

Charity No. 1113331
Company No. 5319765

COMMONWEAL HOUSING LIMITED
(a company limited by guarantee)

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2020

Commonweal Housing Limited

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2020

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LEGAL AND ADMINISTRATIVE DETAILS

Company registration number: 5319765

Charity registration number: 1113331

Principal address: Unit 306, The Blackfriars Foundry
156 Blackfriars Road
London SE1 8EN

Registered office: 2 Babmaes Street
London SW1Y 6HD

Honorary President: Sir John Mactaggart Bt

Directors and Trustees: Steve Douglas CBE (Chair to 15.6.20 – Retired 15.6.20)
Jack Mactaggart (Chair from 15.6.20)
Gary Medazoumian FCA
Prof. Jonathan Portes
Rt. Hon Fiona Mactaggart
Russ Edwards
Sarah Jackson OBE
Becky Rice
Sneha Patel
Jeremy Swain
Amarjit Bains (appointed 14.12.20)
Sheldon Shillingford (appointed 14.12.20)

Secretary: Gary Medazoumian FCA

Strategic Leadership Team: CEO Ashley Horsey
Deputy CEO Amy Doyle

Bankers: Barclays Bank plc
7th Floor,
180 Oxford Street
London BX3 2BB

Solicitors: Bircham Dyson Bell
50 Broadway
London SW1H 0BL

Auditors: Haysmacintyre LLP
10 Queen Street Place
London
EC4R 1AG

INTRODUCTION

The Trustees, who act as directors for the purposes of the company law, present their report and financial statements for the year ended 31 December 2020.

Commonweal Housing is an independent charity working to investigate, pilot and champion housing-based solutions to social injustice.

As with the whole of society, 2020 has been a difficult and unprecedented year with the effects of Covid-19 forcing changes for Commonweal as well as for many of the project partners we work with. We are pleased that the charity has weathered this storm well and remain in a strong position to continue our work going forward and have been able to provide specific support to a number of our project partners.

Using our charitable resources, we provide experts and partner organisations with the opportunity to investigate, trial, pilot and test new approaches and new service models designed to enhance housing equality and justice. Independently evaluating each of our projects we share our experiences, using this learning to inspire new thinking. Through the wider adoption and adaptation by others of what works and sharing the lessons from what doesn't, we influence changes in policy and practice

We remain grateful to the Directors of Grove End Housing, a not for profit property company, who remain our principal benefactor. We are proud of our history and our lineage as part of the wider philanthropic heritage of the Mactaggart family. We are pleased that this lineage continues with the appointment this year of Jack Mactaggart as our new Chair of the Board of Trustees

This independent funding and independent governance allow us to investigate social injustices and housing solutions that may otherwise be overlooked. We highlight issues, injustices and solutions from the perspective of an *invested charity*, deploying our charitable resources to maximise learning, not as a vested interest.

The Board believe Commonweal should focus efforts on going deeper into areas of social policy and injustice where the charity has built up a track record of activity, networks of support and knowledge over the last decade or so.

In 2019 the Board approved a new three-year strategy (Jan 2020 – Dec 2022) focussing new activity specifically, (but not exclusively) on three thematic areas of injustice:

- **Violence against women and girls**
- **The criminal justice system**
- **Transitions** – *be that transitions to adulthood, transitions in accommodation from institutions to independence or other 'life' transitions*

These accounts therefore cover the first year of this new business strategy period.

The Board however are also clear that key to Commonweal's strength and role is to be nimble and to react and support new or emerging issues and projects. Therefore, whilst '*nearer and deeper*' will be the focus for staff time we remain open to exploring new ideas from wherever they emerge.

The Board has set an ambitious 5-year vision for the charity that by 2025 Commonweal will be widely viewed as:

“a ‘go to’ organisation for innovative and deliverable housing-based solutions to social injustice – at the forefront of imaginative thinking”

For Commonweal we start from a position of wanting to understand what the injustice is, its causes and trajectory and then, working with partners, we see *if* housing might have a role to play in its solution. We passionately believe in the importance to people's lives of safe, stable, secure and accessible housing a situation that may not necessarily be obvious when first considering an issue. However, we also recognise in some cases housing may not have a central role to play.

Commonweal is a social injustice housing-based action learning charity

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We are further developing our *reputation as innovators and leaders in the field of housing backed social investment*. We have been successful at providing attractive investment propositions to charitable Trusts, Foundations and others seeking mission related and social investment opportunities. Commonweal continues to work with organisations such as Big Society Capital and Social Finance to share our experiences

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Charity is a charitable company limited by guarantee and a registered charity. It is governed by its Memorandum and Articles of Association (as amended). These provide for one third of the Trustees to retire at each Annual General Meeting. The minimum number as set out in the Memorandum and Articles of Association is three and the quorum is set at two Trustees.

Following our AGM in June 2020 the role of Chair passed from Steve Douglas CBE to Jack Mactaggart, previously Vice Chair of Commonweal. We are grateful to Steve, who stepped down from the board at the meeting, for his years as a long-standing Trustee and latterly Chair of the Board – the charity has benefitted greatly from his skills and expertise. Sarah Jackson OBE, a long-standing trustee, was appointed to the role of Vice Chair

The Board has set out a skills matrix identifying the core skills, knowledge and competencies felt to be necessary to provide suitable oversight, governance and guidance to the charity. The Trustees self-assess against those skills.

As part of succession planning two new Trustees were recruited at the end of 2020 following external recruitment and advertising. The new Trustees bring skills, professional and lived experience that cover identified areas of relative weakness in knowledge and skills following Board departures during the year. In addition, the new appointments further enhance the diversity of the Board. The Board continue to periodically review succession planning and Board membership depending upon the requirements of the charity and assessment against its skills matrix.

The Charity has in place a program for the induction and training of new Trustees.

The Board is the administrative and governing body and meets four times a year, ensuring and monitoring that the Charity is performing well, is solvent and complies with all its obligations. The Board has ensured that appropriate trustee indemnity insurance is in place.

With the appointment of a new Chair in 2020, Board undertook a formal Governance Review the results of which were considered in detail by the Board at their strategic awayday session in November. The overall consideration was that the governance of the charity was good with no significant areas of concern. However, being an action learning charity always seeking to improve, the Chair and Vice-Chair will be leading a governance improvement action plan in 2021 to further enhance governance and oversight.

