives
- The charity implements an annual risk register which is reviewed bi-annually by the Audit and Health & Safety Committee. The Assets and Finance Committee review the financial risks bi-annually in addition to this.

Objective 2 – Cost effectiveness, ensuring that we are constantly seeking more effective and efficient ways to provide services

- In 2018/19, we procured and implemented a new rent management system, to enable the charity to manage the collection of rent more efficiently. The new system provides early detection to help to avoid and reduce arrears. This in turn allows the charity to focus on preventative rather than reactive strategies
- This year saw the introduction and implementation of an outsourced facilities management function with an increased focus on planned preventive maintenance, rather than the purely reactive maintenance service that was provided before. This outsourcing has resulted in the saving of 50% of a service manager post, which is a saving of £34k per annum.

Orchard Homes

REPORT OF THE TRUSTEES

for the year ended 31st March 2019

- In 2018, Orchard Homes Design and Build continued to assist in the recovery of VAT on the charity's development in Stockwood. A total of £52,577 was recouped by the organisation

Objective 3 – Investing in high quality homes and services

- The charity set a target to deliver 60 new homes in 2018. This target was achieved with the handover of Haberfield House in March 2019
- Further capacity has been assessed with a growth strategy to deliver 40-50 more homes within the next few years

Objective 4 – we will be open and transparent about the way we deliver, report and monitor value for money

- In 2018/19 we produced an analysis of customer satisfaction results to all of our residents
- Value for money measures have been developed and reported below

Orchard Homes

REPORT OF THE TRUSTEES

for the year ended 31st March 2019

Value for Money Measures

The regulator for social housing in September 2018, set out financial metrics to permit meaningful comparison against the sector as a whole. This is the charity's first year of reporting, and we have therefore been unable to take part in benchmarking, which will be a priority for next year.

Measure:	2018/19:	2017/18:	Analysis of Performance:
Re-investment	25%	24%	The figure of 25% represents the substantial investment in Haberfield House, a 60 home extra care almshouse developed and completed in 2018/19
New supply (social housing)	52%	0%	Again, the figure of 52% represents the comments above
New supply (non-social housing)	0%	0%	As an almshouse charity, Orchard Homes only develops social housing
Gearing	16%	4%	These figures show the charity has a healthy borrowing capacity but is indicative of the timing of loan draw downs
EBITDA MRI	4214%	N/A	EBITDA MRI figures are impacted by the fact that only 2 weeks of interest on the loan is accounted for. The loan was taken out in mid-March 2019
Headline social housing Cost per unit	£4,914	£8,760	Costs per unit are high, due to: <ul style="list-style-type: none">• 100% of the charity's stock is specialist housing for older people, which costs more to manage and maintain than general needs housing

Orchard Homes

REPORT OF THE TRUSTEES

for the year ended 31st March 2019

Measure:	2018/19:	2017/18:	Analysis of Performance:
Headline social housing Cost per unit (<i>continued</i>)			<ul style="list-style-type: none"> The charity has a lower stock size than most housing associations, and therefore cannot gain the same kind of efficiencies and economies of scale <p>2018/19 costs per unit are significantly better than 2017/18 due to the handover of 60 Haberfield House units</p>
Operating margin Social housing	2.7%	13.7%	<p>Operating margins are low due to:</p> <ul style="list-style-type: none"> 2018/19 operating margin is adversely impacted by the Haberfield House deficit of £63,407. The delay in handover meant that no residents were in occupation during the year. 100% of the charity's stock is specialist housing for older people, which costs more to manage and maintain than general needs housing <p>While the reported margins are low in comparison to the median of 31.03%, the results are impacted by the size of the charity and the inability to achieve the economy of scale that larger associations can achieve</p>
Operating margin overall	11.6%	92.7%	<p>The 2017/18 margin is distorted by the £4.7m surplus from the sale of Perrett House and Redcross Mews</p>

Orchard Homes

REPORT OF THE TRUSTEES

for the year ended 31st March 2019

Return on capital employed	0.06%	0.34%	Return on capital employed is low due to: <ul style="list-style-type: none">• 2018/19 is adversely affected by the Haberfield House deficit noted above and 100% voids• 2017/18 capital employed includes £5.33m of assets in the course of construction which generated no return in the year
Customer satisfaction	91%	87%	Customer satisfaction has increased by 4% Performance is in quartile 3 (upper)
Voids	3.71%	0.35%	2018/19 voids are impacted by 100% voids at Haberfield House. 2018/19 voids % excluding Haberfield House were 0.2%
Rent collected	98%	95%	Voids continue to be closely managed

