

**THE CITY OF LONDON ALMSHOUSES
TRUSTEE REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012**

Charity Number 1005857
Tenants Services Authority Number A2266

The City of London Almshouses Trustee Report and Financial Statements

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The City of London Almshouses

General Information

Charity Number:	1005857
Tenants Services Authority Number:	A2266
Registered Address:	P.O. Box 270, Guildhall, LONDON EC2P 2EJ
Trustee:	City of London Corporation
Secretary and Clerk:	C. Duffield Town Clerk to the City of London
Accountant and Financial Adviser:	C. Bilsland Chamberlain to the City of London
Solicitor and Legal Adviser:	M. Cogher The Comptroller and City Solicitor to the City of London
Housing Manager:	J. Hollister Director of Community and Children's Services to the City of London
Discretionary Fund Managers:	Artemis Investment Management Ltd, Cassini House, 57 St. James St, London SW1A 1LD
Auditor:	Deloitte LLP, Chartered Accountants and Statutory Auditor St Albans, AL1 3TF
Bankers:	Lloyds TSB City Office, PO Box 72, Bailey Drive, Gillingham Business Park, Gillingham, ME8 OLS

The City of London Almshouses

Trustee Report

Background

1. The City of London Almshouses is a registered social landlord and a registered charity. It was registered with the Charity Commissioners in July 1991 under a scheme which amalgamated the following three charities:

City of London Freeman's Houses - regulated by a conveyance dated 1 January 1848 and comprised in a Scheme of the Charity Commissioners of the 19 August 1975.

Rogers' Almshouses - comprised in a declaration of trust dated 15 July 1858.

Brown's Gift - regulated by declaration of trust dated 22 March 1934.

The Charities Commission agreed with effect from the 26 July 2011 for the City of London Corporation to become the sole corporate trustee in place of individuals. It also agreed to change the name from the City of London Almshouses Trust to the City of London Almshouses

2. The Almshouses are situated in their own private grounds in the London Borough of Lambeth. There are currently 44 properties available for letting, two of which are occupied by matrons.

Purpose and Objectives of the Trust for the public benefit

3. The provision of almshouses for poor or aged persons, giving preference to Freemen of the City of London, their wives, widows, sons or daughters and where practicable to married couples.

Review of the Year

4. The surplus for the year was £48,038 (2010/11: surplus £87,462) before transfers to reserves.
5. There were no significant changes in the day to day management of the almshouses.
6. This activity is undertaken by the charity to further its charitable purposes for the public benefit. The Trustee has complied with the duties in the Charities Act 2011 to have due regard to public benefit guidance published by the Charities Commission.

The City of London Almshouses

Trustee report (continued)

Going Concern

7. The Trust is a going concern for the foreseeable future as the Trustee has due regard to maintaining the capital base. The majority of the Charity's income is from rents from the properties and the Trust is active in ensuring that these are fully let by advertising and keeping a waiting list. A long term financial plan has been agreed to ensure that finance is available as major works arise. The Trust does receive substantial investment income from investments in the Charities Pool administered by the City of London Corporation. The investment policy is set out in Section 2 (f) of the annual report. The Trust also receives a grant from the City of London to cover the cost of administrative work carried out by City of London staff on behalf of the Trust. It is assumed that this arrangement will continue.

Reserves Policy

8. The Trustee manages the original endowment plus accumulated capital growth and uses it in maintaining the City of London Almshouses. Having reviewed the reserves and the levels of annual income and expenditure I have concluded that there are sufficient resources to meet current and anticipated liabilities.

Risk Identification

9. The Trustee is committed to a programme of risk management as an element of their strategy to preserve the Charity's assets, enhance productivity for service users and members of the public and protect its employees.

In order to embed sound practice there is an ongoing review of risk management activity and that appropriate advice and support is provided to members and officers.

A key risk register has been prepared for this charity and has been reviewed by the Trustee. It identifies the potential impact of key risks and the measures which are in place to mitigate such risks.

Investment Policy and Performance

10. The Trust's investments have been combined with many of the other smaller charities which are administered by the City of London Corporation and form part of the City of London Charities Pool. Where available, the underlying investments of the Pool are valued at the mid price at the 31st March 2012 taken from the relevant stock exchange pricing systems. Other investments are valued annually at the mid price of the market at the close of business on 31st March of each year mainly using commonly available pricing systems.