Organisational structure and decision-making

The Board is responsible for the policy and strategy of the Charity, ensuring the long-term sustainability of the organisation along with its financial and legal probity.

The Chief Executive, Ashley Horsey, is responsible for implementing policies and strategies approved by the Board and for progressing organisational objectives and leading operational delivery by the staff team.

The Board consider the strategic leadership team of the charity to consist of the Chief Executive and the Deputy Chief Executive, Amy Doyle, who under FRS102 constitute the key management along with the trustees.

The Board has established a Remuneration Committee that meets not less than once per annum in the autumn as part of the budget preparation cycle. The Remuneration Committee recommends any changes to pay remuneration for staff, including remunerated key management personnel, to the Board for their December budget-setting

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meeting for the forthcoming year. As part of the governance improvement action plan in 2021 the Board will consider the need and options for further committees to support the Board and enhance appropriate governance oversight.

OBJECTIVES AND ACTIVITIES

The Charity's core objects are the provision of housing for those who are in conditions of need and the advancement of education and training in particular (but without limitation) in relation to housing need.

We deliver our objects via two core work streams plus a growing role as thoughts leaders and a platform for discussion around housing and social injustice:

Property (acquisition) based medium to long term (5-10 year) action learning projects where the major investment by Commonweal is in the provision of the bespoke housing – using our existing capital or revenue funds as well as social investment funding. These cornerstone projects are aimed at thoroughly testing a new model or service with learning captured and widely shared to encourage or enable replication, policy or practice change by others.

Short term initial research and feasibility studies undertaken by others using Commonweal's revenue funding. Such early stage research is designed to '*scratch beneath the surface*' of a new, emerging or less-understood issue. The outcomes will add value to general understanding of the issue but may also lead to longer term action learning projects. As with all activity supported by Commonweal the measure of success is not that such work is being done *per se* but that this work has a wider impact.

Influencing policy and practice through effective dissemination and promotion of the findings from our own projects and studies but also offering a platform and promoting the thoughts and ideas of practitioners and experts in the fields of housing and social injustice.

In addition to these core work streams we will also consider opportunities for small-scale direct social investment where this will help meet our charitable objectives.

Our strap line '**housing solutions to social injustice**' is backed by a vision of:

- *Helping partnerships through property;*
- *Achieving leadership through learning;*
- *Delivering real change through collaboration*
- *Tackling injustice through innovation and*
- *Encouraging positive change, as evidenced, to policy and practice*

ACHIEVEMENTS AND PERFORMANCE

2020 was an important and challenging year for everyone. At Commonweal, our team has been able to adapt to home working full-time this year in response to the pandemic, and our partner organisations were able to ensure service delivery continued smoothly with the support of online communication. 2020 also saw the appointment of our new Chair of the Board and two new trustees; the commencement of new partnerships through our first Call for New Ideas; our first podcast series; and the publication of several new research reports and evaluations.

In March 2020, we launched our first *Call for New Ideas*, an invitation to potential new partners with ideas for innovative new housing solutions to social injustice. The *Call for New Ideas* welcomed applications around our three organisational themes: the criminal justice system, violence against women and girls, and transitions. In May, we extended the call until the end of the calendar year, to allow organisations time to adapt to the pandemic. Two new partnerships have begun as a result of the *Call for New Ideas*, with previous Commonweal partner Nelson Trust, and new partner bthechange CIC.

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Following Government announcement of lockdown measures in response to the pandemic in March, Commonweal moved our team to home working, and have now provided all members of staff with appropriate equipment such as laptops and appropriate chairs. Since March 2020 all meetings including Board meetings have been via video conferencing. In terms of project delivery, our partners were able to adapt the provision of services, moving online to protect staff, with some halting referrals in and out of the project where appropriate. The Board set aside funds with which Commonweal are able to support project partners financially where they have been adversely affected by the pandemic. We were pleased to be able to make emergency funding available to those partners that needed it, including match funding £10,000 for Quaker Social Action's Big Give Christmas Challenge and rent subsidy to Praxis where they were unable to re-let voids due to the pandemic.

At the end of 2019, Commonweal was selected to take part in Spring Impact's Scale Accelerator Programme, joining a cohort of five UK change-maker charities and social enterprises with an ambition to scale their impact. We worked with the support and skills of Spring's consultants over six months in 2020 to up-skill the Commonweal team and establish our priorities for improving impact and supporting our strategic aim of replication. We are working to put these in practice throughout 2021

In June 2020, we welcomed two recipients of our Jane Slowey Memorial Bursaries delivered in partnership with the University of Birmingham, as they presented the findings of their third year dissertations to an audience of Commonweal Trustees, Advisory Panel, staff, and other invited guests. We are delighted that the Bursaries are supporting another four UoB students to enhance their dissertation research this year.

In September 2020, the board also approved some changes in staff roles and titles: Matthew Wale's role has been changed to Research and Evaluation Coordinator from Project Development Manager; Melanie Keys has taken on some project oversight tasks in her role as Administrator; and Megan Fereday was promoted from Communications Assistant to Communications Officer.

At the end of 2020 we also welcomed two new Trustees to the Board, Amarjit Bains and Sheldon Shillingford were appointed to the Board at the December 2020 meeting following an external recruitment process. Both bring with them individually specialist skills and knowledge of the social housing sector, professionally and lived experience. We are delighted to welcome them to the Board.

The key activities and projects for the year are set out below further details and copies of any reports referred to can be found on our website www.commonwealhousing.org.uk :-

Longer Term property-based action learning project

- *Freedom2Work* – 2020 was year five of Commonweal's 5-year revenue support enabling our project partners Elmbridge Rentstart to use part of their existing PRS portfolio, managed on behalf of local charities and private landlords, to support individuals moving from benefits to employment in high cost private rented sector. This innovative support programme helps people develop a savings culture initially intending to ease the financial jolt that frequently occurs when taking up employment. The project evaluation final report from the team at De Montfort University led by Prof. Jo Richardson was published in August 2020. The evaluation found that the project is saving over £2m in costs to society Conversations are ongoing with Crisis, who are supporting Elmbridge Rentstart to promote and replicate the successful Freedom2 approach, including through their newly established PRS community of practice.
- *Move on Up* – 2020 was a significant year for this new young adult carers project, delivered by Quaker Social Action (QSA). In June 2020, during Carers' Week, Commonweal and QSA published the final evaluation of the project, produced by Learning and Work Institute. The evaluation found the project is having a positive impact on residents, including providing respite from caring, improved relationships with family members and improved outcomes in learning and employment. Commonweal, QSA and Learning and Work have been working to implement the recommendations of the report, with a particular focus on influencing national and local policy and practice. In June we also held our first Webinar to promote the learning from this project. Commonweal's first foray in to on-line broadcasting was very successful

attracting a large and interested audience with the presentations and discussions recorded and still available on our website.