Value for money objectives for the year

The following objectives are proposed for next year:

- Targets for improvements are set for 2019/20
- Identify the right benchmarking group appropriate for the charity so that meaningful comparison data can be provided
- The head office strategy is agreed
- Learning/data is captured from the Haberfield House development processes and to prepare for future projects

Orchard Homes

REPORT OF THE TRUSTEES

for the year ended 31st March 2019

Legal structure, governance and management:

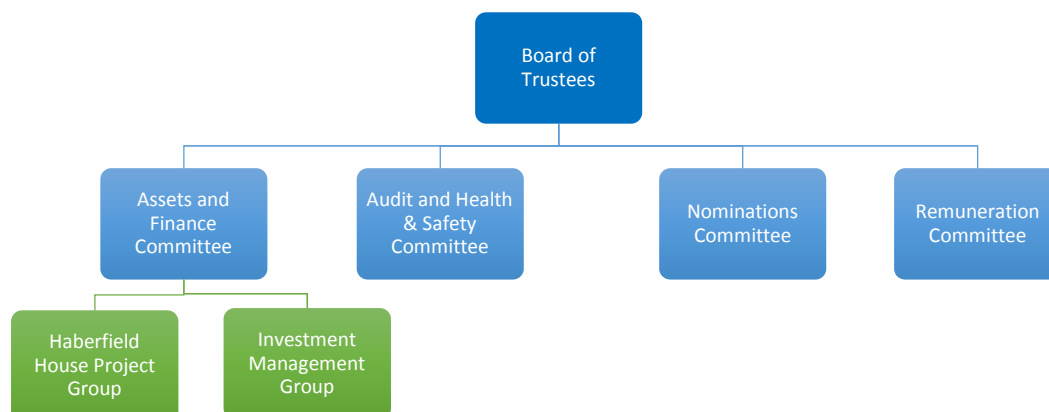
Orchard Homes is both a registered Housing Association (No. A0072) and a registered charity (No. 1109141/17) constituted under a Charity Commission Scheme dated 6th September 1977. The organisation sits within the Bristol Charities Group and shares the governance and management structure of Bristol Charities.

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 as well as the Haberfield House Group (formerly Stockwood Project Group) to oversee the progress of the charity's main capital project. Both of these groups report 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 and Safety Committee recommends to the Board the appointment of the firm which conducts the external audit.

Orchard Homes

REPORT OF THE TRUSTEES

for the year ended 31st March 2019

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 presents prospective Trustees for election to the Board of Trustees.

Remuneration committee:

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

Haberfield House project group:

This group oversees progress on the project programme, provides advice and issue resolution to the project team and gives approval and sign off at key project milestones. The project group also monitors cost, budgets and cash flow for the project. The group meets as and when required.

Investment management group:

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

Recruitment, induction and training of Trustees:

Trustee recruitment:

Candidates are recruited based on the skills and experience and knowledge that will be needed on the Board. The Nominations Committee undertakes an annual skills analysis to identify gaps on the Board. Any recruitment campaigns focus on the specific skills and experience required to fill those gaps. In 2018, 3 Trustees completed their full terms of office and retired at the end of the year. One further Trustee resigned in March 2019. There were 5 new Trustee appointments during the year.

The charity has a role description for the Trustee and Chair post and the recruitment pack is updated annually. Applicants have the opportunity to meet the Chair and the Chief Executive before being interviewed by 2 members of the Nominations Committee. Recommendations to appoint are then made by the Nominations Committee to the Board.

Orchard Homes

REPORT OF THE TRUSTEES

for the year ended 31st March 2019

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.

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 strategic report section (pages 5 to 23) 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 14 of the accounts.

The pay of the senior management team is reviewed annually by the Remuneration Committee, for details please see page 15.

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.

Orchard Homes

REPORT OF THE TRUSTEES

for the year ended 31st March 2019

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.

