

Charity No. 1113331
Company No. 5319765

COMMONWEAL HOUSING LIMITED

(a company limited by guarantee)

AUDITED REPORT AND FINANCIAL
STATEMENTS

For the year ended 31 December 2022

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2022

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LEGAL AND ADMINISTRATIVE DETAILS

Company registration number:	5319765
Charity registration number:	1113331
Principal address:	Unit 521, SPACES 35 New Broad Street London EC2M 1NH
Registered office:	2 Babmaes Street London SW1Y 6HD
Patrons:	Sir John Mactaggart Bt The Rt.Hon. Baroness Jean Corston
Directors and Trustees:	Jack Mactaggart (Chair) Gary Medazoumian FCA Prof. Jonathan Portes Rt. Hon Fiona Mactaggart Russ Edwards Sarah Jackson OBE (resigned 15.6.22) Becky Rice (resigned 15.6.22) Sneha Patel (resigned 15.6.22) Jeremy Swain (resigned 14.9.22) Amarjit Bains Sheldon Shillingford Dr Elanor Warwick (appointed 14.12.22) Aphra Mactaggart (appointed 14.6.23)
Secretary:	Gary Medazoumian FCA
Strategic Leadership Team: CEO Deputy CEO	Ashley Horsey Amy Doyle
Bankers:	Barclays Bank plc 7 th Floor, 180 Oxford Street London BX3 2BB
Solicitors	BDB Pitmans LLP One Bartholomew Close, London EC1A 7BL
Auditors:	Price Bailey LLP Causeway House, 1, Dane Street, Bishops Stortford, Herts, CM23 3BT

COMMONWEAL HOUSING LTD - REPORT OF THE TRUSTEES

For the year ended 31 December 2022

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 2022.

Commonweal Housing is an independent action learning charity, working to investigate, pilot and champion housing-based solutions to social injustice. We provide experts and partner organisations with the opportunity to trial and test new approaches designed to enhance housing equality and justice.

We support project partners by providing bespoke housing and financing, enabling them to test pilot models and services. In addition, Commonweal uses more of its charitable resources to fund early-stage research and feasibility studies for emerging areas of injustice or potential solutions, as well as commissioning independent evaluation to capture the learning from pilot projects. We then work to share the learning widely to influence future policy, practice, and delivery.

We aim to achieve impact from the lessons learnt from the work we support. Commonweal will work with project partners, national bodies, academics, campaigners, journalists, central and local government directly and in partnership to do this.

Along with wider society, 2022 saw Commonweal getting back to *'new' business as usual* following the national and global turmoil of the Covid-19 pandemic. We embedded our hybrid working arrangements with staff working partly remotely and partly in our offices. We moved offices mid-year to better facilitate this; leaving the Blackfriars Foundry, our home for over 10 years, to move to serviced offices near Liverpool Street station a more convenient location for most staff and a more flexible working space.

As with many organisations we experienced a number of resignations from both staff and trustees as many people reassessed their priorities and time commitments post pandemic. In particular we said goodbye to a number of Trustees over the course of 2022, our former Vice Chair Sarah Jackson, along with Becky Rice, Sneha Patel and Jeremy Swain who between them had given us more than 10 years of collective service. We thank them greatly for their efforts, support, advice and guidance over recent years. To fill some of the gap left by these departures we were delighted to welcome Dr Elanor Warwick to the Board at the end of the year, bringing a wealth of housing and research experience to the charity.

In staffing terms, we also said goodbye in 2022 to our former Finance Coordinator, Yetty Ejere who left to take up another role nearer her home after 5½ years with Commonweal. We are grateful for her dedication to our work and for leaving our finances and financial records in a healthy state. Fred Marquis joined us in December 2022 as our new permanent Finance Manager picking up this mantle – we are delighted to have her with us and for her help in pulling these accounts together.

Another major world event in 2022 was the invasion of Ukraine by Russia; something that prompted a wave of activity across the UK population and the charity sector. The Commonweal Board wished to respond and identified an amount of revenue funding to be used to address some of the consequences, including the UK housing consequences, of this illegal invasion. The Board approved a cash donation to Depaul International the sister charity of one of our existing project partners (Depaul UK) to support their efforts in Ukraine. In addition Commonweal funded new research in to issues around migration and human trafficking that were considered likely to be exacerbated by the war as well as further research in to eh impact of the UK Government's supported Homes for Ukraine scheme providing temporary homes for families and individuals that fled the fighting to the UK.