- *The Rhea project* – In March 2020, we shared interim findings of an independent evaluation of this project, which uses an innovative partnership between Commonweal, Solace, and Southwark Housing solutions, to provide a stable housing pathway for women experiencing domestic abuse and their children. The interim findings highlighted strong partnership working and a vital combination of safe, suitable housing, holistic emotional and practical support, as integral to the project. Together with Solace, we are preparing to publish the final evaluation in early 2021.
- *The Commonweal & Reed Watts Pods* – We have continued to work through 2020 with Reed Watts and Housing Justice, who are working together to engage night shelters to use the Pods. In May 2020, a report by independent evaluator Leila Baker found the pods were ‘universally liked and welcomed’ by guests and staff at the Crashpad Shelter, the 999 Club and the Islington Glass House. The Covid-19 pandemic saw the closure of communal nightshelters and as such the potential for further take-up of the Pods idea was limited. However, our replication partners, Housing Justice, continue to promote the options offered by the pods especially as a possible benefit if communal shelters do open up again to assist with social distancing measures.
- *The Amari Project* – another project with Solace, the Amari project provides step-down accommodation for women experiencing sexual exploitation and trafficking. The project is working well post pilot stage, and has established a model that Solace see as a key offer they provide. Solace are in ongoing conversations about potentially expanding the service.
- *No Recourse to Public Funds* – throughout 2020 Praxis have continued to operate the NRPF project in very challenging conditions due to pandemic related lockdown measures. With the project approaching the end of the pilot (late 2021), there has been early preparation work for a well-managed exit plan, a crucial part of all Commonweal’s pilot projects. Praxis have had positive discussions with a London borough about continuing the excellent work pioneered by the NRPF project in the long term, and hopefully 2021 will yield developments for follow up projects.

Feasibility Studies – this year we published the final findings of several short-term research and feasibility studies, as well as commencing two new studies through our *Call for New Ideas*.

- *Closed Doors: Inequalities and injustices in appropriate and secure housing provision for female victims of trafficking who are also seeking asylum*– Hibiscus Initiatives were supported through Housing Helps to examine injustices in accommodation provision for victims of trafficking. Published in December 2020, the final report found that the majority of Victims of Trafficking do not have access to safe housing, with some even facing homelessness. The report highlighted a number of policy-related recommendations, including the provision of sufficient safe housing, and improvements in training, monitoring and accountability in services. We will continue to work with Hibiscus as they seek to implement these recommendations in 2021.
- *Hosting Her: Exploring host housing options for women* – Researchers Lisa Young and Tessa Horvath’s report exploring issues and options for hosting schemes for women was published in January 2020. The report found that host housing schemes can be a positive option for some women but must be more women-focussed and where appropriate offer women-only hosting. The report received a welcome level of engagement both from women’s services and existing hosting schemes.
- *Modular Housing* – Postgraduate architecture and design student George Fisher undertook a voluntary work placement with Commonweal over summer 2019, and was asked to pull together research exploring with those developing modular and modern methods of construction housing whether they felt there was a role to play for Commonweal. This led on from our previous support for the LivShare project as well as the 1625ip proposal. Published in May 2020, the research report which came out of this work made the case for greater collaboration and creativity to release the potential of modular housing. We are grateful to George Fisher for his engagement with Commonweal and for his enthusiasm for this piece of work.
- *1625iP* – The potential for *back garden bedrooms* to ease tensions in overcrowded households was the premise of the 2019 Housing Helps competition entry from young people’s Bristol based charity 1625

Independent People. They were keen to explore whether this model developed initially in Australia might have some relevance and offer opportunities in the UK. The commencement of this research was severely delayed due to COVID lockdowns and restrictions on Universities, with University of Bristol commissioned to be heavily involved in the evaluation. The research will get underway in 2021, with a report tentatively due in summer 2021.

- *Bristol Housing Festival: Hope Rise/Zedpods* – The Zedpods design looks to provide factory built housing on stilts utilising the airspace above ground level car parks. This proposal itself grew from the first Bristol Housing Festival - a citywide commitment to support new housing models and ideas. Following pandemic-related delay to resident move in, this research will commence in 2021.
- *Nelson Trust* – We committed £6,000 to The Nelson Trust to begin their scoping work on an accommodation pathway in conjunction with their new women's centre in Bristol. Research is already underway, and will be focussed on women linked in, or at risk of entering the criminal justice system in Bristol and surrounding areas. The feasibility has been considered by the Commonweal Board and we are pleased to be taking the proposal forward to a longer-term action learning project in 2021.
- *bthechange CIC – Breathe feasibility study* - Breathe is an ambitious, innovative proposal for a Devon-based residential retreat for women leaving prison and at risk of returning, submitted by bthechange in response to Commonweal's call for ideas in 2020. We worked with bthechange to support their writing of a feasibility study, which we will be exploring in more detail in early 2021, as part of a due diligence process to establish whether or not Commonweal can support bthechange CIC to turn this proposal into a property based action learning pilot.

The Trustees of Commonweal Housing wish to put on record again their thanks and gratitude to the Directors of Grove End Housing for their continued generous financial support for the charity and look forward to further engagement with our principal benefactor in supporting future property acquisition action learning projects.

FINANCIAL REVIEW

Many charities revealed the devastating impact the coronavirus crisis and lockdown has had on their incomes. We are very fortunate to have a long-standing partner and principal benefactor the Grove End Housing Limited who continue to provide our Core revenue funding. In addition, Commonweal receives rental income on its residential property portfolio which aligns with the increase in Local Housing Rates.

In 2020 GEHL revenue funding accounted for 62% of income excluding a gain on disposal of tangible fixed assets (2019 68%); and rental income 37% (2019 32%).