Orchard Homes

REPORT OF THE TRUSTEES

for the year ended 31st March 2019

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:
Haberfield House is delivered late and over budget	<ul style="list-style-type: none">• The building has now achieved practical completion and has been handed over• Comprehensive maintenance regime is commenced• Defects are managed through an agreed process
Failure to secure new site impacts on the charity's financial resilience	<ul style="list-style-type: none">• Agent employed for site search• Preparation for tender on a Bristol site underway• Partnerships investigated with other housing providers
Haberfield House voids result in loss of income	<ul style="list-style-type: none">• Referral route and process in place• Scheme manager recruited• 50% allocation achieved by mid July 2019• Maintain pipeline of referrals
I.T security of accounts compromised resulting in corruption of business processes and unauthorised access	<ul style="list-style-type: none">• Penetration test carried out annually• Cyber Essentials Plus accreditation achieved• Regular vulnerability scans undertaken• Use of Pro-secure portal
Key person reliance	<ul style="list-style-type: none">• A Key man insurance policy has been taken out for senior management staff since the year end

Orchard Homes

REPORT OF THE TRUSTEES

for the year ended 31st March 2019

Financial review:

The surplus for the year was £135,103 (2018: £6,698,678) and was made up of:

	2019	2018
	£	£
Operating surplus	15,661	76,655
Investment income	75,063	53,117
Donations from Dr Owens	15,180	14,204
Donation from Lady Haberfield's Almshouse Charity	-	1,837,123
Other donation	-	60
Professional fees	(77,862)	(21,475)
Bank loan arrangement fees and interest	(4,216)	(22,518)
Interest receivable	61,949	63,325
Other costs	(101)	(374)
Surplus on disposal of Redcross Mews and Perrett House	-	4,694,549
Loss on disposal of other fixed assets	(335)	-
Gain on revaluation of investments	49,764	4,012
	<hr/>	<hr/>
Total surplus	135,103	6,698,678
	<hr/> <hr/>	<hr/> <hr/>

Rental income in the year was £564,660 (2018: £548,634), split by property:

	2019	2018
	£	£
Perrett House	-	878
John Fosters	172,953	168,779
Barstaple	330,910	318,631
	<hr/>	<hr/>
Almshouse rental income	503,863	488,288
Furber properties	60,797	60,346
	<hr/>	<hr/>
Total rental income	564,660	548,634
	<hr/> <hr/>	<hr/> <hr/>

Orchard Homes

REPORT OF THE TRUSTEES

for the year ended 31st March 2019

Redcross Mews and Perrett House were occupied by Guardians who paid a nominal rent in advance of their sale which was completed in May 2017. John Fosters and Barstaple income was higher than in 2018 due to a 3.8% increase in weekly maintenance charges.

Redcross Mews and Perrett House were sold in May 2017 for gross proceeds of £6.15m and generated a profit on disposal of £4,694,549.

Operating costs in the year were £565,106 (2018: £481,806). The increase in costs is mainly due to Haberfield House incurring £63,407 (2018: £Nil) costs in the year. Operating costs also include set up costs for the outsourced facility management service of £4,883 (2018: £Nil).

In the first half of 2017-18 the Lady Haberfield's Almshouse Charity donated its assets and liabilities to Orchard Homes, the total donation amounting to £1,837,123. The assets and liabilities transferred comprised:

	2018
	£
Investments	1,564,421
Cash	687,155
Social housing grants	(310,531)
Other liabilities	(3,922)
	<hr/>
	1,837,123
	<hr/> <hr/>

Haberfield House:

During the year, the charity continued to build Haberfield House, a new 60 units almshouse in Stockwood and practical completion was achieved in March 2019. No residents moved in during the year and voids amounted to £20,759.

Bank loan:

On 14 March 2019 Orchard Homes drew down the full £3m available from the loan facility with Handelsbanken. The loan is secured by a fixed charge over the John Fosters and Barstaple Almshouses. Handelsbanken charged an arrangement fee of £Nil in the year (2018: £22,500). Loan interest charged in the year was £4,216 (2018: £Nil) and is calculated at a rate of 2.1% above LIBOR.

Social housing grants:

Orchard Homes was successful in applying for a social housing grant from Homes England in the year of £1.344m for the Haberfield House development. 75% of the grant awarded, £1,008,000 was received in the year and the remaining 25%, £336,000, was received in April 2019. We engaged the Almshouse Consortium Limited (ACL) which charged £67,200 of fees for their services.

