



**SIR JOSIAH MASON'S
ALMSHOUSE CHARITY**

**TRUSTEES' REPORT &
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDING 31 MARCH 2018**

Charity Registration No. 209283

Regulator of Social Housing Registration No. A0629

SIR JOSIAH MASON'S ALMSHOUSE CHARITY

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SIR JOSIAH MASON'S ALMSHOUSE CHARITY

Trustees, Officers and Advisors

Trustees	Mrs A R Anderson – Chair (resigned December 2017) Ms A Crawley – Chair (from January 2018) Mr M H Goodwin Councillor Mr K I Meeson Mrs B Foster Councillor Mr G Moore Mrs J Houlder Mr M Baylis Mr P Soule Mr J Pyke Mr M Smith
Chief Executive	Richard Hall (until 31st October 2017) David Healey (from 1st November 2017)
Registered Office	Mason Court Hillborough Road Birmingham B27 6PF
Bankers	HSBC Bank Plc 34 Poplar Road Solihull West Midlands B91 3AF
Solicitors	SGH Martineau LLP No.1 Colmore Square Birmingham B4 6AA Harris Cooper Brownings LLP 681 Warwick Road Solihull West Midlands B91 3DA
Auditor	Mazars LLP 45 Church Street Birmingham B3 2RT
Registered Charity No.	209283
Regulator of Social Housing Reg. No.	A0629

TRUSTEES' REPORT

The Trustees present their report and the audited financial statements of the Charity for the year ended 31 March 2018.

The financial statements have been prepared in accordance with applicable law and United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard FRS102 "The Financial Reporting Standard" applicable in the UK and Republic of Ireland), and comply with the Statement of Recommended Practice for registered social housing providers 2014 and the Accounting Direction for Private Registered Providers of Social Housing 2015. The accounts also comply, in all material respects, with charities legislation.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

The original Trust Deed dated 29 July 1868 and the Scheme of the Charity Commission sealed on 11 December 1963 were superseded by a new Scheme effective from 1 April 1995 and approved by the Charity Commission and sealed on 10 May 1995. Under the Scheme the original charity was divided into two separate charities, the Sir Josiah Mason's Relief in Need and Educational Charity and the Sir Josiah Mason's Almshouse, Care and Nursing Home Charity. Under a subsequent Scheme effective from 1 April 1998 and approved by the Charity Commission on 19 January 1999 the Sir Josiah Mason's Almshouse, Care and Nursing Home Charity was itself divided into two separate charities, the Sir Josiah Mason's Almshouse Charity and the Sir Josiah Mason's Care and Nursing Home Charity. Following a change in its activities, the latter is now known as the Sir Josiah Mason Care Charity.

The charitable objects of the Relief in Need and Educational Charity enable it to provide assistance to the Care and Almshouse charities and the residents thereof.

All three Charities have the same Trustees.

TRUSTEES

When complete, the body of Trustees consists of four nominated Trustees and eight co-opted Trustees. Of the nominated Trustees, two are put forward by Birmingham City Council*** and two by Solihull Metropolitan Borough Council**. Each appointment is made for a term of three years.

The Trustees who served as a 'Board of Trustees' during the year and to the date of this report were:

Mrs A R Anderson – Chair (resigned December 17)
Councillor K I Meeson**
Mr M H Goodwin**
Mrs J Houlder
Mr P Soule
Mr M Smith

Ms A Crawley – Chair from Jan 2018
Mrs B Foster
Councillor Mr G Moore***
Mr M Baylis
Mr J Pyke

Trustee Recruitment and Training

The power and responsibility to appoint new Trustees lies with the Board of Trustees and when recruiting new Trustees, they look for individuals whose skills and experience are such that they are able to make a significant contribution to the future strategic leadership and development of the Charity.

New Trustees are made aware of their responsibilities, the importance attached to 'good governance', and as Charity Trustees are helped to familiarise themselves with the practical and financial aspects of the Charity's operations. To assist they are provided with a copy of the Charity Commission's Scheme, the latest published financial statements and forward plans and appropriate Charity Commission publications. As the Charity is also a Registered Provider of Social Housing new Trustees are in addition guided by regulatory requirements of the Regulator of Social Housing (RSL). In addition the Charity is an Almshouse Trust and as such is affiliated to the National Almshouse Association.

Potential Trustees are identified as follows:-

- Candidates recommended by existing Trustees or,
- Approaching other organisations for recommendations or,
- Advertising in the local press and on appropriate websites.

Organisational Structure

All Trustees sit on the Charity's Board of Trustees of which Mrs A R Anderson is Chair (until December 2017) and Ms A Crawley is Vice Chair (and was elected Chair from January 2018). All matters of business strategy, policy and management are determined by this Board at the regular meetings, which are held at least quarterly throughout the year.