Despite the lockdown Commonweal's core activities continued to function as normal. The charity even extended its helping hand to support its project partners whose works were restricted or affected by the lockdown rules. The Trustees consider the results of increased income from our residential property portfolio and the continued support from Grove End Housing and the overall reduced expenditure disclosed on the following pages to be satisfactory.

Public benefit statement

The Board confirm that they have complied with the duty in the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission. Further information regarding the Charity's activities, public benefit and impact are presented in its Annual Impact Review, which is available on its website. <http://www.commonwealhousing.org.uk/>.

Risk management and principal risks and uncertainties

The Trustees have assessed the major risks to which the Charity is exposed and are satisfied that systems are in place to mitigate exposure and consequences of key risks. The Trustees consider and review the core strategic and

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operational risks facing the charity at every quarterly Board meeting including the controls and mitigations in place to address or ameliorate these risks and note any new information from the Executive.

As at December 2020 the Board feel that there are 6 Covid corporate strategic risks that would seriously impact upon the charity's effectiveness or ongoing role. In addition, the Board recognize 5 other core corporate risks that if they were to materialize would mean Commonweal would fundamentally not be delivering our charitable aims and objectives:

COVID Strategic Risks		
	Key Risk Area	Controls and Mitigation
C1	Enforced home working / loss of use of office space	Shared cloud-based files and email accessible to all staff remotely. TEAMS network established to enable video calls between staff. Post and telephone redirect in place. Ability to undertake remote / internet banking with appropriate dual authorisation controls. Regular IT security reviews and software assessments by external consultants
C2	Inadequate governance oversight by Trustees / Board due to inability to hold face to face Board meetings	Regular Board Briefing emails to all Trustees. Governance calls / virtual meetings held via TEAMS between Chair V Chair, CEO and DCEO. Ability in governing documents for Board meetings to be held remotely - ZOOM licence acquired to enable larger / longer virtual calls / meetings. Virtual call agendas reviewed to ensure key issues being included and space given for discussion / decisions.
C3	Protracted loss of staff (individually or collectively) on sick leave	General coverage across the staff team in terms of capacity to cover others' work Loss of staff for periods of c.2 weeks plus would start to significantly impact upon effectiveness due to small team size as would loss of more than 2 staff at any one time. Use of shared drives enables access to files by other staff and regular team liaison and updates means shared knowledge of workload and priorities. Exceptions would be loss of Finance Coordinator and/ or consultant surveyor our technical specialist staff. In terms of finance alternative payment (dual authorisation) in place with Company Secretary and up to date invoice payment regime together with increased engagement of CEO and DCEO means a short period of illness could be managed with limited immediate impact. Loss of surveyor expertise would be of concern but steps to be taken to identify other potential 3rd party external consultants who could be called upon for support if needed.
C4	Death of staff member or Trustee	Limited controls but re: staff as above general ability to cover day-to-day workload initially whilst alternative staffing options considered. Similarly, loss of Trustee can be covered by the Board. NB in either event significant disruption likely as the organisation were allowed to grieve and pull together.
C5	Covid related death of resident in shared housing project - reputational and operational risk	Regular contact with project partners seeking confirmation of their pandemic control measures - sharing good practice between project partners. Supporting partners (financially if needed) who choose to not fill voids if they arise to avoid bringing new individuals in to existing properties and risk spreading of any virus. Reacting swiftly to any requests for assistance e.g. for repairs etc. which are Commonweal's responsibility whilst being clear with project partners their ongoing management and maintenance responsibilities as appropriate. A rapid a review as possible of any circumstances or lessons learned from any death should it occur to ensure such lessons and / or changes in practice can be shared with other shared housing projects and partners. Support for project partners with any communications support if required plus willingness to support in others ways as appropriate / asked.

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C6	No rental income from project partners	Early and regular review of finances and cashflow to understand impact and possible mitigations depending upon scale of income lost. Commonweal have appropriate levels of cash reserves at present which give significant margin for lost or delayed income but any situation would be closely monitored.
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	Core Strategic Risk Areas	Key Mitigations & Controls
A	Failure to adequately understand the issues and project areas, identifying the right project partner and most effective evaluation.	Detailed due diligence and early research. Use of Advisory Panel. Regular liaison with Trustees throughout development phase. Taking third party soundings. Membership of appropriate networks and interest groups. Input from Spring Impact via the Scale Accelerator programme further helping CWH focus on this aspect of our objectives
B	Failure to secure appropriate and meaningful replication for projects - failure to ensure learning has impact	Commissioning leading expert evaluators, focus on replication from earliest communication with project partners. Increasing expertise and understanding of replicating role model solutions. Increased understanding of different forms of replication relevant for different projects including promotion of policy implications.
C	Failure to maximise learning from evaluation contracts including original project size being too small and not providing critical mass	Monitoring evaluation contracts. Having capturing learning at the heart of all engagements with project and evaluation partners. Close consideration of appropriate project size during initial detailed due diligence and research phase.
D	Failure to adequately manage and oversee portfolio of projects - ensuring delivery by all parties of expected / required actions and activities.	Enhancements and improvements planned for suite of legal/ partnership / contractual documentation as well as more proactive oversight of project partners.
E	Changing mandatory & local HMO licensing schemes that may adversely impact upon some shared housing models. Also, greater use of Article 4 Directives by some planning authority's presumption against loss of family housing to HMO use.	Seeking to secure interim / existing licences to at least delay impacts of new schemes. Alternative options might also exist around partnerships with Registered Providers who are exempt from new regulations and / or seeking specific exemptions from relevant housing local authorities.

Reserves Policy

It is the policy of the Charity to maintain a proportion of its reserves in a readily realisable form to ensure that its core activity could continue during a period of unforeseen difficulty. The Trustees consider readily realisable reserves to be the amount of reserves that are easily converted into cash without the need to dispose any of its properties.

The Trustees assess the required level of reserves on an annual basis alongside its operating budget. This assessment takes into account the risks associated with each stream of income and expenditure varying from budget, its planned activity level, commitments to repay the loans secured on its properties and the need to keep sufficient bank balances to be able to manage the day-to-day fluctuations of receipts and payments. In 2019 The Trustees agreed a planned

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deficit budget for 2020 although final year end out-turn actually resulted in a small surplus reflecting income from the sale of one property in the year. The Trustees originally agreed a deficit budget with a view that further planned deficit budgets may be approved in future years, where general reserves of the charity allow, ensuring the charitable funds held are being appropriately used, this included consideration of potential further mission related investment expenditure. However, none took place in 2020.