Orchard Homes

REPORT OF THE TRUSTEES

for the year ended 31st March 2019

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:

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 the year 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 (currently £3m) taken out from Handelsbanken.
- The charity's investment income and almshouse income from residents is historically secure and voids are closely monitored.

Orchard Homes

REPORT OF THE TRUSTEES

for the year ended 31st March 2019

- Taking account of these various risks and available mitigants, Trustees have agreed at 31 March 2019 that it would be prudent to retain unrestricted cash reserves of a minimum value as follows:

Increased cost of bank borrowing, +1% interest costs	£ 30,000
1 month of projected almshouse costs	£ 54,000

Total unrestricted reserves requirement	£ 84,000
	=====

In summary, a minimum cash reserve of £84,000 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 year. By comparison, total reserves at 31 March 2019 amounted to £21,976,313 (2018: £21,841,210) and included unrestricted reserves of £4,117,779 (2018: £3,798,877).

The total of free reserves as at 31 March 2019 amounted to:

	2019	2018
	£	£
Free reserves	6,689,648	8,278,327

The total of free reserves are calculated as:

	2019	2018
	£	£
Total reserves	21,976,313	21,841,210
Less Housing Property fixed assets	(18,185,118)	(13,547,614)
Less other fixed assets	(101,547)	(15,269)
Add back bank	3,000,000	-
Total free reserves	6,689,648	8,278,327

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.

Orchard Homes

REPORT OF THE TRUSTEES

for the year ended 31st March 2019

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 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 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.

Approved by the Trustees and signed on their behalf by:

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

Date: 25 September 2019

Orchard Homes

REPORT OF THE TRUSTEES

for the year ended 31st March 2019

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 Trustee is 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 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 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.

Orchard Homes

REPORT OF THE TRUSTEES

for the year ended 31st March 2019

The Trustee is 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.

Milsted Langdon LLP has indicated its willingness to continue in office.

Approved by the Trustees and signed on their behalf by:

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

Date: 25 September 2019

Orchard Homes

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF ORCHARD HOMES
for the year ended 31st March 2019

We have audited the financial statements of Orchard Homes for the year ended 31 March 2019 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 24 and 25, 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 2019 and of its incoming resources and application of resources, for the year then ended

Orchard Homes

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF ORCHARD HOMES
for the year ended 31st March 2019

- 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.

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 2019

Orchard Homes

INCOME AND EXPENDITURE ACCOUNT

for the year ended 31st March 2019

	Note	2019 £	2018 £
Turnover			
Continuing operations	2	580,767	558,461
Operating costs	2	(565,106)	(481,806)
Operating surplus		15,661	76,655
(Loss)/Profit on disposal of fixed assets	4	(335)	4,694,549
Investment income		75,063	53,117
Donations	4	15,180	1,851,387
Interest receivable on short-term deposits		61,949	63,325
Bank loan arrangement fee		-	(22,500)
Bank loan interest		(4,216)	(18)
Professional fees		(77,862)	(21,475)
Sundry costs		(101)	(374)
Surplus for the financial year		85,339	6,694,666

The notes on pages 33 to 46 form part of these accounts. All of the charity's operations are classed as continuing.

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

Orchard Homes

STATEMENT OF TOTAL RECOGNISED SURPLUS

for the year ended 31st March 2019

	Note	2019 £	2018 £
Surplus for the financial year		85,339	6,694,666
Unrealised surplus on revaluation of investments	7	49,764	4,012
Total recognised surplus for the year		<u>135,103</u>	<u>6,698,678</u>

The notes on pages 33 to 46 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 25 September 2019 and signed on their behalf by:

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

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

Orchard Homes

BALANCE SHEET
as at 31st March 2019

	Note	2019 £	2018 £
Fixed assets			
Housing properties – depreciated cost	6	18,185,118	13,547,614
Investments	7	2,065,053	2,015,289
Other fixed assets	8	101,547	15,269
		<u>20,351,718</u>	<u>15,578,172</u>
Current assets			
Debtors due after more than one year	9	581,833	615,121
Debtors due within one year	9	484,200	52,861
Cash at bank and in hand		7,342,772	8,588,242
		<u>8,408,805</u>	<u>9,256,224</u>
Creditors: amounts falling due within one year	10	<u>(300,284)</u>	<u>(825,510)</u>
Net current assets		8,108,521	8,430,714
Creditors: amounts falling due after one year	10	<u>(6,483,926)</u>	<u>(2,167,676)</u>
		<u>21,976,313</u>	<u>21,841,210</u>
Capital and reserves			
Endowment reserves	15	16,021,411	16,205,210
Unrestricted reserves:			
Revenue reserves	15	5,954,902	5,636,000
		<u>21,976,313</u>	<u>21,841,210</u>