Review of Financial Position

11. The investments are managed by Artemis Investment Management Limited and in the year ended 31 December 2011 achieved a total return of 3.1%, which was a relative outperformance of 6.7% compared to its benchmark, the WM Unconstrained Charity Universe.

The City of London Almshouses

Trustee Report (continued)

Statement of disclosure to auditors

12. We have provided the auditors with access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters. Additionally we have also provided information that the auditors have requested from us for the purpose of the audit and unrestricted access to persons within the entity from whom the auditors determined it necessary to obtain audit evidence.

Induction and Training of the Trustee

13. There is a scheme in place for the provision of information and training for existing and new Trustees. There were no new Trustees in this financial year.

Adopted and signed for and on behalf of the City of London Corporation on 21 August 2012

R.A.H. Chadwick
Chairman of Finance Committee
Guildhall, London, EC2P 2 EJ

Raymond Michael Catt
Deputy Chairman

The City of London Almshouses

Trustee's Responsibilities Statement

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

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

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

The trustee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008, the Housing and Regeneration Act 2008, the Accounting Requirements for Registered Social Landlords General Determination 2006 and the provisions of the trust deed. The trustee is also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The City of London Almshouses

Independent Auditor's Report to the Trustee of the City of London Almshouses

We have audited the financial statements of the City of London Almshouses for the year ended 31 March 2012 which comprise the Income and Expenditure Account, Statement of Total Recognised Surpluses and Deficits, Balance Sheet, and the related notes 1 to 18. 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 trustee, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 144 of that Act. Our audit work has been undertaken so that we might state to the charity's trustee those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustee Responsibilities Statement, the trustee is responsible for the preparation of the financial statements which give a true and fair view.

This report is made solely to the charity's trustee, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. 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 trustee; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. 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 2012 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011, the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination 2006.

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

Independent Auditor's Report to the Trustee of the City of London Almshouses (continued)

Deloitte LLP
Chartered Accountants and Statutory Auditor
St. Albans, United Kingdom
2012

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

The City of London Almshouses

Income and Expenditure Account For the year ended 31 March 2012

	Notes	2012 £	2011 £
Turnover	2(c),2(f),3,6	312,797	291,272
Operating costs	2(f),3,6,9,10	(292,070)	(230,100)
OPERATING SURPLUS		20,727	61,172
Income from investments		31,840	30,664
SURPLUS ON ORDINARY ACTIVITIES BEFORE INTEREST		52,567	91,836
Interest Receivable and other income		2,176	2,744
Interest Payable and similar charges	4	(6,705)	(7,118)
SURPLUS FOR THE FINANCIAL YEAR	17	48,038	87,462

The turnover and surplus for the current and prior years relate to continuing activities.

Approved and signed on behalf of the Trustee

C. Bilsland Chamberlain of London 21 August 2012

The City of London Almshouses

Statement of total recognised surpluses and deficits for the year ended 31 March 2012

	Notes	2012 £	2011 £
Surplus for year		48,038	87,462
Unrealised surplus on revaluation of investments to market value	13	28,011	28,525
		<hr/>	<hr/>
Total recognised surplus for the year		76,049	115,987
		<hr/>	<hr/>

The City of London Almshouses

Balance Sheet As at 31 March 2012

	Notes	2012		2011	
		£	£	£	£
Fixed Assets					
Housing Land and Buildings: Cost of Refurbishment (less depreciation)			1,662,780		1,670,080
Less:					
Social Housing Grant			(1,319,751)		(1,319,751)
	12		343,029		350,329
Investments	13		858,962		730,952
			<u>1,201,991</u>		<u>1,081,281</u>
Current Assets					
Debtors	14	17,520		1,660	
Cash at bank and in hand		115,514		222,003	
		<u>133,034</u>		<u>223,663</u>	
Creditors: Amounts falling due within one year	15	(51,937)		(77,241)	
Net Current Assets			81,097		146,422
Creditors: Amount falling due after more than one year	16		(184,536)		(205,199)
Net Assets			<u>1,098,552</u>		<u>1,022,504</u>
Represented by:					
Capital Fund					
Endowment	17		37,648		37,648
Income Fund					
General	17		890,034		817,391
Designated	17		170,870		167,465
			<u>1,098,552</u>		<u>1,022,504</u>

Approved and signed for and on behalf of the Trustee:

C. Bilsland Chamberlain of London 21 August 2012

The City of London Almshouses

Notes to the Financial Statements

1. **Legislative Background**

The City of London Almshouses is a Registered Social Landlord under Section 1(2) of the Housing Act 1996. The Trust is also a Registered Charity in accordance with the Charity Commissioner's scheme dated 30th July 1991.

