

**SIGNING  
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ORCHARD HOUSING SOCIETY LIMITED

Registered under the Co-operative and Community Benefit Societies Act 2014,  
Registration Number 16793R and the Housing and Regeneration Act 2008,  
Registration Number: L1322

REPORT AND FINANCIAL STATEMENTS

31st December 2020

**GSM&Co**

Griffin Stone Moscrop & Co  
CHARTERED ACCOUNTANTS & REGISTERED AUDITORS

**100 YEARS**

Building better business

ORCHARD HOUSING SOCIETY LIMITED

REPORT AND FINANCIAL STATEMENTS - 31ST DECEMBER 2020

<u>Contents</u>	<u>Page</u>
Officers, professional advisers and registered office	1
Report of the management committee	2-5
Independent auditor's report	6-8
Statement of comprehensive income	9
Balance sheet	10
Statement of cash flows	11
Notes to the financial statements	12-17

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The following page does not form part of the  
statutory financial statements:

Summary of operating costs	18
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ORCHARD HOUSING SOCIETY LIMITED

OFFICERS, PROFESSIONAL ADVISERS AND REGISTERED OFFICE

Management committee

The following persons served as management committee members since 1st January 2020:

Elected

Mr. T. A. Jones (Chair)

Mrs. J. Morris (Secretary)

Mr. G. Cunnold (Acting Treasurer from 1 September 2020)

Mr. A. Brudney

Ms. C. L. Graves (resigned 23 April 2021)

Dr. T. J. V. Yates

Mr. M. Baker (resigned 1 September 2020) (Acting Treasurer 13 June 2020 until 1 September 2020)

Mr. P. White (deceased 13 June 2020) (Treasurer until 13 June 2020)

Nominated

Mr M. Sparksman (Tenant Representative)

Mrs C. Wright (Tenant representative)

Auditor

Griffin Stone Moscrop & Co  
21-27 Lamb's Conduit Street  
London WC1N 3GS

Solicitors

Batchelors Solicitors  
35 Widmore Road  
Bromley  
Kent BR1 1RW

Bankers

Barclays Bank p.l.c.  
Temple Fortune Branch  
The Edgware Group  
126 Station Road  
Edgware  
Middlesex HA8 7RY

Registered office

1 The Orchard  
Hampstead Way  
London NW11 6YN

ORCHARD HOUSING SOCIETY LIMITEDREPORT OF THE MANAGEMENT COMMITTEE

The management committee is pleased to submit its report with the audited financial statements of the Society for the year ended 31st December 2020.

Principal activity

The principal activity of the Society continues to be the provision of sheltered housing for elderly persons in Hampstead Garden Suburb in accordance with the Society's rules.

Status

The Society is a registered society under the Co-operative and Community Benefit Societies Act 2014 (Number 16793R) and is registered with the Homes and Communities Agency as a Registered Provider of Social Housing (Number L1322). It is an exempt charity within the meaning of the Charities Act 2011 and is not required to register with the Charity Commission. The Society is governed by its rules.

Results

As shown on page 9, the financial statements show a surplus of £173,781 compared with £248,602 in 2019. Rental charges remained consistent. Void levels decreased from £6,070 in 2019 to £3,390 in 2020 and, as usual, the Society undertook renovations to empty apartments as they arose to ensure a high standard is maintained. The operating costs were similar in both years. The fixed asset investment saw an unrealised gain of £67,575 arising in the year. At 31st December 2020 bank and cash balances amounted to £453,450 compared with £455,386 at 31st December 2019. The management committee regard the state of affairs of the Society as satisfactory.

Losses through voids are carefully monitored by the management committee, but unfortunately, due to their nature, such losses are often inevitable.

During 2020 one of the Society's tenants moved into a care home, and notice to vacate the flat was received. However, the flat was not cleared, and the keys were not returned. The Society was advised that gaining possession of the flat through the courts would be difficult at this time due to COVID-19. At 31 December 2020 the rent arrears relating to this flat amounted to £5,970 and, due to the uncertainty as to whether these arrears will eventually be recovered, the management committee has included a doubtful debt provision for this amount in the financial statements for the year then ended.

The management committee regularly reviews the performance of the Society's investments.

Premises

Repairs and maintenance expenditure amounted to just over £110,000 a decrease from just over £136,000 in 2019, and included flat refurbishments and general maintenance.