The notes on pages 33 to 46 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 25 September 2019 and signed on their behalf by:

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

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

Orchard Homes

CASH FLOW STATEMENT

for the year ended 31st March 2019

	Note	2019 £	2018 £
Net cash flow from operating activities	(i)	<u>(487,386)</u>	<u>7,190,054</u>
Cash flows from investing activities			
Acquisition and construction of properties		(4,795,559)	(3,392,497)
Purchase of other fixed assets		(90,623)	-
Receipts from disposal of housing properties		-	6,150,000
Receipts from disposal of other fixed assets		61	-
Purchase of investments		(170,573)	(2,065,102)
Sale of investments		120,809	239,846
Investment income		75,063	53,117
Interest received		61,949	63,325
		<u>(4,798,873)</u>	<u>1,048,689</u>
Cash flows from financing activities			
Bank loan received		3,000,000	250,000
Bank loan repaid		-	(250,000)
Social Housing Grant received		1,008,000	-
William Jones's Almshouse Charity Loan repayments		32,789	32,577
		<u>4,040,789</u>	<u>32,577</u>
Change in cash in the year		(1,245,470)	8,271,320
Cash and cash equivalents at the beginning of the reporting period		<u>8,588,242</u>	<u>316,922</u>
Cash and cash equivalents at the end of the reporting period	(ii)	<u><u>7,342,772</u></u>	<u><u>8,588,242</u></u>

Orchard Homes

CASH FLOW STATEMENT

for the year ended 31st March 2019

Notes to the cash flow statement

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

	2019	2018
	£	£
Net movement in funds for the reporting year	135,103	6,698,678
Adjustments for:		
Depreciation charges	162,004	140,168
Amortisation of Social Housing Grant	(11,206)	(9,827)
Loss/(Profit) on disposal of housing properties	335	(4,694,549)
Investment income	(75,063)	(53,117)
Interest receivable on short-term deposits	(61,949)	(63,325)
(Increase)/decrease in debtors	(94,840)	4,579,979
(Decrease)/increase in creditors	(541,770)	592,047
Net cash (outflow)/inflow provided by operating activities	<u>(487,386)</u>	<u>7,190,054</u>

(ii) Analysis of cash and cash equivalents

	2018	2018
	£	£
Cash at bank and in hand	7,342,772	8,588,242
Total cash and cash equivalents	<u>7,342,772</u>	<u>8,588,242</u>

Orchard Homes

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st March 2019

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 2014: Statement of Recommended Practice for Registered Social Housing Providers and comply with the Accounting Direction for Private Registered Providers of Social Housing 2015. A summary of the more important accounting policies is set out below. 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.

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.

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.

Orchard Homes

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st March 2019

Going Concern

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

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

Orchard Homes

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March 2019

1. Accounting policies (continued)

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)
Land	Nil
Kitchens	20
Bathrooms	20
Heating	20
Roof	30
Windows	30
Lift	30
Structure	100

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.

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.

Orchard Homes

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March 2019

2. Turnover, operating costs and operating surplus

----- Housing -----

	The Furber Almshouses	Fund	2019 Total	2018 Total
	£	£	£	£
Turnover	519,970	60,797	580,767	558,461
Operating costs	(532,087)	(33,019)	(565,106)	(481,806)
Operating surplus	(12,117)	27,778	15,661	76,655
Turnover				
Rents/maintenance charges/fees	478,034	60,797	538,831	495,665
Service charges	52,645	-	52,645	54,902
Rent losses from voids	(21,915)	-	(21,915)	(1,933)
Social Housing Grant income	11,206	-	11,206	9,827
	<u>519,970</u>	<u>60,797</u>	<u>580,767</u>	<u>558,461</u>
Operating costs				
Routine maintenance	(27,353)	(3,746)	(31,099)	(26,774)
Direct costs	(221,625)	(12,128)	(233,753)	(184,942)
Administrative costs – management	(116,470)	(15,060)	(131,530)	(123,442)
Administrative costs – other	(5,880)	(840)	(6,720)	(6,480)
Depreciation	(160,759)	(1,245)	(162,004)	(140,168)
	<u>(532,087)</u>	<u>(33,019)</u>	<u>(565,106)</u>	<u>(481,806)</u>