The Trustees are also Trustees of Sir Josiah Mason's Care Charity and the Sir Josiah Mason's Relief in Need and Educational Charity. There are three standing committees which form part of the governance arrangements. The Finance Committee meets four times each year to consider financial matters, risk management, audit, investment strategy and associated affairs.

The Housing, Care & Property Services Committee meets quarterly to consider; policy and operational performance (relating to housing, care and property services), compliance matters, complaints, health and safety and resident related matters. The Trust continues to have three appointed resident representatives at the Housing, Care and Property Services Committee Meetings.

The third is the Remuneration Committee which meets at least annually to determine employment arrangements of the Chief Executive and other members of the management team. It comprises of the Chairs of the three individual charities plus the Chair of the Trust.

Each meeting of the Trustees, including those of the committees, covers the affairs of all three of the Sir Josiah Mason Charities. None of the Trustees has any beneficial interest in the Charity.

Risk Management

Trustees continue to keep under regular review significant risks which if materialised might have an adverse effect in delivering the charities' objectives, or impact adversely on its good reputation. Systems to give internal control assurance are in place to highlight potential exposures together with appropriate mitigation plans. Financial forecasting and the preparation of regular management accounts mean that adequate funding is available for the continuation of the Charity's operations. A robust system of Financial Regulation and delegated authorities ensures the proper authorisation of all major items of expenditure.

Objects and Activities for the Public Benefit

The objects of the Charity are:

- a) The provision of housing accommodation for beneficiaries, and
- b) Such charitable purposes for the benefit of the residents as the Trustees decide.

The Charity, which is an Almshouse and also a Registered Provider of Social Housing owns and manages Supported Housing Schemes for the elderly at Olton, Shirley and Erdington - 147 homes in total, (plus 2 guest rooms) and also a 21 bedroom Extra Care Housing facility also located on the Olton complex.

The Trustees confirm that they have referred to guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Charity's aims and objectives, and in planning future activities.

The Charity meets this by the provision of a broad range of affordable homes, the provision of support, and where appropriate, care services to needy residents. The Charity has again continued to invest substantially over the past year in the fabric of its housing stock to upgrade the quality of its accommodation for the benefit of current and future residents.

Applicants wishing to reside in the Charity's accommodation undertake a formal assessment process to ensure they are suitable for the accommodation on offer, and that their support needs can be properly met by the Charity. Individual applications are prioritised on the basis of the needs of the applicants in accordance with an agreed Admissions Policy and Procedure. This policy is widely available with information of the Trust's housing schemes and any available accommodation more fully described (and weekly updated) on the Sir Josiah Mason Trust website – www.sjmt.org.uk

Applications for residency are welcome from older people, generally 60 years or more, regardless of gender, ethnicity or background. Indeed, the Trust actively seeks to encourage applicants who are representative of our diverse communities. Our staff also work closely with a number of referral agencies across Birmingham and Solihull so to widen opportunities for individuals to apply for residency within the Charity.

The Trust actively encourages residents to participate in a wide range of social events and other activities which are intended to add to the quality of life and enjoyment of living in the Charity's accommodation.

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Our residents requiring additional support (for example after hospitalisation) can utilise temporary respite and care services in Alexandra Court, which is staffed on a permanent 24/7 basis. Alexandra Court, our Extra Care provision for frail elderly people is also registered as a domiciliary services provider with the Care Quality Commission and following inspection by the Care Quality Commission was again judged to be providing Good Quality services.

For those who then actually become infirm (because of illness or other reasons) we are usually able to arrange a transfer to Alexandra House which is a purposely designed 36 bed roomed Registered Care Home, operated by the Sir Josiah Mason Care Charity.

The Charity continues to benefit from the skills, expertise and commitment of its Trustees, who receive no remuneration in undertaking their governance role. They have arrangements in place to ensure that structured and regular meetings with residents take place.

Residents' needs are very well catered for as evidenced by high levels of satisfaction feedback, through independent quality assurance measures, and views expressed via external stakeholders. The Charity provides a wide range of services to support its residents including, welfare benefit and money advice, many social activities, training in the use of the internet and e-mail, and computers are available at each location for all residents to use at their leisure.

The Trust has adopted a comprehensive approach to continuous improvement and for ensuring we achieve value for money in delivering our business objectives. Following a robust assessment of performance we conclude that the Trust has good evidence to support compliance with the expected outcomes of the VFM standard, but recognises that there are some areas of VFM activity that require further improvement to ensure that the track record of continuous improvement meets the high expectations that the Trustees and residents of the Almshouse charity require.