In the opinion of the management committee the current open market value of the Society's housing property substantially exceeds its book value but, in the absence of a professional valuation, the management committee is unable to quantify the excess.

It is noted by the management committee that the property lease expires in March 2067.

Tenants

During the year 4 tenancies were terminated and 2 new ones instituted.

Administration

The managers, Ms. Beatrice Boussard and Ms. Amanda Peters, were in post throughout the year. Ms. Leonie Jacobs was employed as a part-time assistant housing officer and temporary governance officer from January 2020. All staff are thanked for their dedicated and caring work.

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ORCHARD HOUSING SOCIETY LIMITED

REPORT OF THE MANAGEMENT COMMITTEE (Continued)

Principal risks and uncertainties

The management committee has assessed the major risks to which the Society is exposed, in particular those related to its operations and finances, and is satisfied that systems and procedures are in place to mitigate the Society's exposure thereto.

All buildings are fully insured, other than for a subsidence exclusion, and regular fire risk inspections are held. Adequate public and employer liability insurance is in place. Health and safety guidelines are strictly adhered to, and procedures are in place relating to the protection of vulnerable adults. Important documents and valuables are kept securely. Minimal cash is held on the premises, and any significant amounts of cash received is banked as soon as possible. Computer data is backed up regularly.

A main concern is that the flats are small and may become less attractive to prospective tenants, and any consequent increase in voids would make it difficult to maintain the Society's necessary income stream. However, the management committee ensures that the flats are maintained to a high standard, and renovations are undertaken during any void periods. The management committee considers these actions, together with the Orchard's highly sought-after location, help mitigate exposure to this risk.

Measures used by the management committee as key performance indicators for management purposes

The management committee considers the occupancy rate of the Society's housing property, which comprises 61 flats, to be of paramount importance, as this shows how well the Society is doing in achieving its aim of providing sheltered housing. It also gives an indication of the underlying demand for the Society's sheltered housing. The committee is glad to report that, generally, the flats were fully occupied throughout the period, void losses (less than 0.8%) arising from circumstances beyond the management committee's control. When flats are empty the management committee takes the opportunity to make appropriate improvements where required.

A record is kept of any complaints made by tenants relating to, amongst other things, the state of the premises. These are duly considered by the management committee and appropriate action is taken.

In November 2020 the management committee identified and agreed a number of formalised key performance indicators applicable to the Society, and in 2021 will be setting targets to measure against performance to allow meaningful reporting of key performance indicators going forward.

Future developments and influences on future performance

The Society continues to aim to raise the standards of the flats and common parts as resources permit.

The Society has obtained planning permission for an extension to the car park and to build some decking to be accessed from the communal room. The Society will use its own funds for these projects; the car park extension will not commence until the other works have been completed and so has not yet been tendered.

Responding to COVID-19

The staff were set up to work from home during the first COVID-19 lockdown and, when they were unable to be on-site, kept in regular touch with the tenants by telephone, and tenants were also able to contact them. When staff were on-site they ensured that they remained socially distant from the tenants. All of the communal facilities have remained closed to tenants, and activities paused. The laundry rooms have been kept open, for use by one person at a time. The cleaning regime for the common parts has been increased, and notices regularly updated with the latest government guidance. Only essential repairs and maintenance have been undertaken. On the whole tenants have been observing distancing and, when allowed, have been gathering socially in small groups in the gardens.

There have been no incidences of COVID-19 at The Orchard.

Continued.....

ORCHARD HOUSING SOCIETY LIMITED

REPORT OF THE MANAGEMENT COMMITTEE (Continued)

Compliance with the Governance and Financial Viability Standard

The management committee confirms that the Society continues to comply with the Governance and Financial Viability Standard.

Governance

The Society is governed by its management committee. The management committee meets regularly, usually every two months, in order to review the Society's activities and performance and to consider and, where appropriate, update the Society's policies, plans and procedures in accordance with current best practice.

Certain of the management committee members liaise with the managers on a regular basis so as to direct their day to day activities to ensure that the Society functions smoothly and efficiently and for the exchange of information. They also make themselves available at other times so that the managers can obtain advice, assistance and guidance whenever necessary.