The Board of Commonweal recognise again the ongoing support and backing from the Directors of Grove End Housing, a not-for-profit property company, our principal benefactor. We appreciate the trust and faith they continue to put in Commonweal and we are delighted that this relationship has extended in new ways in 2022 as GEHL became a formal social investor in one of our projects in addition to their generous direct financial support to the charity. We are proud of our lineage as part of the wider philanthropic heritage of the Mactaggart family.

This last year, 2022, was the third and final year of the Business Strategy agreed by the Board in 2019 covering the period Jan 2020 – Dec 2022. This focussed, (but not exclusively) on three thematic areas of injustice:

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

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In December 2022 the Board agreed a new three-year strategy to December 2025 aimed at continuing our journey towards our ambition 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”**

The Board set in that new strategy the following priority social justice themes to guide our work in the coming years:

- **Criminal justice system** – focussed on specific groups such as: youth justice, over-representation of BAME individuals, mental health issues
- **Young adults and those facing difficult transitions to adulthood**
- **Migration and Trafficking** – incorporating areas of work around asylum, migration, modern-day slavery as well as human trafficking

Commonweal will continue to use its voice, its resources, partnerships, and its energy to highlight the importance to people’s lives of safe, stable, secure, and accessible housing.

Commonweal is a social injustice housing-based action learning charity

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.

For the duration of 2022 Commonweal has been Chaired by Jack Mactaggart, and we have been pleased to have been able to return throughout 2022 to in person Board meetings.

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; it was against this skills matrix that the Board recruited Dr Elanor Warwick who brings with her specific knowledge and experience around housing related research as well as the wider social housing sector. The Charity has in place a program for the induction and training of new Trustees as well as ongoing training opportunities and conference attendance for all Trustees which included in 2022 specific training for the whole Board on equality, diversity and inclusion – something also undertaken separately by the staff team

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.

In 2022, the Board considered again the findings of the 2020 formal Governance Review and progress made in delivering the action plan arising from that exercise. In light of this review the Board agreed to extend the formal governance review cycle to every 5 years such that the next external review will be commissioned in 2025.

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.

As part of their consideration of Governance structures for the charity and in light of the reduction in trustees

COMMONWEAL HOUSING LTD - REPORT OF THE TRUSTEES

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over 2022 the Board amalgamated the two previous committees of the Board, the HR Committee and the Remuneration & Governance Committee in to one new entity the People & Governance Committee. The P&G Committee meets not less than three times per annum, once in the spring focussing primarily on HR and employment matters; once in the summer looking at governance issues and once in the autumn as part of the budget preparation cycle. This autumn meeting recommends any changes to pay remuneration for staff, including remunerated key management personnel, to the Board for their December budget-setting meeting for the forthcoming year.

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 (but without limitation) in relation to housing need.

We deliver our objects via three core work streams plus a growing role as thought leaders, honest brokers, 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 feasibility studies undertaken by others using Commonweal's revenue funding. Such early-stage studies are designed to give prospective partners the capacity and resources to explore a new or emerging idea they have where they feel it *might* lead to a housing-based solution and therefore may become a formal Commonweal property-based pilot project. In 2022 we ran our latest *Call for New Ideas* funding programme inviting feasibility study proposals from as wide a range of organisations as possible. We funded 6 new project partners in 2022 and look forward to receiving their initial feasibility studies in 2023.

Short term research – reflecting our desire to constantly learn and develop, in 2022 we launched a new research funding programme where Commonweal directly commission external research in to key areas and issues of concern to us across our new Business Strategy themes. In 2022 this activity was focussed on support for research in to the housing, migration and trafficking impacts of the war in Ukraine. This was under the auspices of our new migration, asylum and trafficking themes. 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 – as such Commonweal has worked with partners and authors of this research to disseminate and promote findings widely.

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 core set of values that were reaffirmed by the Board in 2022:

- **Collaboration**
- **Learning**
- **Imagination and challenge**
- **Trust and integrity**

What do we offer as a charity?