Our continuing success as a high performing provider of housing and support services depends to a very large extent upon the commitment and skills of our staff and Trustees. We are conscious of this and attach great importance to training and personal development as we meet the challenges of future years.

FINANCIAL REVIEW

Income from lettings increased by £10,937 in the year despite higher levels of voids arising from remodelling and refurbishing 13 flats in the year and longer re-let times. Other Income fell by £67,088 as the charity had benefited from the termination of the contract for paramedic stations with West Midlands Ambulance Service in 2017 along with grants from Relief in Need and Educational Charity to cover apprenticeship salaries which was no longer available in 2018. Loss of income through voids increased by £24,480 to £89,148 in the year and was the highest it has been for 8 years. Occupancy rates for the year as a whole were 95% as the continuing bedsit conversion programme resulted in bedsits remaining unlettable for an average 6 weeks during conversion.

Expenditure on lettings increased by £133,728, 10.0% above the previous year. This increase was attributable to:-

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- a) Finance and Administration Expenditure rising by £80,606 due to:-
- Exceptional one off costs associated with the departure of the existing CEO and the recruitment of his replacement, and
 - Professional fees incurred on internal audit, a VAT review and an option appraisal report on the future of Alexandra Court.
- b) Management costs rose by £18,490 as a result of the loss on disposals arising from the continuing capital improvement to the Charity's housing stock.
- c) Spending on services rose by £89,349 as a result of higher spending on utilities, especially electricity, furniture and equipment, repairs to lifts, and health and safety matters.
- d) Repairs to the fabric of the housing stock was responsible for costs increasing by £25,889.

The overall result for the year was an operating surplus of £239,005 (2017 £428,104) which generated a healthy cash flow which in turn was used to fund a continuing capital improvement programme. These surpluses over the years have enabled the acceleration of investment plans to our housing stock enabling significant improvements in the year including:-

- 9 bedsit conversions into one bedroom self-contained flats,
- The refurbishment of kitchens and bathrooms to 4 flats,
- The conversion of the paramedic station at Mason Court into Marlowe Cottage,
- New baths at Alexandra Court, and
- An upgrade to the gates at the Olton site.

Expenditure on the fabric of the Charity's buildings amounted to £425,059 (2017 £428,808) in the year and of this expenditure, £288,866 (2017 £330,443) was capitalised and funded through Revenue Reserves.

Additionally, the photocopier was replaced and new computers were purchased for staff.

RESERVES

The operating surplus helped improve Revenue Reserves to £6,684,688 (2017 £6,446,952). As in 2017, surpluses arising from the Charity's operations in future years will continue to be invested in improving the housing stock as well as setting aside monies for future cyclical repairs and sinking funds.

INVESTMENT POLICY

The Charity has no investments.

FUTURE PLANS

In the autumn of 2017, as part of our wider Strategy planning, the Trust commissioned consultants Epsilon Works to undertake an options appraisal in relation to the Almshouse and Care charities. The aims of this option appraisal was to present Trustees with future potential options to deliver a quality service to older people with the following objectives: -

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- A service which is both affordable and financially viable within good quality accommodation;
- A service that both meets the needs and aspirations of older people both now and into the future; and,
- A service that continues to meet the vision and aims of the charity.

The report was presented to the Board in December 2017 and they unanimously agreed to proceed with one option and requested that a fully costed proposal was submitted to the Board in September 2018.

Alongside this appraisal, we commenced work on a 2 month consultation exercise to engage a wide range of stakeholders in helping us plan how we could meet the objects of the charity in the coming years. In January 2018, we launched our new 5 year Strategy: 'Building on Strong Foundations'. The need for the Trust is as real today as it was 150 years ago and we now enter an exciting and ambitious new phase of development in which we aim to improve the lives of many more people living in Birmingham and Solihull.

In 2018-19, some of our objectives will include:

- We will review our current branding and launch a new marketing and communications strategy;
- We will review our governance and legal structures so that we are best placed to face the future;
- We will develop a long term plan on how we can best meet the future housing and care needs of older people.

GOING CONCERN

Under governance requirements the Trustees confirm that after making enquiries they have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the accounts.

INTERNAL CONTROLS ASSURANCE

The Board of Trustees has overall responsibility for establishing and maintaining a robust system of internal control and for reviewing its effectiveness. Trustees recognise that no system of internal control can provide absolute assurance or eliminate all risk. The system of internal control currently in operation is designed to identify and manage risk and to provide reasonable assurance that all key business objectives and expected outcomes will be achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational performance information and the safeguarding of the charity's assets and interests.