2. **Accounting policies**

The following accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements.

(a) **Basis of Preparation**

The financial statements have been prepared in accordance with Section 7 and Part III of Schedule 1 to the Housing Act 1996, the Accounting Requirements for Registered Social Landlords General Determination 2006; comply with the housing SORP 2010. The financial statements are also prepared having regard for the Statements of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005) revised in 2010 and applicable United Kingdom accounting standards and the Charities Act 2011. The financial statements have also been prepared under the historical cost accounting convention with the exception of investments which are shown at market value.

(b) **Going Concern**

The Trust is a going concern for the foreseeable future as the Trustee has due regard to maintaining the capital base. The majority of the Charity's income is from rents from the properties and the Trust is active in ensuring that these are fully let by advertising and keeping a waiting list. A long term financial plan has been agreed to ensure that finance is available as major works arise. The Trust receives substantial investment income from investments in the Charities Pool administered by the City of London Corporation. The investment policy is set out in Section 2 (f) of the annual report.

(c) **Turnover**

Turnover represents residents' contributions and revenue grants receivable from the Tenants Services Authority Number (formerly the Housing Corporation).

(d) **Social Housing Grants**

Where developments have been financed wholly or partly by Social Housing Grants, the cost of these developments has been reduced by the amount of the grant received. Social Housing Grants are repayable under certain circumstances primarily following the sale of a property.

(e) **Housing properties and depreciation**

The City of London Almshouses were erected in the mid 19th century. There is no record of the original cost and no value has been attributed thereto. The cost of fixed assets for housing land and buildings relates to subsequent improvements and refurbishments which are stated at cost less Social Housing Grant. Depreciation is charged so as to write down the costs of refurbishment to their estimated residual value on a straight line basis over their remaining expected useful economic lives of 51 years. Impairment reviews are carried out on an annual basis in accordance with FRS 11.

City of London Almshouses

Notes to the Financial Statements (continued)

(f) Support from the City of London's City's Cash

For 2011/2012, £20,818 (2010/2011: £17,228) has been charged for the management of the Trust and its activities by the City of London's Community and Children's Services Department.

Officers in other departments of the City of London also spend time on the management of the Trust and its activities. The associated costs of these departments in 2011/2012 of £3,686, (2010/2011: £2,918) have always been borne directly by the City of London's City's Cash and this practice continues and are therefore reflected as a donated service to the Almshouses.

The auditors 2011/2012 remuneration of £8,014, (2010/2011: £7,743) for the year was also borne by the City of London's City's Cash and is therefore reflected as a donated service to the Almshouses.

(g) Investments

Investments are pooled with those from other small City of London charities. Underlying Listed Company investments are valued at the Stock Exchange Trading System price at 31 March 2012. Other investments are valued annually at the mid market price at the close of business on 31 March 2012. Gains and losses for the year on investments held are included in the income and expenditure account.

(h) Cash Flow Statement

Under Financial Reporting Standard Number 1 revised, the Trust has taken advantage of the exemption not to produce a Cash Flow Statement on the grounds that it qualifies as a small entity.

(i) Taxation

City of London Almshouses Trust is a registered Charity and, as such, is potentially exempt from taxation of its income and gains falling within section 505 of the Income and Corporation Taxes Act 1988 and section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that they are applied to its charitable objectives. No tax liability has arisen in the year.

(j) Pension costs

Employees seconded from the City of London Corporation are entitled to be members of the City of London Corporation's Pension Scheme. These costs are included in the total salaries charged.

(k) VAT

The Charities Commission agreed with effect from the 26 July 2011 for the City of London Corporation to become the sole corporate trustee in place of individuals. Consequently, the City of London can now recover any VAT incurred by the Trust from that date.

(l) Maintenance Policy

It is the Trust's policy to ensure that the dwellings are kept in a good standard of repair and that there are sufficient resources to meet this requirement.