In December 2020 the reserves policy was reviewed by the Trustees and based on its 2021 operating budget and cash flows, a readily available cash reserve figure of a minimum of £125k was agreed to be necessary. A further £25k is designated as a Project Fund which represents monies set aside to enable the charity to pay from the General Fund its quarterly yield payments under the terms of its second social investment project.

As at 31st December the Charity's total reserves stood at £5.4M (2019: £5.3M) as set out in detail in note 14. Of this total figure 91% (2019: 89%) is included in the Designated Property Fund, represented by the functional assets of the Charity, which can only be realised by disposing the Charity's freehold and long leasehold properties.

Commonweal Trustees regularly consider options available to it to utilise its general reserves to further the charity's aims and objective. This has in the past (and may do so again in the future where suitable schemes are identified) included undertaking direct mission related investment.

PLANS FOR FUTURE PERIODS

Key priority over 2021 is to progress new property acquisition-based projects. Depending upon the final requirements of that project Commonweal are likely to be seeking new social investment funding. The successful exit in 2019 of our first social investment deal at the expiry of the 7-year term which delivered both financial and social value return to investors we hope further enhances our offer and attractiveness to investors. This likely search for new social investment funding will be done at the same time as we plan the managed exit from our second social investment deal – supporting our NRPF project whose 7-year term expires in January 2022.

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Trustees' Responsibilities for the Financial Statements

The Trustees are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the Trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the charity and of its incoming resources and application of resources, including its net income and expenditure for the year.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Charity will continue in operation.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and which enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of Information to Auditors

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are aware of such information.

Auditors

A resolution proposing the reappointment of Haysmacintyre LLP will be put to the next Annual General Meeting.

Small companies note

In preparing this report the Trustees, who are also the directors, have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

ON BEHALF OF THE BOARD OF TRUSTEES


G S MEDAZGUMIAN FCA
Trustee

15th March 2021

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE COMMONWEAL HOUSING LIMITED

Independent auditor's report to the members of Commonwealth Housing Limited

Opinion

We have audited the financial statements of Commonwealth Housing Limited for the year-ended 31 December 2020 which comprise the statement of financial activities, the balance sheet, the cash flow statement 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 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 charitable company's affairs as at 31 December 2020 and of the charitable company's net movement in funds, including the 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 Companies Act 2006.

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

In auditing the financial statements, we have concluded that the trustees' 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 charitable company'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 trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Report of the Trustees. 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Trustees (which includes the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the Report of the Trustees has been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE COMMONWEAL HOUSING LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees (which incorporates the directors' report).

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the charitable company; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 13, the trustees (who are also the directors of the charitable company for the purposes of company law) are 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 trustees determine 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 trustees are responsible for assessing the charitable company'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 trustees either intend to liquidate the charitable company 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 extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the Charities Act 2011, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and the Charities Act 2011 and considered other factors such as relevant taxation.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks related to areas of estimation uncertainty. Audit procedures performed by the engagement team included:

- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing the controls and procedures of the Charity to ensure these were in place throughout the year, including during the Covid-19 remote working period;
- Evaluating management's controls designed to prevent and detect irregularities;

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF THE COMMONWEAL HOUSING LIMITED

- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their critical accounting estimates with particular focus on the valuation of property and loan notes

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 our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Murtaza Jessa (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditors

10 Queen Street Place
London
EC4R 1AY

Date: 31 March 2021

Commonweal Housing Limited

STATEMENT OF FINANCIAL ACTIVITIES (including Income and Expenditure Account) For the year ended 31 December 2020

	Note	2020 £	2019 £
Income and endowments from:			
Donation and legacies	2	580,000	641,280
Charitable activity - rental income		346,667	296,863
Other income		2,976	783
Investment income		3,843	1,750
Gain on disposal of fixed assets		86,600	258,804
Total		<u>1,020,086</u>	<u>1,199,480</u>
Expenditure on			
Charitable activities	3	918,464	994,372
Total		<u>918,464</u>	<u>994,372</u>
Net income before fair value adjustments		101,622	205,108
Fair value adjustments			
- Realised on redemption of loan notes	7	-	(603,750)
- Add back: removal of unrealised gain on loans notes redeemed		-	555,000
- Unrealised on revaluation of loan notes at year-end	12	(271,938)	185,345
Net expenditure/(income) for the year		<u>(170,316)</u>	<u>341,703</u>
Unrealised gain on revaluation of fixed assets		282,392	(131,317)
Net movement in funds		112,076	210,386
Funds brought forward		5,254,181	5,043,795
Funds carried forward		<u><u>5,366,257</u></u>	<u><u>5,254,181</u></u>

The notes numbered 1 to 15 form part of these financial statements.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006. All of the income and expenditure relates to continuing activities.

Commonweal Housing Limited

BALANCE SHEET

As at 31 December 2020

	Notes	2020 £	2019 £
Fixed assets			
Tangible assets	6	9,854,871	9,766,202
Programme related investment	8	76,417	74,667
Other unlisted investment	9	1	1
		<u>9,931,289</u>	<u>9,840,870</u>
Current assets			
Debtors – due within one year	10	17,168	136,018
Cash at bank and in hand		759,450	498,192
		<u>776,618</u>	<u>634,210</u>
Current Liabilities			
Creditors: amounts falling due within one year	11	(23,660)	(174,847)
Net current assets		<u>752,958</u>	<u>459,363</u>
Total assets less current liabilities		<u>10,684,247</u>	<u>10,300,233</u>
Creditors: amounts due more than one year			
Loan notes - due after one year	12	(5,317,990)	(5,046,052)
Net assets		<u><u>5,366,257</u></u>	<u><u>5,254,181</u></u>
Income funds			
Unrestricted funds:	14		
- Designated Property Fund		4,536,881	4,720,150
- Designated Project Fund		25,000	45,000
- Programme related Investment		76,417	74,667
- General Fund		727,959	414,364
Total funds		<u><u>5,366,257</u></u>	<u><u>5,254,181</u></u>

The balance sheet continues on the following page where the approval and signature are shown.