In meeting its responsibilities Trustees have adopted a risk-based approach to internal controls which are embedded within the normal management and governance process. This approach includes the regular evaluation of the nature and extent of risks to which the charity is exposed and is consistent with Turnbull principles (guidance on best practice in internal controls management).

TRUSTEES RESPONSIBILITIES

As a Registered Provider the Board of Trustees are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the entity at the end of the financial year and of its income and expenditure for the year ended on that date. In preparing those financial statements, suitable accounting policies have been used, and formulated, to the best of the Trustees knowledge and belief, by reference to reasonable and prudent judgements and estimates and applied consistently. Applicable accounting standards have been followed. The Board is also required to indicate where the financial statements are prepared other than on the basis that the entity is a going concern.

The Board of Trustees is responsible for ensuring that arrangements are made for keeping proper books of account with respect to the Charity's transactions and its assets and liabilities, and for maintaining a satisfactory system of control over the Charity's books of account and transactions. The Board is also responsible for ensuring that arrangements are made to safeguard the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the Charity's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

COMPLIANCE WITH THE RSH GOVERNANCE AND FINANCIAL VIABILITY STANDARD

The Trustees confirm that the Charity complies with the requirements of the Governance and Financial Viability Standard applicable for the year

TRUSTEES' LIABILITY INDEMNITY

All Trustees of the charity benefit from a 'Members and Officers Liability Insurance' policy operated through membership of the National Housing Federation which provided £45,000,000 of cover.

FINANCIAL INSTRUMENTS

The Charity does not have any abnormal exposure to price, credit, liquidity or cash flow risks arising from its trading activities. The Charity does not enter into any hedging transactions and no trading in financial instruments is undertaken.

DISCLOSURE OF INFORMATION TO THE AUDITOR

In the case of each of the persons who are Trustees of the Charity at the date when this report was approved:

- so far as each of the Trustees are aware, there is no relevant audit information of which the Charity's auditor is unaware; and
- each of the Trustees has taken all the steps that they ought to have taken to make themselves aware of any relevant audit information (as defined) and to establish that the Charity's auditor is aware of that information.

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The report was approved by the Board of Trustees on Friday 21st September 2018 and signed on their behalf by:

Ms Alison Crawley – Chair Alison M Crawley

Mrs Julie Houlder – Vice Chair Julie A. Houlder.

Independent auditor's report to the members of Sir Josiah Mason's Almshouse Charity

Opinion

We have audited the financial statements of Sir Josiah Mason's Almshouse Charity (the 'charity') for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Reserves, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 charity's affairs as at 31 March 2018 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Charities Act 2011, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

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 charity 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

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

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

Other information

The Board is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and,

except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities Act 2011 requires us to report to you if, in our opinion:

- the charity has not kept proper books of account; or
- a satisfactory system of control over transactions has not been maintained; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board

As explained more fully in the Statement of the Board's responsibilities set out on page 8, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board 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 Board is responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the charity 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK). Those standards require us to comply with the Financial Reporting Council's Ethical Standard.

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

Use of the audit report

This report is made solely to the charity's members as a body in accordance with Section 144 of the Charities Act 2011 and Chapter 4 of Part 2 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the charity'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 charity and the charity's members as a body for our audit work, for this report, or for the opinions we have formed.

Mazars LLP
Chartered Accountants and Statutory Auditor
45 Church Street
Birmingham
B3 2RT
Date:

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018**

	Notes	2018 £	2017 £
TURNOVER	3	1,713,058	1,769,209
Operating costs	3	<u>(1,474,053)</u>	<u>(1,341,105)</u>
OPERATING SURPLUS	3	239,005	428,104
Interest receivable and other income		655	2,508
Interest and financing costs	5	<u>(1,924)</u>	<u>(1,937)</u>
SURPLUS FOR THE YEAR	6	237,736	428,675
Other comprehensive income		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>237,736</u></u>	<u><u>428,675</u></u>

The financial statements on pages 13 to 28 were approved and authorised for issue by the Trustees on Friday 21st September 2018 and were signed on their behalf by:-

Ms A Crawley - Chair Aislin M Crawley

Mrs J Houlder - Vice Chair Julie A. Houlder

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STATEMENT OF FINANCIAL POSITION
FO THE YEAR AS AT 31 MARCH 2018

	Notes	2018 £	2017 £
TANGIBLE FIXED ASSETS			
Housing properties – cost less depreciation	9	6,699,033	6,527,584
Other property, plant & equipment	10	33,896	33,153
		<u>6,732,929</u>	<u>6,560,737</u>
CURRENT ASSETS			
Inventories		2,141	1,349
Trade and other receivables	11	100,085	77,097
Cash and cash equivalents		1,534,942	1,509,728
		<u>1,637,168</u>	<u>1,588,174</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	12	<u>(160,959)</u>	<u>(159,986)</u>
NET CURRENT ASSETS		<u>1,476,209</u>	<u>1,428,188</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		8,209,138	7,988,925
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	13	<u>(1,524,450)</u>	<u>(1,541,973)</u>
NET ASSETS		<u>6,684,688</u>	<u>6,446,952</u>
RESERVES			
Revenue reserves		<u>6,684,688</u>	<u>6,446,952</u>