3. Staff numbers and costs

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

	2019		2018	
	Full-time		Full-time	
	Persons equivalent		Personsequivalent	
	No.	No.	No.	No.
Average monthly number of staff	<u>4</u>	<u>3</u>	<u>2</u>	<u>1.4</u>

Orchard Homes

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March 2019

3. Staff numbers and costs (continued)

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 2019 were £68,370 (2018: £69,605). One member of staff was employed via an agency in 2019, agency costs were £14,295 (2018: £0).

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 17.

4. Surplus for the financial year

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

	2019	2018
	£	£
Depreciation of tangible fixed assets	3,950	5,142
Depreciation of housing properties	158,054	135,026
Surplus on disposal of housing properties	-	(4,694,549)
Donations (see below)	-	(1,851,387)
Auditor's remuneration:		
Fees in respect of the audit of the Charity's annual accounts	6,720	6,480

The Trusteeship of Lady Haberfield's Almshouse Charity was transferred to Bristol Charities on 28 February 2017. In the year ended 31 March 2018 the assets and liabilities of Lady Haberfield's Almshouse Charity were donated to Orchard Homes.

The surplus on disposal of housing properties in the year ended 31 March 2018 is made up as follows:

	Total
	2018
	£
Disposal proceeds	(6,150,000)
Carrying value of housing properties	863,487
Costs incurred in disposal	274,628
Social housing grant previously amortised	317,336
	<u>(4,694,549)</u>

Orchard Homes

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March 2019

Donations in the year ended 31 March 2018 include:

Donation from Lady Haberfield's Almshouse Charity	(1,837,123)
Other donations	(14,264)
	<u>(1,851,387)</u>

5. Taxation

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

6. Housing property

	Assets in the course of construction		Almshouses	Housing	Total
	£	£	£	£	£
Freehold property at cost					
At 1 April 2018	5,333,820	8,845,547	124,543	14,303,910	
Additions	4,795,558	-	-	4,795,559	
Re-classification	(10,048,737)	10,048,737	-	-	
At 31 March 2019	<u>80,641</u>	<u>18,894,284</u>	<u>124,543</u>	<u>19,099,468</u>	
Depreciation					
At 1 April 2018	-	733,877	22,419	756,296	
Charge in year	-	156,809	1,245	158,054	
At 31 March 2019	<u>-</u>	<u>890,686</u>	<u>23,664</u>	<u>914,350</u>	
Net book value at 31 March 2019	<u>80,641</u>	<u>18,003,598</u>	<u>100,879</u>	<u>18,185,118</u>	
Net book value at 31 March 2018	<u>5,333,820</u>	<u>8,111,670</u>	<u>102,124</u>	<u>13,547,614</u>	

The almshouses and housing properties at 31 March comprise:

	Number of units 2019	Number of units 2018
John Fosters	18	18
Barstaple	31	31
Haberfield House	60	-
Furber Properties	7	7
	<u>116</u>	<u>56</u>

Orchard Homes

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March 2019

6. 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 £25,928,176 (2018: £12,076,701).

The value of the land included in housing properties at 31 March 2019 was £1,520,000 (2018: £1,520,000).

7. Investments

	Total 2019 £	Total 2018 £
Market value at 1 April	2,015,289	154,132
Additions	119,554	2,065,102
Disposals market value at 1 April	(116,272)	(134,666)
Investment management charge	(4,537)	(2,615)
Adjustment to market value	51,019	(66,664)
	<hr/>	<hr/>
Market value at 31 March	2,065,053	2,015,289
	<hr/> <hr/>	<hr/> <hr/>
Historical cost	1,732,608	1,729,326
	<hr/> <hr/>	<hr/> <hr/>
Investments at market value comprised:		
	2019 £	2018 £
Investment properties	186,024	186,024
UK fixed interest bonds	178,585	206,397
Private equity	149,762	96,272
UK quoted equities	327,996	308,571
UK Investment & unit trusts	59,673	72,307
Overseas equities	295,023	269,626
Barings pooled funds	856,930	866,533
Cash	11,060	9,558
	<hr/>	<hr/>
Market value at 31 March	2,065,053	2,015,289
	<hr/> <hr/>	<hr/> <hr/>