The notes numbered 1 to 15 form part of these financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

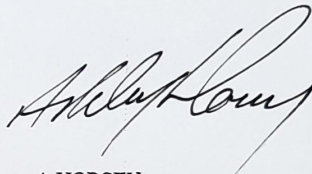
Commonweal Housing Limited

BALANCE SHEET
As at 31 December 2020

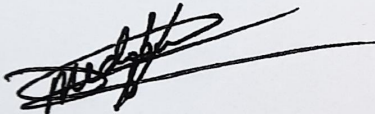
The accounts were approved and authorised for by the Board of Trustees on 15/3/21
and signed on their behalf by



J Mactaggart
Chair of the Board of Trustees



A HORSEY
Chief Executive



G S MEDAZOUMIAN
Secretary

15th March 2021

Commonweal Housing Limited

Accounting policies

For the year ended 31 December 2020

	2020 £	2019 £
Net movement in funds	112,076	210,386
Deduct: investment income	(1,750)	(1,750)
(Deduct)/add: revaluation of fixed assets	(282,392)	131,317
Add: fair value adjustment	271,938	(136,595)
(Deduct): gain on disposal of fixed assets	(86,600)	(258,804)
Add: depreciation	98,061	85,472
Decrease in debtors	118,850	63,710
Decrease in creditors (excluding loans)	(151,187)	(68,866)
Decrease in long term deferred income	-	(171,289)
Net cash provided by operating activities	<u>78,996</u>	<u>(146,410)</u>
Cash flows from investing activities		
Proceeds from disposal of fixed assets	186,631	1,073,274
Cash paid in respect of tangible fixed assets	(4,369)	(23,756)
	<u>182,262</u>	<u>1,049,518</u>
Cash flows from financing activities		
New loan notes drawn down	-	990,250
Loan notes repaid in the year	-	(1,988,750)
	<u>-</u>	<u>(998,500)</u>
Increase/(decrease) in cash and cash equivalents in the year	261,258	(95,392)
Cash and cash equivalents at the start of the year	<u>498,192</u>	<u>593,584</u>
Total cash and cash equivalents at the end of the year	<u><u>759,450</u></u>	<u><u>498,192</u></u>

Analysis of cash and cash equivalents and net debt

	1 January 2020	Cash flows	Fair value movements	31 December 2020
Cash	498,192	261,258	-	759,450
Loans notes	(5,046,052)		(271,938)	(5,317,990)
	<u>(4,547,860)</u>	<u>261,258</u>	<u>(271,938)</u>	<u>(4,558,540)</u>

Commonweal Housing Limited

Accounting policies

For the year ended 31 December 2020

NOTE 1 – ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with applicable law and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (second edition, effective 1 January 2019) - (Charities SORP (FRS 102)), and with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The financial statements are presented in sterling and figures are rounded to the nearest £.

The charity meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

ENTITY STATUS

Commonweal Housing Limited is a private charitable company limited by guarantee and meet the definition of a public benefit entity as defined by FRS102. Further details of its company and charity registration are given on page 3.

GOING CONCERN

The Trustees note the impact of the spread of Covid-19 in 2020 and the risks associated to the charity's activities from this. The Trustees have prepared cash flow forecasts for the period of at least 12 months from the date of approval of these financial statements which indicate that the charity will have sufficient funds, through continued funding from its principal benefactor, Grove End Housing, to meet its liabilities as they fall due for that period. Accordingly, the financial statements are prepared on a going concern basis and the Trustees do not consider there to be any material uncertainty in connection with the charity's ability to continue to operate.

ESTIMATION UNCERTAINTY AND JUDGEMENTS

The directors consider the principal areas of estimation uncertainty and judgement to be the valuation of socially funded property and the valuation of the related loan notes.

INCOME

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the items of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Properties transferred to the charity by way of gift are recognised at fair value at the date of transfer.

EXPENDITURE

All expenditure relates to charitable activities and includes direct costs, indirect support costs and governance costs. Governance costs, which are the statutory and organisational costs of operating the charity as a legal entity.

PENSION CONTRIBUTIONS

Contributions in respect of personal pension schemes are included in the statement of financial activities for the year in which they are payable to the scheme.

Commonweal Housing Limited

Accounting policies

For the year ended 31 December 2020

FIXED ASSETS AND DEPRECIATION

Assets with a useful economic life exceeding one year are initially recognised at costs where they are purchased or a fair value at the time of transfer in respect of assets where they are donated. The fair value of such assets is treated as a deemed cost.

Property assets acquired with finance provided by social investors are restated at their fair value at the balance sheet date a year after acquisition. The fair value is determined by the Trustees with reference to desktop valuation data together with professional valuations of certain properties and having regard to any actual transactions.

Depreciation is provided on all tangible fixed assets, other than freehold land and assets acquired with finance provided by social investors at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life, as follows: -

- | | |
|--|--|
| A) Freehold and long leasehold buildings held at deemed cost | - on a straight-line basis over 50 years |
| B) Socially funded freehold and leasehold buildings | - not depreciated |
| C) Computer and other equipment | - 20% per annum on a straight-line basis |

Expenditure on refurbishment works and associated costs on making the charity's freehold and leasehold properties project ready is written-off as incurred.

PROGRAMME RELATED INVESTMENTS

Programme related investments are stated at transaction value less any provision for impairment required. In accordance with the Charities SORP they are not restated at fair value.

LOAN NOTES

Loan notes represent finance obtained from Social Investors. The Social Investors' return includes not only a market rate of interest but an additional final payment equal to an agreed percentage of the gain made on disposal of the related property. Accordingly, the Trustees consider the loan notes to be complex financial instruments which are valued at fair value at the balance sheet date with the fair value adjustment in each year treated as part of income and expenditure. The fair value adjustment applied to the loan notes is a function of the valuation of the property at the balance sheet date which is itself an estimate. The actual redemption values of the loan notes are likely to differ from the estimates recorded at the preceding balance sheet date and this will result in a further fair value adjustment in the year of redemption.

FUNDS

Restricted funds are to be used for specific purposes as laid down by the donor. Expenditure, which meets these criteria, is charged to the fund.

Unrestricted funds are donations and other income received or generated and are expendable at the discretion of the Trustees in furtherance of the charity's objectives.

Designated funds are unrestricted funds earmarked by the Trustees for particular purposes.