(m) Funds Structure Policy

The reserves are divided into the following reserves:-

Trust Fund – The original permanent endowment, this can only be used at the winding up of the Trust.

City of London Almshouses

Notes to the Financial Statements (continued)

Cyclical repairs – yearly transfers from the revenue account based on the expected cost of repainting and transferred out to the revenue account in the year when the cost arises.

Extraordinary Repairs – Yearly transfers based on income from cash and charities pool distributions plus any increase or decrease in the market value of the charities pool units held in the extraordinary repairs reserve. This is used to fund the extraordinary repair, improvement or rebuilding of the Trust's property.

General – a non-specific reserve representing the balance of the net assets. Transfers made to or from the revenue account reflecting realised and non-realised surpluses or deficits.

3. Particulars of turnover, cost of sales, operating costs and operating surplus.

	2011/12			2010/11		
	Turnover £	Operating costs £	Operating surplus/ (deficit) £	Turnover £	Operating costs £	Operating surplus £
Social Housing Lettings	267,525	228,271	39,254	253,948	(196,497)	57,451
Supporting people contract income	34,999	53,526	(18,527)	37,324	(33,603)	3,721
Total	302,524	281,797	20,727	291,272	(230,100)	61,172

4. Interest Payable

	2012 £	2011 £
Conventional Loan	2,832	3,389
Low - Start Loan	3,873	3,729
	-----	-----
	6,705	7,118
	-----	-----

5. Housing Stock

The number of units of supported social housing accommodation under management at 31 March 2012 was 42 with 2 units for wardens' use. (2011: 42 and 2 respectively).

City of London Almshouses

Notes to the Financial Statements (continued)

6. Income and expenditure from Social Housing Lettings

Supported Housing	2012 £	2011 £
Contributions receivable net of identifiable service charges	228,830	209,922
Charges for support services	34,999	37,324
Service income	42,168	34,687
	-----	-----
Gross contribution income	305,997	281,933
Voids	(4,900)	(1,322)
	-----	-----
Net contribution income	301,097	280,611
Other revenue grants	11,700	10,661
	-----	-----
Turnover from social housing lettings	312,797	291,272
	-----	-----
Management (Note 10)	(60,475)	(35,683)
Services (Note 9)	(101,993)	(106,322)
Routine maintenance	(38,004)	(53,467)
Planned maintenance	(85,728)	(25,260)
Contribution to Provision for Bad Debts	1,430	(2,068)
Depreciation of housing properties	(7,300)	(7,300)
	-----	-----
Operating costs on social housing lettings	(292,070)	(230,100)
	-----	-----
Operating surplus on social housing lettings	20,727	61,172
	=====	=====

7. Employees

The Trust does not employ any staff, though it has seconded two matrons and a groundsman on a permanent basis from the Community and Children's Services Department of the City of London with effect from 1 April 1999 - see notes 2(e), 2(j) and 9.

	Matrons £	Groundsman £
Basic/Agency Pay	47,204	14,452
N.I	4,876	540
Pension	9,293	1,547
Total	61,373	16,539

8. Trustee Emoluments

The Trustee received no emoluments or expenses in the current or previous financial year.

City of London Almshouses

Notes to the Financial Statements (continued)

9. Services

	2012 £	2011 £
Lighting	2,933	1,897
Matrons	61,373	60,025
Window Cleaning	947	891
Water Rates	5,207	5,492
Groundsman	16,539	24,024
Rent	12,197	11,634
Council Tax	2,190	2,190
Pest Control	607	169
	<hr/>	<hr/>
TOTAL	101,993	106,322
	<hr/>	<hr/>

10. Management – Other

The main items of expenditure included are telephones, insurance and professional fees and are a direct charge to the Trust.

11. Accommodation Managed by Others

All the Trust's stock and activities are managed by the City of London. The position with regard to the allocation of management cost is set out in note 2(f). No supported housing management grant is payable to the City of London.

The City of London Almshouses

Notes (continued)

12.	Tangible Fixed Assets	Supported Social Housing Properties
		£
	Fixed Assets	
	Cost	
	At 1 April and 31 March	1,763,430
	Depreciation	
	At 1 April	93,350
	Charged in the year	7,300

	At 31 March 2012	100,650
	Cost less Depreciation at 31 March 2012	1,662,780

	Less:	
	Social Housing Grant	
	At 1 April and 31 March	(1,319,751)
	Net Book Value	
	At 31 March 2012	343,029

	At 31 March 2011	350,329

The original cost of the erection of the dwellings, which were financed by public subscription in the mid 19th century is not included in the accounts.