Orchard Homes

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March 2019

7. Investments (continued)

At 31 March 2019 the Charity held 357,216 units in the Bristol Charities Common Pooled Investment Fund (CPIF) (2018: 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:

	2019	2018
	£	£
Realised gains	9,265	20,166
Unrealised gains/(losses)	40,499	(16,154)
Gains on investment assets	<u>49,764</u>	<u>4,012</u>

Included in the Common Pool Investment Fund are investment properties, Orchard Homes' share of these properties had a market value of £186,024 (2018: £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.

8. Other fixed assets

	Furniture and fittings	Computer equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 April 2018	33,111	1,560	4,717	39,388
Additions	88,903	1,720	-	90,623
Disposals	-	-	(4,717)	(4,717)
At 31 March 2019	<u>122,014</u>	<u>3,280</u>	<u>-</u>	<u>125,294</u>
Depreciation				
At 1 April 2018	18,354	1,560	4,205	24,119
Charge for the year	3,260	573	117	3,950
Disposals	-	-	(4,322)	(4,322)
At 31 March 2019	<u>21,614</u>	<u>2,133</u>	<u>-</u>	<u>23,747</u>
Net book value at 31 March 2019	<u>100,400</u>	<u>1,147</u>	<u>-</u>	<u>101,547</u>
Net book value at 31 March 2018	<u>14,757</u>	<u>-</u>	<u>512</u>	<u>15,269</u>

Orchard Homes

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March 2019

9. Debtors

	2019	2018
	£	£
Due after more than one year:		
Investment in William Jones's Almshouse Charity Loan	581,833	615,121
Due within one year:		
Trade debtors	6,776	10,526
Investment in William Jones's Almshouse Charity Loan	33,716	33,217
Amounts due from parent charity, intercompany account balance	61,185	-
Amounts due from other group charities, intercompany accounts	482	122
Other debtors and prepayments	46,041	8,996
Homes England grants receivable	336,000	-
	<u>484,200</u>	<u>52,861</u>
Total Debtors	<u>1,066,033</u>	<u>667,982</u>

During the year Homes England awarded a social housing grant of £1,344,000 for Haberfield House, please see note 11. £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 £615,549 invested in the loan (2018: £648,338), of which £581,833 (2018: £615,121) was due after more than one year. Interest charged on the loan in the year amounted to £21,503 (2018: £20,530).

Orchard Homes

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March 2019

10. Creditors

	2019	2018
	£	£
Due within one year:		
Deferred income	-	2,283
Trade creditors	50,818	10,015
Bank loan interest	4,216	-
Other creditors	24,409	17,617
Amounts owed to other group companies:		
Bristol Charities	-	43,487
Orchard Homes Design and Build Limited	92,157	574,980
Accruals	102,313	167,301
Social Housing Grants	26,371	9,827
	<u>300,284</u>	<u>825,510</u>
Due after one year:		
Social Housing Grant	2,550,583	1,234,333
Recycled Capital Grant Fund	933,343	933,343
Bank Loan	3,000,000	-
	<u>6,483,926</u>	<u>2,167,676</u>

Further information on the Social Housing Grants and the Recycled Capital Fund is detailed in notes 11 and 12.

Further information on the bank loan is detailed in note 13.

11. Social housing grant

Social Housing Grants in the year ended 31 March 2019 include:

	2019	2018
	£	£
Due less than one year	26,371	9,827
Due after more than one year	2,550,583	1,234,333
	<u>2,576,954</u>	<u>1,244,160</u>

Orchard Homes

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March 2019

	2019	2018
	£	£
At 1 April	1,244,160	1,559,464
Grants received for Haberfield House from Homes England	1,344,000	-
Grants transferred from Lady Haberfield's Almshouse Charity	-	310,530
Grants transferred to Recycled Capital Grant Fund	-	(616,007)
Grant amortised to Income in year	(11,206)	(9,827)
	<hr/>	<hr/>
At 31 March	2,576,954	1,244,160
	<hr/> <hr/>	<hr/> <hr/>

Lady Haberfield's Almshouse Charity donated its assets and liabilities to Orchard Homes in the year ended 31 March 2018. Included in this donation was a recycled social housing grant of £310,530 which Homes England has given permission to be re-invested into the Haberfield House development.