The financial statements on pages 13 to 28 were approved and authorised for issue by the Trustees on Friday 21st September 2018 and were signed on their behalf by:-

Ms A Crawley - Chair Aislin M Crawley

Mrs J Houlder - Vice Chair Julie A. Houlder

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**STATEMENT ON CHANGES IN RESERVES
FOR THE YEAR AS AT 31 MARCH 2018**

	Revenue Reserves 2018 £	Revenue Reserves 2017 £
BALANCE AT 1 APRIL 2017	6,446,952	6,018,277
Surplus from statement of Comprehensive income	237,736	428,675
BALANCE AT 31 MARCH 2018	<u>6,684,688</u>	<u>6,446,952</u>

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**STATEMENT OF CASH FLOWS
FOR THE YEAR AS AT 31 MARCH 2018**

	Notes	2018		2017	
		£	£	£	£
NET CASH GENERATED FROM OPERATING ACTIVITIES	A		394,882		653,317
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest received		655		2,508	
Interest and financing costs		<u>(1,924)</u>		<u>(1,937)</u>	
			(1,269)		571
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of housing properties		(352,146)		(330,443)	
Purchase of other fixed assets		<u>(16,253)</u>		<u>(18,783)</u>	
			<u>(368,399)</u>		<u>(349,226)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS			25,214		304,662
Cash and cash equivalents at the beginning of the year			<u>1,509,728</u>		<u>1,205,066</u>
Cash and cash equivalents at the end of the year			<u><u>1,534,942</u></u>		<u><u>1,509,728</u></u>

A) RECONCILIATION OF SURPLUS FOR THE YEAR TO NET CASH GENERATED FROM OPERATING ACTIVITIES

	2018	2017
	£	£
Surplus for the year	237,736	428,675
Movement in inventories	(792)	(127)
Movement in debtors	(22,988)	7,929
Movement in creditors	973	23,724
Deficit on disposal of housing properties	9,470	40,424
Depreciation	186,736	170,785
Movement in capital grants	(17,522)	(17,522)
Adjustments for investing or financing activities:		
Interest receivable	(655)	(2,508)
Interest and financing costs	<u>1,924</u>	<u>1,937</u>
Net cash inflow from operating activities	<u><u>394,882</u></u>	<u><u>653,317</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

1 ACCOUNTING POLICIES

The financial statements are prepared under the historical cost convention, in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and comply with the Accounting Direction for Private Registered Providers of Social Housing 2015 and the Statement of Recommended Practice for Registered Social Housing Providers 2014 (SORP). The accounts also comply, in all material respects, with charities legislation. The Charity is a public benefit entity, as defined in FRS 102 and applies the relevant paragraphs prefixed "PBE" in FRS 102.

(b) Turnover

Turnover represents residents' contributions receivable in respect of almshouses (net of void losses), grants and donations and other sundry income.

(c) Depreciation

Depreciation is charged so as to write down the cost of freehold housing properties and other fixed assets to their estimated residual value on a straight line basis over their expected useful economic lives as follows:

Freehold land	Not depreciated
Housing properties:	
Structures and Pitched Roof	100 years
Lifts	50 years
Doors and Windows	35 years
Flat Roof	30 years
Central Heating including Boilers	25 years
Electrics	20 years
Bathrooms and Kitchens	15 years
Soft Furnishings	10 years
Computers	4 years
Fixtures and fittings	4 years
Vehicles	4 years

(d) Impairment

Properties held for their social benefit are not held solely for the cash inflows they generate and are held for their service potential.

An assessment is made at each reporting date as to whether an indicator of impairment exists. If such an indicator exists, an impairment assessment is carried out and an estimate of the recoverable amount of the asset is made. Where the carrying amount of asset exceeds its recoverable amount, an impairment loss is recognised in surplus or deficit in the Statement of Comprehensive Income. The recoverable amount of an asset is the higher of its value in use and fair value less costs to sell. Where assets are held for their service potential, value in use is determined by the present value of the asset's remaining service potential plus the net amount expected to be received from its disposal. Depreciated replacement cost is taken as a suitable measurement model.

An impairment loss is reversed if the reasons for the impairment loss have ceased to apply and included in surplus or deficit in the Statement of Comprehensive Income.