During the year the management committee appointed an independent consultant to review the Society's governance and advise on ways it can be improved. The advice has been acted on, although some of the recommendations have yet to be completed. The management committee has adopted the National Housing Federation's 2020 Code of Governance, and great strides have been made towards complying with it. The management committee expects to be fully compliant before the end of 2021.

Value for Money Standard

The management committee members acknowledge their responsibilities under the April 2018 Value for Money Standard, and are confident that procedures are in place to ensure compliance therewith.

Such procedures include, but are not restricted to, regularly appraising options for improving performance and considering alternative commercial, organisational and delivery structures. Each service provider is benchmarked against possible alternates to ensure that the required quality of service is being obtained at a competitive price, and the management committee members are not averse to changing providers when considered appropriate.

The Society has considered the seven Value for Money metrics set by the regulator. Of the seven metrics, four metrics are not applicable as the Society has not made any reinvestment nor delivered any new homes and has no borrowings.

Of the Value for Money metrics applicable to the Society, the results are as follows:

	<u>Actual</u>		<u>Benchmark*</u>	
	2020	2019	2020	2019
Headline social housing cost with support for the elderly per unit	£5,489	£5,310	£6,440	£6,150
Operating margin (social lettings only)	23.1%	26.4%	23.7%	26.3%
Operating margin (overall)	24.0%	28.1%	18.6%	22.7%
Return on capital employed	7.0%	9.3%	2.4%	2.8%

\* - Benchmark figures have been taken from the "Value for money metrics report - annex to Global Accounts" for the relevant year. The benchmark for the headline social housing cost metric was taken from the cost factor quoted for supported housing and housing for older people sub-group. The benchmarks for the remaining three metrics for 2020 were taken from regional analysis for London, and for 2019 they were taken from the sub-sector analysis for London.

Continued.....



ORCHARD HOUSING SOCIETY LIMITED

REPORT OF THE MANAGEMENT COMMITTEE (Continued)

Committee members

Mr. Alan Brudney and Mr Allan Jones will retire by rotation as elected committee members at the forthcoming Annual General Meeting and offer themselves for re-election.

All elected, nominated and co-opted committee members own one share of £1 in the Society.

Statement of management committee members' responsibilities

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the management committee members to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Society and of its income and expenditure for that period. In preparing those financial statements, the management committee members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Society will continue in business.

The management committee members are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Society and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. They have a general responsibility for taking reasonable steps to safeguard the assets of the Society and to prevent and detect fraud and other irregularities.

Statement of disclosure of information to the auditor

We, the management committee members of the Society who held office at the date of approval of these financial statements as set out on page 1, each confirm, so far as we are aware, that:

- there is no relevant audit information of which the Society's auditor is unaware; and
- we have taken all the steps that we ought to have taken as management committee members in order to make ourselves aware of any relevant audit information and to establish that the Society's auditor is aware of that information.

Signed on behalf of the management committee.



T. A. JONES

CHAIR

3rd June 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ORCHARD HOUSING SOCIETY LIMITED

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Opinion

We have audited the financial statements of Orchard Housing Society Limited (the "Society") for the year ended 31st December 2020 which comprise the statement of comprehensive income (including the income and expenditure account), the balance sheet, the cash flow statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Society's affairs as at 31st December 2020, and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, 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 Society 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 management committee'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 Society's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the report of the management committee, other than the financial statements and our auditor's report thereon. The management committee is responsible for the other information contained within the report of the management committee. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ORCHARD HOUSING SOCIETY LIMITED  
(Continued)

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Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- the Society has not kept proper books of account, and not maintained a satisfactory system of control over its transactions, in accordance with the requirements of the legislation; or
- the statement of comprehensive income, any other statements to which our report relates, and the balance sheet are not in agreement with the Society's books of account; or
- we have not received all the information and explanations necessary for the purposes of our audit.