2. DONATIONS AND LEGACIES

	2020	2019
	£	£
Donations		
Grove End Housing	£580,000	641,280
	<u> </u>	<u> </u>

The donation from Grove End Housing includes £100,000 (2019: £171,280) of covenanted income.

Commonweal Housing Limited

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2020

3. EXPENDITURE

	Staff costs £	Other costs £	2020 Total £
Charitable Activities - 2020			
Direct and support costs	333,654	571,580	905,234
Governance costs	-	13,229	13,229
	<u>333,654</u>	<u>584,809</u>	<u>918,463</u>
			2019
	Staff costs £	Other costs £	Total £
Charitable Activities - 2019			
Direct and support costs	304,917	679,839	984,756
Governance costs	-	9,616	9,616
	<u>304,917</u>	<u>689,455</u>	<u>994,372</u>

Direct and support costs represent the cost of provision of the core activities of the charity: delivering housing solutions and understanding housing needs including the associated support costs to deliver these activities. The £571,580 (2019: £679,839) under other costs above relates to the charities main core activities: a) Property related project costs £387,369 (68%) (2019: £433,237 (64%)), b) Feasibility Studies and Grants to partners £50,600 (9%) (£73,500 (11%)), c) Learning and Sharing £26,075 (5%) (2019: £80,162 (12%)) and d) Office related operational costs £107,536 (19%) (£92,940 (13%)).

Governance costs relate to the direct costs associated with the effective governance of the charity. These include audit fees £13,040 (2019: £9,440), Company Secretarial £39 (2019: £26 and Trustee Liability Insurance £150 (2019: £150).

Net income for the year is stated after charging depreciation of £98,061 (2019: £85,472).

4. STAFF COSTS AND EMOLUMENTS

	2020 £	2019 £
Wages and salaries	277,781	253,958
Pension contributions	25,883	28,326
Social security costs	29,990	22,633
	<u>333,654</u>	<u>304,917</u>

Commonweal Housing Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

4. STAFF COSTS AND EMOLUMENTS (cont'd)	2020 No.	2019 No.
Particulars of employees:		
The average number of employees during the year, calculated on the basis of full-time equivalents, was as follows:		
Chief Executive	1	1
Project and Communications Staff	4	4
Finance and Administrative staff (FTE:1; 2019: 1)	1	1
	6	6

One employee received remuneration (excluding employer pension contributions) in the range of £90,000-£100,000 during the year (2019: one in the range £90,000-£100,000). The Trustees consider that the Key Senior Management Personnel of the charity comprised the Chief Executive and the Deputy Chief Executive Officer (from 08 June 2019) whose total remuneration including all benefits was £164,851 (2019: FTE 1, £139,170).

5. PAYMENTS TO TRUSTEES AND CONNECTED PERSONS

No Trustee or person with a family or business connection with a Trustee received remuneration in the year directly or indirectly, or had any expenses reimbursed (2019: nil).

6. TANGIBLE FIXED ASSETS

	Land & Buildings £	Computer & other equipment £	Total £
Cost or Valuation			
At 1 January 2020	10,393,057	5,639	10,398,696
Additions	-	4,369	4,369
Disposals	(118,000)		(118,000)
Revaluation	282,394	-	282,394
At 31 December 2020	10,557,451	10,008	10,567,459
Depreciation			
At 1 January 2019	630,406	2,088	632,494
Charge for the year	96,692	1,369	98,061
Eliminated on disposal	(17,969)	-	(17,969)
Elimination of rounding	2	-	2
At 31 December 2020	709,131	3,457	712,588
Net book value	9,848,320	6,551	9,854,871
At 31 December 2020	9,762,651	3,551	9,766,202
At 31 December 2019	9,762,651	3,551	9,766,202

The net book value includes £1,847,953 in respect of long leasehold properties (2019: £1,993,503). The cost of properties held at valuation was £5,426,565 compared to a valuation of £6,222,791.

Commonweal Housing Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

7. SOCIAL INVESTMENT FINANCING

The Social investment deal for the seven NRPF properties reaches maturity in January 2022. In 2019 final payments were made for the loan note values, which matured in that year. The fair value adjustments and cumulative movements on the loan notes were illustrated in column showing the 2019 accounts.

8. PROGRAMME RELATED INVESTMENT

In 2018 Commonweal provided in pursuance of its charitable objects loan funding of £70,000 on a 10-year interest bearing arrangement to Action Foundation a registered charity based in Newcastle Upon Tyne with a 2.5% fixed interest on outstanding balances. The balance shown relates to the outstanding loan and accrued interest receivable. The loan is secured on property.

9. UNLISTED INVESTMENT

The unlisted investment of £1 represents the charity's interest in the share capital of its wholly-owned subsidiary undertaking, Re-Unite Limited. The subsidiary is registered in England and Wales and has not traded since it was incorporated on 28 October 2009.

10.	DEBTORS AND PREPAYMENTS	2020	2019
		£	£
	<u>Amounts due within one year:</u>		
	Prepayments and accrued income	17,168	36,018
	Deed of Covenant (note 13)	-	100,000
		<u>17,168</u>	<u>136,018</u>
11.	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2020	2019
		£	£
	Other creditors	3,511	97
	Social security costs	9,289	7,944
	Accruals and deferred income (see note 13)	10,860	166,786
		<u>23,660</u>	<u>174,847</u>
12.	LOAN NOTES		

In 2013 the charity issued fixed rate loan notes to the value of £1,385,000 maturing in 2019 secured on six properties purchased with this funding, with full drawdown in 2014 (These loan notes were now fully redeemed in 2019). A further tranche of loan notes to support our No Recourse to Public Funds (NRPF) project maturing in 2022 was obtained starting in 2015 with full draw down completed in 2016 totalling £2,238,576. In 2018, a third tranche of loan notes for the value of £1,945,000 was obtained to purchase four properties to support our young adult carers project - Move on Up - being delivered by Quaker Social Action. This project matures in 2023. In 2019 a fourth tranche of loan notes for the value of £990,250 was obtained from the Monday Charitable Trust. The loan is used to refinance part of the first Peer Landlord property portfolio, the loan notes for which matured in July 2019. The Monday Charitable Trust

Commonweal Housing Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

funding enabled Commonweal to retain three of the six socially funded properties and continue using the houses for social purposes. The Loan notes from the Monday Charitable Trust matures in 2026.