(e) **Works to existing properties**

Expenditure on housing properties, other than the replacement of components, which results in an enhancement of the economic benefits of the property or relates to a major overhaul of the property is capitalised.

(f) **Social Housing Grant (SHG) and other grants**

Government grants are recognised using the accrual model and are classified either as a grant relating to revenue or a grant relating to assets. Grants relating to revenue are recognised in income on a systematic basis over the period in which related costs for which the grant is intended to compensate are recognised. Where a grant is receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support with no future related costs, it is recognised as revenue in the period which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Grants received for housing properties are recognised in income over the expected useful life of the housing property structure. Where a grant is received specifically for components of a housing property, the grant is recognised in income over the expected useful life of the component.

Grants received from non-government sources are recognised as revenue using the performance model.

(g) **Operating leases**

Rentals payable under operating leases are charged on a straight-line basis over the term of the lease.

(h) **Pensions**

The Charity operates a defined contribution pension scheme, the cost of which is written off to the Statement of Comprehensive Income on an accruals basis. The assets of the scheme are held separately from those of the Charity in an independently administered fund.

(i) **Donations**

Cash donations are accounted for when the receipt is recorded in the accounting records. Material donations of items other than cash are included in income at market value on receipt.

(j) **Voluntary help**

No value has been put on the voluntary help received by the Charity during the year.

(k) **Financial Instruments**

Financial assets and financial liabilities are recognised when the Charity becomes a party to the contractual provisions of the instrument.

Financial assets carried at amortised cost

Financial assets carried at amortised cost comprise rent arrears, trade and other receivables and cash and cash equivalents. Financial assets are initially recognised at fair value plus directly attributable transaction costs. After initial recognition, they are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

If there is objective evidence that there is an impairment loss, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced accordingly.

A financial asset is derecognised when the contractual rights to the cash flows expire, or when the financial asset and all substantial risks and reward are transferred.

If an arrangement constitutes a financing transaction, the financial asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial liabilities carried at amortised cost

These financial liabilities include trade and other payables.

Any non-current debt instruments which meet the necessary conditions in FRS 102, are initially recognised at fair value adjusted for any directly attributable transaction cost and subsequently measured at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance costs in the Statement of Comprehensive Income. Discounting is omitted where the effect of discounting is immaterial.

A financial liability is derecognised only when the contractual obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.

Financing transactions

For rent arrears where the arrangement constitutes, in effect, a financing transaction because of extended credit arrangements the arrears are measured at the present value of the future payments discounted at an appropriate market rate of interest.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

(m) Charitable Status

The Charity is registered with the Charity Commission, number 209283, and is exempt from Income Tax and Capital Gains Tax provided its income and gains are applied for charitable purposes.

2 SIGNIFICANT MANAGEMENT JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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 and in any future periods affected. In this regard, the Trustees believe that the critical accounting policies where judgements or estimations are necessarily applied are summarised below:

Depreciation and residual values

The Trustees have reviewed the asset lives and associated residual values of all fixed asset classes and have concluded that asset lives and residual values are appropriate.

Provisions and accruals

Management bases its judgements on the circumstances relating to each specific event and upon currently available information. However, given the inherent difficulties in estimating liabilities in these areas, it cannot be guaranteed that additional costs will not be incurred beyond the amounts accrued.

Impairment of trade debtors

An estimate of the collectible amount of trade debtors is made when collection of the full amount is no longer probable. This estimation is performed on an individual basis.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

3 TURNOVER AND OPERATING COSTS

	Turnover £	2018 Operating costs £	Operating surplus £	Turnover £	2017 Operating costs £	Operating surplus £
Income and expenditure from Lettings						
Almshouse accommodation	1,690,185	(1,463,319)	226,866	1,679,248	(1,329,591)	349,657
Other income and expenditure						
Catering	-	-	-	-	-	-
Donations	1,050	-	1,050	890	-	890
Management fee	8,000	(8,000)	-	8,000	(8,000)	-
Other income and expenditure	13,823	(2,734)	11,089	81,071	(3,514)	77,557
Total	<u>1,713,058</u>	<u>(1,474,053)</u>	<u>239,005</u>	<u>1,769,209</u>	<u>(1,341,105)</u>	<u>428,104</u>

	2018 £	2017 £
4 INCOME AND EXPENDITURE FROM LETTINGS		
Income:		
Rents net of voids	859,510	843,252
Service charges net of voids	709,665	715,690
Supporting People grants	103,488	102,784
Amortisation of SHG	17,522	17,522
	<u>1,690,185</u>	<u>1,679,248</u>
Expenditure:		
Services	489,247	399,898
Management	715,268	696,778
Repairs and maintenance	258,804	232,915
	<u>1,463,319</u>	<u>1,329,591</u>
Operating surplus on letting activities	<u>226,866</u>	<u>349,657</u>
Void Losses	<u>89,148</u>	<u>64,668</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