Responsibilities of the management committee

As explained more fully in the management committee's responsibilities statement set out on page 5, the management committee 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 it 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 management committee is responsible for assessing the Society'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 management committee either intends to liquidate the Society or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

- carrying out substantive checking to supporting documents on a sample basis of individual transactions within income and expenditure to give comfort that on a sample basis the statement of comprehensive income does not contain any irregular items;
- carrying out walk-through testing to verify that the Society's accounting systems and controls are being implemented as designed;
- verifying the existence on a sample basis of individual employees on the payroll; and
- verifying that material balances within the balance sheet are supported by third party evidence to confirm the existence and valuation of those balances at the balance sheet date.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ORCHARD HOUSING SOCIETY LIMITED  
(Continued)

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Auditor's responsibilities for the audit of the financial statements (Continued)

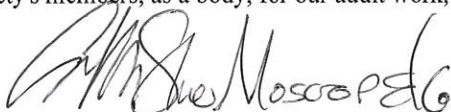
As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management committee.
- Conclude on the appropriateness of the management committee members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation (ie. gives a true and fair view).

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the Society's members, as a body, in accordance with Section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Society'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 Society and the Society's members, as a body, for our audit work, for this report, or for the opinions we have formed.



GRIFFIN STONE MOSCROP & CO  
CHARTERED ACCOUNTANTS  
STATUTORY AUDITOR

21-27 Lamb's Conduit Street  
London WC1N 3GS  
7th June 2021



## ORCHARD HOUSING SOCIETY LIMITED

## STATEMENT OF COMPREHENSIVE INCOME (including the Income and Expenditure Account)

<u>FOR THE YEAR ENDED:</u>		<u>31ST DECEMBER 2020</u>	<u>2019</u>
	<u>Note</u>		
Turnover	1h)		
Rents receivable		227,458	228,394
Services and heating (excluding water rates apportioned to tenants)		223,132	224,050
		<u>450,590</u>	<u>452,444</u>
Void losses		(3,390)	(6,070)
Doubtful debt		(5,970)	-
		<u>441,230</u>	<u>446,374</u>
Laundry receipts		3,246	3,376
Guest room receipts		730	2,958
Donations and sundry income		209	1,001
		<u>445,415</u>	<u>453,709</u>
Operating costs			
Direct property management costs		283,808	285,148
Administrative costs		51,018	38,790
		<u>334,826</u>	<u>323,938</u>
Depreciation of housing property	1e)	4,563	4,512
		<u>339,389</u>	<u>328,450</u>
Operating surplus		106,026	125,259
Unrealised gain on investment		67,575	122,862
Interest receivable on bank deposits		345	742
Bank charges (net)		(165)	(261)
		<u>173,781</u>	<u>248,602</u>
Surplus on ordinary activities for the year before taxation		173,781	248,602
Taxation		-	-
Total comprehensive income for the year	10	<u>173,781</u>	<u>248,602</u>
Balance, 1st January 2020, brought forward	10	<u>1,346,624</u>	<u>1,098,022</u>
Balance, 31st December 2020, carried forward	10	<u>£ 1,520,405</u>	<u>1,346,624</u>


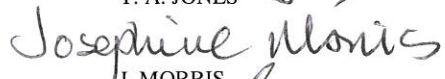
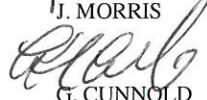
The only recognised gain is the surplus for the year of £173,781.

There is no difference between the reported surplus for the year and historical cost surpluses or deficits.

The results relate wholly to continuing activities.

Approved by the management committee and authorised for issue on 3rd June 2021.

Signed on behalf of the management committee.

	)	
T. A. JONES	)	CHAIR
	)	
J. MORRIS	)	HONORARY SECRETARY
	)	
G. CUNNOLD	)	ACTING HONORARY TREASURER

The attached notes form part of these financial statements.






ORCHARD HOUSING SOCIETY LIMITED

<u>BALANCE SHEET</u>		<u>31ST DECEMBER 2020</u>	<u>2019</u>
	<u>Note</u>		
Fixed assets			
Tangible fixed assets			
Housing property	4	209,909	214,472
Other	5	210,373	5,008
Investment	6	758,043	690,468
		<hr/>	<hr/>
		1,178,325	909,948
Current assets			
Debtors	7	8,012	23,522
Cash at bank and in hand		453,450	455,386
		<hr/>	<hr/>
		461,462	478,908
Creditors: amounts falling due within one year	8	119,356	42,204
		<hr/>	<hr/>
Net current assets		342,106	436,704
Total assets less current liabilities		<hr/> <hr/>	<hr/> <hr/>
		£ 1,520,431	1,346,652
Share capital	9	26	28
Revenue reserve	10	1,520,405	1,346,624
		<hr/>	<hr/>
		£ 1,520,431	1,346,652
		<hr/> <hr/>	<hr/> <hr/>

Approved by the management committee and authorised for issue on 3rd June 2021.