The above loan notes bear an interest rate of 4.32% fixed for the Peer Landlord and NRPF projects and 3.75% CPI linked for the Move on Up QSA project, which the Trustees consider to be a market rate and 3.75% fixed rate for the Monday Charitable Trust.

In addition, final payments were made for the loan note values, which matured in 2019. The fair value adjustments and cumulative movements on the loan notes were illustrated in the 2019 accounts (see 2019 below).

	2020 £	2019 £
Loan notes at transaction value		
At the beginning of the year	5,173,826	5,568,576
Loan notes repaid in the year (note 7)	-	(1,385,000)
New loan notes in the year	-	990,250
At the end of the year	<u>5,173,826</u>	<u>5,173,826</u>
Fair value adjustments		
At the beginning of the year	(127,774)	612,571
Loan notes redeemed in the year	-	(555,000)
Revaluation at the year end	271,938	(185,345)
At the end of the year	<u>144,164</u>	<u>(127,774)</u>
Loan notes at fair value	<u><u>5,317,990</u></u>	<u><u>5,046,052</u></u>

13. DEFERRED INCOME

At 31 December 2020, the charity had no deferred income in respect of Deed of Covenants entered into by Grove Ending Housing (2019: one). The total sum of £700,000 committed to the charity was paid in full in seven equal instalments since 02 October 2014. There are no Deeds of Covenant due as shown in the accruals and deferred income in note 11 above.

Commonweal Housing Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

14. UNRESTRICTED FUNDS

	Balance at 1 January 2020 £	Income £	Expenditure/ Losses £	Transfers between funds £	Balance at 31 December 2020 £
Designated Funds:					
Property Fund	4,720,150	282,392	(369,999)	(95,662)	4,536,881
Project funds					
Yield payments	25,000	-	(25,000)	25,000	25,000
Elmbridge Rentstart Programme related Investment	20,000	-	(20,000)	-	-
	74,667	1,750	-	-	76,417
General Fund	<u>414,364</u>	<u>1,018,336</u>	<u>(775,403)</u>	<u>(70,662)</u>	<u>727,959</u>
	<u>5,254,181</u>	<u>1,304,478</u>	<u>(1,190,402)</u>	<u>43,405</u>	<u>5,366,257</u>

The Property Fund represents the total amount (at cost less depreciation) invested in donated freehold and long leasehold land and buildings used for the functional purposes of the charity.

The Project Fund represents monies set aside to enable the charity to pay its quarterly yield payments under the terms of its second social investment project. It also includes provision for future funding commitments made by the charity to support the Elmbridge Rentstart Freedom2Work project, which ended this year. Commonweal has agreed to provide revenue support to this project for 5 years starting in 2016 and ending in 2020. The Programme related investment is the money Commonweal advanced as a loan to Action Foundation a charity based in Newcastle Upon Tyne to pursue its charitable objects on a 10-year interest bearing arrangement. The loan is secured on a property (see note 8).

The General Fund represents undesignated monies retained to provide the working capital to enable the charity to carry out its activities as a provider of housing solutions to social injustice

15. RELATED PARTIES

One of the Trustees of the charity Gary Medazoumian, is member of Grove End Housing Limited (GEHL), a Registered Society registered under the Co-operative and Community Benefit Societies Act 2014.

Due to the nature of the charity's operations, transactions have taken place with GEHL at arm's length on normal trading terms which, under Financial Reporting Standard Number 8, require disclosure in the charity's accounts.

The following related party transaction occurred between the charity and GEHL during the year:

- (a) GEHL donated the sum of £580,000 (2019: £641,280) to the charity to fund its charitable activities.

At 31 December 2020, there was no amount due from GEHL to Commonweal (2019: £100,000).

Commonweal Housing Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

The following pages do not form part of the statutory financial statements and are for the information of the Trustees only.

Commonweal Housing Limited

DETAILED STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 2020

INCOME	2020	2019
Voluntary income	£	£
GEHL - Gift Aid	480,000	470,000
GEHL - Deed of Covenants	100,000	171,280
Other income	93,419	261,337
	<u>673,419</u>	<u>902,617</u>
Rental income		
Amari & Rhea Projects	132,375	106,792
Peer Landlord Projects/TR and Depaul	60,632	52,844
PRAXS NRPF	56,890	61,924
QSA Move on Up Project	45,375	35,268
Private rented sector/Daboraconway	51,395	40,035
	<u>346,667</u>	<u>296,863</u>
Total income	<u>1,020,086</u>	<u>1,199,480</u>
EXPENDITURE		
Project Expenditure		
Property costs (Inc. refurbishment costs on handover)	81,735	104,868
Feasibility cost and grants to partners	30,600	53,500
Depreciation and Amortisation of leases	98,061	85,472
Project Revenue support	20,000	20,000
Evaluators	-	54,244
Dissemination and publication	-	(3,616)
Legal and professional	12,108	3,925
Yield on secure loan notes	195,466	213,675
PODS (Starter for Ten design competition)	<u>26,075</u>	<u>29,534</u>
	<u>464,045</u>	<u>561,602</u>
Chief Executive's Office		
CEO and staff salary	277,781	253,957
Pension contributions	29,990	28,326
Social security costs	25,883	22,633
Recruitment costs	-	8,929
Travel and conferences	6,567	3,821
Freelance/Retainer Fee	30,000	30,000
Serviced office accommodation (Inc. telecoms)	44,751	44,093
IT Support and maintenance	6,946	7,431
Repairs and Renewals	1,022	-
Printing, Postage and Stationery	2,295	2,219

Commonweal Housing Limited

DETAILED STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 2020

	2020	2019
	£	£
Chief Executive's Office (continued)		
Insurance	891	891
Subscriptions, magazines etc	4,353	4,186
Miscellaneous	385	661
	<u>430,864</u>	<u>407,147</u>
Support and Administration		
Consultancy and professional fees	1,743	4,160
Accounting and Payroll software	2,443	2,606
Web Design and consultancy (incl. Annual review & publicity material)	6,140	9,241
	<u>10,326</u>	<u>16,007</u>
Governance		
Audit fee	13,040	9,440
Company secretarial	39	26
Trustee Liability Insurance	150	150
	<u>13,229</u>	<u>9,616</u>
Total expenditure	<u>918,464</u>	<u>994,372</u>
Net surplus before fair value adjustments and revaluations	<u>101,622</u>	<u>205,108</u>