The fixed assets represent the cost of improvements to the freehold land and buildings.

13.	Investments	2012	2011
		£	£
	Market value at beginning of year	730,952	702,427
	Purchases in year	99,999	0
	Unrealised gain during the year	28,011	28,525
		-----	-----
	Market value at end of year	858,962	730,952
		-----	-----
	The cost of investments was	657,966	557,966
		-----	-----

On 31 March 2012 the total number of units held in the Charities Pool was 135,697. Of the 135,697 total units held, 13,603 have been designated to the extraordinary repairs fund. All listed on recognised stock exchanges. Current allocation: 72% UK equities, 13% Overseas equities, 5% UK bonds and 10% Cash.

The City of London Almshouses

Notes (continued)

14.	Debtors: due within one year	2012	2011
		£	£
	Other Debtors	17,520	1,660
		<hr/>	<hr/>
		17,520	1,660
		<hr/>	<hr/>
15.	Creditors: Amounts falling due within one year	2012	2011
		£	£
	Housing Loans repayable within one year	20,828	19,270
	Trade Creditors	31,109	54,523
	Other Creditors	0	3,448
		<hr/>	<hr/>
		51,937	77,241
		<hr/>	<hr/>
16.	Creditors: Amounts falling due after more than one year	2012	2011
		£	£
	Housing loans repayable after more than one year		
	Low-start loan - original sum	135,210	160,264
	- deferred interest	33,263	22,579
	Conventional loan	16,063	22,356
		<hr/>	<hr/>
		184,536	205,199
		<hr/>	<hr/>

The above loans, advanced by the Tenants Services Authority (formerly the Housing Corporation), (which was transferred to Orchardbrook Ltd) are secured by a charge on the Trust's housing land and buildings. The low - start loan is on a variable rate of interest; the rate of interest applicable from 1 April 2011 to 31 September 2011 was 2.30% and 1.70% from 1 October 2011 to 31 March 2012. The rate of interest applicable to the Trust's conventional loan is 10.625%. Both loans are repayable in instalments over 30 year terms. The final instalment of the low - start loan is due in 2021, and the conventional loan in 2015.

		2012	2011
		£	£
Loan Repayable	1 – 2 Years	22,497	20,828
	2 – 5 Years	62,012	65,754
	5 and more	100,027	118,617
		<hr/>	<hr/>
Total		184,536	205,199
		<hr/>	<hr/>

The City of London Almshouses

Notes to the Financial Statements (continued)

17. Funds

	Balance 01/04/11 £	Transfers (from)/to Reserves £	Surplus for the Year £	Revaluation of Investments in the Year £	Balance 31/03/12 £
<u>Endowment</u>					
Trust Fund	37,648	-	-	-	37,648
	-----	-----	-----	-----	-----
<u>Designated</u>					
Cyclical Repairs	36,000	-	-	-	36,000
Extraordinary Repairs	131,465	956	-	2,449	134,870
	-----	-----	-----	-----	-----
	167,465	956	-	2,449	170,870
	-----	-----	-----	-----	-----
<u>General</u>	817,390	(956)	48,038	25,562	890,034
	-----	-----	-----	-----	-----
Total Reserves	1,022,503	-	48,038	28,011	1,098,552
	=====	=====	=====	=====	=====

The purpose of each reserve

Trust Fund - The original permanent endowment, this can only be used at the winding up of the Trust.

Cyclical Repairs - Provision for future repainting.

Extraordinary Repairs - To fund the extraordinary repair, improvement or rebuilding of the Trust's property.

General - A non specific reserve representing the balance of net assets.

The revaluation of the investments in the Charities Pool is applied to the extraordinary repairs fund and general fund, in proportion to the investment units held (see Note 13).

18. Related Party Transactions

The Community and Children's Services Department of the City of London carry out the day to day management of the Trust's properties for which they charge a management fee. For 2011/12 the charge was £20,818 (2010/11 : £17,228). The City of London is the ultimate controlling party of the Trust.