Signed on behalf of the management committee.

	)	
T. A. JONES	)	CHAIR
	)	
J. MORRIS	)	HONORARY SECRETARY
	)	
G. CUNNOLD	)	ACTING HONORARY TREASURER

The attached notes form part of these financial statements.

ORCHARD HOUSING SOCIETY LIMITED

STATEMENT OF CASH FLOWS

	<u>2020</u>	<u>2019</u>	
Cash flow from operating activities (see below)	210,176	141,305	
Cash flow from investing activities			
Payments to acquire tangible fixed assets	(212,455)	(4,531)	
Interest received	345	742	
Net cash flow from investing activities	(212,110)	(3,789)	
Cash flow from financing activities			
Shares issued	-	3	
Shares cancelled	(2)	(1)	
Net cash flow from financing activities	(2)	2	
Net (decrease)/increase in cash and cash equivalents	(1,936)	137,518	
Cash and cash equivalents at 1st January 2020	455,386	317,868	
Cash and cash equivalents at 31st December 2020	£ 453,450	455,386	
Reconciliation of operating surplus to cash flow from operating activities			
Surplus for the year before taxation	173,781	248,602	
Unrealised gain on investment	(67,575)	(122,862)	
Interest received shown in investing activities	(345)	(742)	
Depreciation of tangible fixed assets	11,653	9,058	
Decrease/(increase) in debtors	15,510	(5,735)	
Increase in creditors	77,152	12,984	
Cash flow from operating activities	£ 210,176	141,305	
Analysis of net funds			
	At 1st January 2020	Movement	At 31st December 2020
Cash at bank and in hand	324,252	(2,281)	321,971
Deposits	131,134	345	131,479
	£ 455,386	(1,936)	453,450

ORCHARD HOUSING SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 2020

1. Summary of significant accounting policies

The Society is a private registered provider of social housing in the UK and is a public benefit entity as defined by Financial Reporting Standard 102. The registered office address is given on page 1 of these financial statements. The Society's principal activity is disclosed on page 2.

a) Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland" (FRS 102), the 2018 update of the 2014 edition of the Statement of Recommended Practice for registered social housing providers (effective 1 January 2019), and with the Accounting Direction for Private Registered Providers of Social Housing 2019. The financial statements are also prepared under the requirements of the Housing and Regeneration Act 2008 and the Co-operative and Community Benefit Societies Act 2014. The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value.

The financial statements are prepared in sterling, which is the functional currency of the Society, and are rounded to the nearest £1.

b) Tangible fixed assets - housing property

Housing property is stated at cost less any provision for impairment (representing a diminution in the recoverable service potential of the asset below its carrying value in the balance sheet) less accumulated depreciation (see Note 1e)). Cost comprises the purchase price and construction costs, together with incidental costs of acquisition, including interest payable, and expenditure incurred in respect of improvements. Interest payable is capitalised by applying the Society's cost of borrowing to expenditure during the construction of the property up to the date of practical completion.

Improvements are works to existing property which result in an increase in the net rental income or a reduction in maintenance costs.

c) Tangible fixed assets - other

Other tangible fixed assets are stated at cost less accumulated depreciation (see note 1e)), except for an individual asset costing £1,000 or less, which is generally written off to the statement of comprehensive income as incurred.

d) Social Housing Grants

Social Housing Grants relating to assets are included in deferred income within creditors and are recognised in income on a systematic basis over the expected useful life of the assets concerned.

e) Depreciation

The long leasehold housing property is being depreciated on the straight line basis over the remaining period of the lease. The lease expires in March 2067. The lift installation was depreciated on the straight line basis over its expected useful working life of 20 years.

Depreciation is provided on the office and other equipment at the rate 33 $\frac{1}{3}$ % per annum on the straight line basis and on plant and machinery and fixtures and fittings at the rate 20% per annum on the straight line basis, so as to write off the cost of the assets over their estimated useful working lives. The estimated useful working lives are reviewed annually.