12. Recycled capital grant fund

	2019	2018
	£	£
At 1 April	933,343	-
Grants recycled from disposal of housing properties	-	616,007
Social housing grant previously amortised	-	317,336
	<hr/>	<hr/>
At 31 March	933,343	933,343
	<hr/> <hr/>	<hr/> <hr/>

Redcross Mews and Perrett House were sold in May 2017 and the total social housing grant attached to these properties amounted to £933,343 (2018; £933,343). 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.

13. Bank loan

	2019	2018
	£	£
At 1 April	-	-
Loan drawn down in year	3,000,000	-
	<hr/>	<hr/>
At 31 March	3,000,000	-
	<hr/> <hr/>	<hr/> <hr/>

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 accrued on the loan of £4,216 is included in creditors in note 10.

Orchard Homes

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March 2019

The loan maturity date is 14 March 2022. The Trustees anticipate the loan will be converted to a term loan on its maturity date.

14. Trustees' remuneration, benefits and expenses

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

15. Capital and reserves

	Endowment reserves £	General Unrestricted reserves £	Total £
At 1 April 2018	16,205,210	5,636,000	21,841,210
Surplus for the financial year	(233,563)	318,902	85,339
Surplus on revaluation of investments	49,764	-	49,764
At 31 March 2019	<u>16,021,411</u>	<u>5,954,902</u>	<u>21,976,313</u>

Endowment reserves are represented by:

	Balance at 1 April 2018 £	Total income £	Total expenditure £	Total gains on investment assets £	Balance at 31 March 2018 £
Endowment reserve	16,205,210	11,206	(244,769)	49,764	16,021,411
Total endowment reserves	<u>16,205,210</u>	<u>11,206</u>	<u>(244,769)</u>	<u>49,764</u>	<u>16,021,411</u>

Endowment reserves are funds for almshouse tangible fixed assets.

Orchard Homes

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March 2019

The capital and reserves are represented by:

	Endowment reserves	General Unrestricted reserves	Total
	£	£	£
Housing property	18,185,118	-	18,185,118
Investments	2,065,053	-	2,065,053
Other fixed assets	-	101,547	101,547
Current assets	2,281,538	6,127,267	8,408,805
Current liabilities	(26,372)	(273,912)	(300,284)
Creditors falling due after more than one year	(6,483,926)	-	(6,483,926)
At 31 March 2019	<u>16,021,411</u>	<u>5,954,902</u>	<u>21,976,313</u>

16. Housing stock

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

	2019	2018
	No.	No.
Housing accommodation for letting	116	56

17. Related party transactions

Bristol Charities, the sole Trustee of Orchard Homes, provided the charity with administrative services and charged Orchard Homes £309,299 (2018: £224,873) in respect of the charity's share of the total administrative costs. 2019 management charges are split as follows:

	£
Almshouse costs expensed in the Income & Expenditure Account	128,839
Costs incurred in investment management	4,200
Costs incurred in the development of new almshouses and capitalised in the year	171,432
Costs incurred in researching a new site for development and capitalised In the year	4,828
	<u>309,299</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 Orchard Homes by Bristol Charities as at 31 March 2019 was £61,185 (2018: the amount owed by Orchard Homes to Bristol Charities was £43,487).

Orchard Homes

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March 2019

The amount owed to Orchard Homes by William Jones's Almshouse Charity as at 31 March 2019 was £482. (2018: the amount owed to Orchard Homes by William Jones's Almshouse Charity was £122.) The loan owed by William Jones's Almshouse Charity to Orchard Homes as at 31 March 2019 was £615,549 (2018: £648,338).

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 £4,687,046 (2018: £3,232,013) for these services.

The amount owed by Orchard Homes to Orchard Homes Design and Build Limited as at 31 March 2019 was £92,157 (2018: £574,980).

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).

18. 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 12 and 29.

19. Capital commitments

At the balance sheet date, 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 £362,497 (2018: £Nil).

20. Ultimate controlling party

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