	2018 £	2017 £
5 INTEREST AND FINANCING COSTS		
Bank interest and charges	1,924	1,937
	<u>1,924</u>	<u>1,937</u>
No interest was capitalised in the year (2017 £nil).		
6 SURPLUS FOR THE YEAR		
Surplus for the year is stated after charging:		
Staff costs (note 7)	779,287	750,102
Depreciation of tangible owned fixed assets	186,736	170,785
Auditor's remuneration:		
In their capacity as auditor	7,480	7,260
Other services	-	-
	<u>779,287</u>	<u>750,102</u>
7 STAFF COSTS		
Salaries	682,993	662,589
Social security costs	62,328	57,257
Other pension costs	33,966	30,256
	<u>779,287</u>	<u>750,102</u>
Agency staff	<u>10,441</u>	<u>16,352</u>
Highest paid employee (CEO) (excluding pension contributions) - Mr R Hall	52,655	68,096
Mr D Healey	31,250	-
Less Recharges to associated Charities	(14,663)	(12,017)
	<u>69,242</u>	<u>56,079</u>
No other employee was paid in excess of £60,000 in the year.		
Average number of full time equivalent persons employed during the year:	Number	Number
Office	10	7
Carers & other site staff	20	26
	<u>30</u>	<u>33</u>
Total employees	<u>30</u>	<u>33</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

	2018 £	2017 £
8 TRUSTEES' REMUNERATION		
Out of pocket expenses reimbursed in the year.	<u>367</u>	<u>196</u>

9 FIXED ASSETS - Housing properties

	Completed Properties £	Under Construction £	Total £
COST			
At 1 April 2017	7,570,275	-	7,570,275
Additions – completed	288,866	-	288,866
Additions – under construction	-	63,280	63,280
Less Disposals	(15,471)	-	(15,471)
	<u>7,843,670</u>	<u>63,280</u>	<u>7,906,950</u>

DEPRECIATION

At 1 April 2017	1,042,691	-	1,042,691
Charge for the year	172,224	-	172,224
Less Disposals	(6,998)	-	(6,998)
	<u>1,207,917</u>	<u>-</u>	<u>1,207,917</u>

NET BOOK VALUE

At 31 March 2017	<u>6,527,584</u>	<u>-</u>	<u>6,527,584</u>
At 31 March 2018	<u>6,635,753</u>	<u>63,280</u>	<u>6,699,033</u>

All housing properties are freehold and completed. Total expenditure on works to existing properties amounted to £425,059 (2017 £428,808). Of this expenditure, £288,866 (2017 £330,443) was capitalised in the year.

	2018 No's	2017 No's
Units in Management	170	168
Units in Development at Mason House	13	-
	<u>183</u>	<u>168</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

10 Other property, plant & equipment

		2018		
	Fixtures & fittings £	Computers £	Motor Vehicles £	Total £
COST				
At 31 March 2017	91,462	37,141	9,070	137,673
Additions	11,102	5,151	-	16,253
Less Disposals	-	(2,073)	-	(2,073)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 2018	<u>102,564</u>	<u>40,219</u>	<u>9,070</u>	<u>151,853</u>
DEPRECIATION				
At 31 March 2017	74,442	21,008	9,070	104,520
Charge for the year	8,858	5,654	-	14,512
Less Disposals	-	(1,075)	-	(1,075)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 2018	<u>83,300</u>	<u>25,587</u>	<u>9,070</u>	<u>117,957</u>
NET BOOK VALUE				
At 31 March 2017	<u>17,020</u>	<u>16,133</u>	<u>-</u>	<u>33,153</u>
At 31 March 2018	<u>19,264</u>	<u>14,632</u>	<u>-</u>	<u>33,896</u>
Depreciation rates	25%	25%	25%	

SIR JOSIAH MASON'S ALMSHOUSE CHARITY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

	2018 £	2017 £
11 DEBTORS		
Sundry debtors and prepayments	33,526	36,617
Almshouse contribution arrears	48,454	40,224
Due from Sir Josiah Mason's:		
Care Charity	16,859	-
Relief in Need Charity	1,246	256
	<u>100,085</u>	<u>77,097</u>
12 CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR)		
Almshouse contribution prepayments	35,390	28,472
Due to Sir Josiah Mason's Care Charity	-	3,483
Trade creditors	38,552	50,497
Government grants	17,553	17,522
Taxation and social security	24,428	24,635
Accruals and deferred income	33,899	26,484
Other creditors	11,167	8,893
	<u>160,959</u>	<u>159,986</u>
13 CREDITORS (AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR)		
Government grants:		
At 1 April 2017	1,559,495	1,577,018
Amortised in the year	(17,522)	(17,523)
At 31 March 2018	<u>1,541,973</u>	<u>1,559,495</u>
Amortisation charge < 1 year	17,523	17,522
Amortisation charge > 1 year	<u>1,524,450</u>	<u>1,541,973</u>