ORCHARD HOUSING SOCIETY LIMITEDNOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 2020 (Continued)1. Accounting policies (continued)f) Impairment

Housing property is considered for impairment annually, and detailed impairment reviews of all tangible fixed assets are carried out if there is an indication that impairment has occurred.

g) Investments

Investments are recognised initially at fair value, which is normally the transaction price excluding transaction costs. Subsequently, they are measured at fair value through the statement of comprehensive income if the shares are publicly traded or their fair value can otherwise be measured reliably. Other investments are measured at cost less impairment.

h) Turnover

Turnover represents rental and service charges income receivable in the year net of rent and service charge losses from voids and are included in the financial statements in the period to which they relate. Housing Related Support (previously Supporting People) income is included in rents receivable.

A legacy is included in income when the personal representative of the estate has given notice to the Society that payment of the legacy will be made and its amount can be measured with sufficient reliability. Donations are included in income when received.

All other income is included in the financial statements in the period to which it relates.

i) Major and cyclical repairs and maintenance

The Society has established a regular programme of cyclical repairs and maintenance. Costs are charged to the statement of comprehensive income in the year in which they are incurred. Total repairs and maintenance costs incurred during the year amounted to £110,249 (2019 - £136,130).

j) Pension contributions

The Society makes contributions to a pension fund of one of its employees. The payments, which are a fixed percentage of the employee's gross salary, are charged to the income and expenditure account as incurred.

k) Taxation

As an exempt charity the Society is generally not liable to taxation on its surplus or capital gains. It is not, however, exempt from value added tax. Irrecoverable value added tax is included in the cost of those items to which it relates.

l) Financial instruments

The Society only has financial assets and financial liabilities of a kind that qualifies as basic financial instruments. Basic financial instruments (including debtors and creditors) are initially recognised at transaction value and subsequently measured at their settlement value.

ORCHARD HOUSING SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 2020 (Continued)

1. Accounting policies (continued)

m) Operating leases

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

n) Going concern

After making appropriate enquiries, the management committee members have a reasonable expectation that the Society has adequate resources to continue in operational existence for the next twelve months. For this reason they continue to adopt the going concern basis in preparing the financial statements.

ORCHARD HOUSING SOCIETY LIMITEDNOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 2020 (Continued)2. Staff costs and payments to committee members and officers

a) Staff costs during the year comprised:	<u>2020</u>	<u>2019</u>
Salaries	81,257	65,667
Social security costs	3,621	3,695
Other pension costs	804	666
	<hr/>	<hr/>
	£ 85,682	70,028
	<hr/> <hr/>	<hr/> <hr/>

No employee received remuneration in excess of £60,000 (2019 - the same).

The average monthly number of employees of the Society during the year was 3 (2019 - 2), one (2019 - none) of whom was part-time.

- b) No fee or remuneration is paid to any committee member or officer, those persons being the Society's key personnel. During the period, no expenses were reimbursed to any members of the management committee (2019 - one member was reimbursed £57 for expenses necessarily incurred). Any such expenses are included in the appropriate categories of expenditure.

3. Auditor's remuneration

Total remuneration of the auditor (including out of pocket expenses and VAT) for the year was £19,966 (2019 - £20,390). Of this amount, £5,350 (2019 - £5,100) (including VAT) was in respect of auditing services.

4. Tangible fixed assets - housing property

	<u>2020</u>	<u>2019</u>
Long leasehold - The Orchard		
Cost		
At 1st January 2020	415,591	415,591
Additional expenditure	-	-
At 31st December 2020	<hr/> 415,591	<hr/> 415,591
<u>Deduct:</u>		
Depreciation		
At 1st January 2020	201,119	196,607
Charge for the year	4,563	4,512
At 31st December 2020	<hr/> 205,682	<hr/> 201,119
Net book value		
At 31st December 2020	£ 209,909	214,472
	<hr/> <hr/>	<hr/> <hr/>



ORCHARD HOUSING SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 2020 (Continued)

5. <u>Other tangible fixed assets</u>		Office and other equipment	Fixtures and fittings	Total
	Plant and machinery			
Cost				
At 1st January 2020	-	23,472	2,317	25,789
Additions	210,887	-	1,568	212,455
At 31st December 2020	<u>210,887</u>	<u>23,472</u>	<u>3,885</u>	<u>238,244</u>
Depreciation				
At 1st January 2020	-	18,464	2,317	20,781
Charge for the year	3,515	3,497	78	7,090
At 31st December 2020	<u>3,515</u>	<u>21,961</u>	<u>2,395</u>	<u>27,871</u>
Net book value				
At 31st December 2020	£ 207,372	1,511	1,490	210,373
At 31st December 2019	£ -	5,008	-	5,008

6. <u>Investment</u>	2020	2019
Market value at 1st January 2020	690,468	567,606
Unrealised gain	67,575	122,862
Market value at 31st December 2020	£ <u>758,043</u>	<u>690,468</u>
Historical cost at 31st December 2020	£ <u>450,000</u>	<u>450,000</u>

The investment relates to 3,669.08 (2019 - the same) accumulation units in the COIF Charity Funds Investment Fund.

7. <u>Debtors</u>	2020	2019
Arrears of rent and service charges	1,117	1,337
Prepayments	6,895	22,185
	£ <u>8,012</u>	<u>23,522</u>

All of the above are receivable within one year of the balance sheet date.

8. <u>Creditors: amounts falling due within one year</u>	2020	2019
Rent and service charges received in advance	1,598	3,406
Other creditors and accruals	117,758	38,798
	£ <u>119,356</u>	<u>42,204</u>

ORCHARD HOUSING SOCIETY LIMITEDNOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 2020 (Continued)

9. <u>Share capital</u>	<u>2020</u>	<u>2019</u>
Issued, called up and fully paid		
At 1st January 2020	28	26
Shares issued during the year	-	3
Shares cancelled during the year	(2)	(1)
At 31st December 2020	<u>26</u>	<u>28</u>

The shares do not carry rights to any dividends, nor to a distribution in the event of a winding-up of the Society, and they are not redeemable. Each share carries one vote in a general meeting of the Society.

10. <u>Revenue reserve</u>	<u>2020</u>	<u>2019</u>
At 1st January 2020	1,346,624	1,098,022
Total comprehensive income for the year	173,781	248,602
At 31st December 2020	<u>£ 1,520,405</u>	<u>1,346,624</u>

11. Units

Throughout the year ended 31st December 2020 the Society owned and managed 61 units of social housing, all providing sheltered housing for elderly persons.

12. Contingent liability

The Society's lifts installation was financed by a Social Housing Grant totalling £101,275. The Social Housing Grant becomes repayable under certain circumstances, primarily the disposal of the Society's housing property, at which point the liability will be a subordinated debt. However, the management committee considers it unlikely that the Society will ever incur such a liability.

13. Operating lease commitments

At 31 December 2020 the Society's total future minimum lease payments under non-cancellable operating leases was:

	<u>2020</u>	<u>2019</u>
Not later than 1 year	1,743	474
Between 1 and 5 years	5,313	712
Total	<u>£ 7,056</u>	<u>1,186</u>

ORCHARD HOUSING SOCIETY LIMITEDSTATEMENT OF OPERATING COSTSFOR THE YEAR ENDED 31ST DECEMBER 2020

<u>2019</u>		<u>2020</u>	<u>Direct property</u>	<u>Administrative</u>
<u>Total</u>		<u>Total</u>	<u>management costs</u>	<u>costs</u>
	Employee costs			
70,028	Management and administration staff	85,682	85,682	-
4,500	Temporary staff and telecare costs	7,640	7,640	-
	Estate costs			
14,721	Insurance	16,075	16,075	-
23,036	Garden maintenance	23,870	23,870	-
36,233	Heating and lighting	36,277	36,277	-
136,130	Repairs and maintenance	110,249	110,249	-
500	Ground rent	500	500	-
-	Depreciation of plant and machinery	3,515	3,515	-
	Office and other overheads			
2,163	Telephone and internet costs	4,936	-	4,936
20,390	Audit, accountancy, bookkeeping, etc	19,966	-	19,966
1,795	Legal and professional fees	13,465	-	13,465
1,576	Printing, postage and stationery	1,325	-	1,325
4,282	Computer expenses	3,829	-	3,829
1,562	Subscriptions	1,809	-	1,809
2,476	Sundry expenses	2,113	-	2,113
4,546	Depreciation of office and other equipment and fixtures and fittings	3,575	-	3,575
<u>£ 323,938</u>	<u>Total operating costs</u>	<u>£ 334,826</u>	<u>283,808</u>	<u>51,018</u>

This page does not form part of the statutory financial statements.