Total accumulated SHG received at the year-end amounted to £1,752,241

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

14 FINANCIAL INSTRUMENTS

The carrying values of the Charity's financial assets and liabilities are summarised by category below:

	2018 £	2017 £
Financial Assets		
Measured at undiscounted amount received		
• Rent arrears and other debtors (see Note 11)	81,980	76,841
• Amounts due from related undertakings (see Note 11)	18,105	256
	<u>100,085</u>	<u>77,097</u>
Measured at undiscounted amount payable		
• Trade and other creditors (see Note 12)	160,959	156,503
• Amounts owed to related undertakings (see Note 12)	-	3,483
	<u>160,959</u>	<u>159,986</u>

15 OPERATING LEASE COMMITMENTS

Total future minimum lease payments under non-cancellable operating leases are as follows:

Payments due:		
Within one year	2,929	2,929
Within 2 to 5 years	1,708	4,639
	<u>4,637</u>	<u>7,568</u>

16 CAPITAL COMMITMENTS

The above commitments will be financed via existing cash reserves.

1,691,296	-
<u>1,691,296</u>	<u>-</u>

17 LEGISLATIVE PROVISIONS

The Charity is an Almshouse Charity regulated by a scheme of the Charity Commissioners.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

18 RELATED PARTY TRANSACTIONS

	2018 £	2017 £
Grants received from:		
Sir Josiah Mason's Relief in Need and Educational Charity	-	19,219
Management fee received from:		
Sir Josiah Mason's Relief in Need and Educational Charity	<u>8,000</u>	<u>8,000</u>

Trustees, Councillor Mr G Moore is the representative of Birmingham City Council, and Councillor K I Meeson and Mr M H Goodwin are representatives of Solihull MBC. Sir Josiah Mason's Almshouse Charity has contracted at arm's length with both councils and is not in receipt of any preferred terms of contract.

19 POST BALANCE SHEET EVENTS

In 2018, the Trustees of Sir Josiah Mason's Almshouse Charity will be making an application to form a limited company and a registered charity titled Sir Josiah Mason Trust. At the same time, they will be applying to the Charity Commission to form a scheme to link Sir Josiah Mason's Almshouse Charity with Sir Josiah Mason's Care Charity and Sir Josiah Mason's Relief in Need and Educational Charity and to appoint the newly formed Sir Josiah Mason Trust as the corporate trustee for the Charity. If approved, this will lead to one set of consolidated accounts in the financial year 2018-2019.

SIR JOSIAH MASON'S ALMSHOUSE CHARITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

OPERATING COSTS FROM LETTINGS

	Housing Management	Service Charges	Repairs & Maintenance	Finance & Administration	2017/8 Totals	2016/7 Totals
Employment Costs						
Staffing costs	343,456	146,629	103,292	258,977	852,354	792,410
Estate Costs						
Premises	11,091	159,519			170,610	123,400
Domestic		68,269			68,269	61,711
Repairs & Maintenance			92,505		92,505	73,540
Depreciation & Disposals - Buildings	181,695				181,695	200,345
Depreciation - Other	8,714			4,761	13,475	10,327
Bad Debts	(383)				(383)	(1,227)
Other	2,540		2,164		4,704	5,539
Office Overheads						
Telephones & postage		(189)		21,848	21,659	22,919
Computer costs				12,424	12,424	12,695
Audit fees				8,976	8,976	8,712
Legal & professional				31,349	31,349	17,432
Sundry expenses				5,682	5,682	1,788
	<u>547,113</u>	<u>374,228</u>	<u>197,961</u>	<u>344,017</u>	<u>1,463,319</u>	<u>1,329,591</u>
Apportionment of Finance & Administration Expenditure	<u>168,155</u>	<u>115,019</u>	<u>60,843</u>	<u>(344,017)</u>	<u>-</u>	<u>-</u>
Total Expenditure on lettings	<u>715,268</u>	<u>489,247</u>	<u>258,804</u>	<u>-</u>	<u>1,463,319</u>	<u>1,329,591</u>
2016/17	<u>696,778</u>	<u>399,898</u>	<u>232,915</u>	<u>-</u>	<u>-</u>	<u>1,329,591</u>

SIR JOSIAH MASON'S ALMSHOUSE CHARITY