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For the year ended 31 December 2022

- **Housing** – The flexibility to target and acquire bespoke housing options specifically for projects rather than trying to fit new housing schemes and projects in to an existing property portfolio.
- **Experience** – Over 14 years of experience supporting and enabling pilot projects. Evidence of a self-learning culture, adapting future actions to ensure best outcomes.
- **Passion** – A genuine sense as an organization and a Board of Trustees that demonstrably ‘want to do good’ and are determined to do just that.
- **Focus** – Small portfolio of projects; where possible seeking to maintain a balanced portfolio of projects especially in terms of areas of social injustice being addressed.
- **Innovation and Ideas** – A willingness to identify and accept new and challenging ideas where it is felt they can deliver solutions.
- **Independence** – The charity does not normally seek to deliver the solutions or replication itself and can therefore lobby and campaign for policy change or future replication funding from a position that does not impact upon (or could be seen as conflicted by) its own future business plans or income streams. We are *an invested partner not a vested interest*.
- **Learning and Evaluation** – Commissioning of independent evaluation of all our projects as well as documenting learning from our partners as projects progress
- **Promotion** – An expectation of sharing our learning, positive or negative, to aid replication of successes and to inform future policy and operations where our projects have failed.
- **Funding** – Generous ongoing funding from our principle benefactor and a growing track record in successfully attracting and utilising external social investment
- **Self-awareness** – we take time to review our strengths and weaknesses and will actively encourage project partners to do the same.

Social Investment:

Commonweal has been at the forefront of the innovative use of social investment funding for over 10 years now. With partners we have created an investment model to support our action learning projects, developing a social investment structure that gives investors the opportunity and comfort to invest in new pilot and untested initiatives, ideas, projects, and front-line organisations that would not normally pass muster with their investment committees on their own merits. We are grateful to those social investors that have trusted us with their money but have also given us their skills and expertise in providing strategic guidance to our action learning projects. We remain grateful to the Esmee Fairbairn Foundation, Trust for London, City Bridge Trust, Big Society Capital, Cheyne Capital, Quaker Social Action and The Monday Charitable Trust for supporting us. We are delighted that in 2022 we were able to attract new investment to support our latest project, entitled You’re Home, in Belfast working with the East Belfast Mission. We are grateful to Peter Waddington and GEHL for backing this project and pleased that we have been able to acquire the initial properties for this project in the spring of 2023.

The key activities and projects for the year along with details and copies of any reports supported by Commonweal can be found on our website: www.commonwealhousing.org.uk

FINANCIAL REVIEW

We are very fortunate to have a long-standing partner and principal benefactor, 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 2022 GEHL revenue funding accounted for 63% of income excluding a gain on disposal of tangible fixed assets (2021 57%); and rental income 36% (2021 41%).

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

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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 operational risks facing the charity regularly throughout the year including the controls and mitigations in place to address or ameliorate these risks and note any new information from the Executive.

The Board recognize 5 core corporate risks that if they were to materialize would mean Commonweal would fundamentally not be delivering our charitable aims and objectives:

	Core Strategic RiskAreas	Key Mitigations & Controls
A	Failure to adequately understand the issues and project areas, identifying the right project partner and most effective evaluation.	Clear new Business Strategy themes giving staff focus. Growing confidence and understanding of what makes a good project / good partner. Increasing use of pre-pilot feasibility studies to assist in potential project development alongside separate research funding provision to help grow our knowledge of new thematic areas.
B	Failure to secure appropriate and meaningful impact from projects - failure to ensure learning has impact	Increased focus on impact – which can occur across a range of new activity – policy, practice as well as direct replication. Increased focus on impact from the start and the enhanced processes being implemented following the Spring Impact Scale Accelerator programme 2019-2021.
C	Failure to maximise learning from evaluation contracts including original project size being too small and not providing critical mass	As above increased focus on impact and implementation of new Scale Accelerator processes. Constantly evolving and enhancing our Evaluation and Replication frameworks shared with project partners and evaluators to ensure all parties understand their roles and expectations. Greater engagement with Policy & Comms Manager at earlier stage in project development and delivery aiding this process.
D	Failure to adequately manage and oversee portfolio of projects - ensuring delivery by all parties of expected / required actions and activities.	Project Team overseen by the Deputy CEO continues to ensure close engagement with project partners. Additional staffing capacity in recent 2022 More proactive property inspection and oversight regime being reinstated by Consultant Surveyor and other Commonweal staff.
E	Loss or significant reduction of funding from principal benefactor (GEHL)	Ongoing and positive engagement with GEHL by CEO and Chair. GEHL's change in their own rules over recent years gives CWH further comfort on funding.

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 2021 The Trustees agreed a further planned deficit budget for 2022 However, the final year end out-turn resulted in an improved position against the original budget. After accounting for a £100k grant commitment made to Birmingham University Jane Slowey Memorial Fund the organisation has achieved only a small operating deficit. Commonweal has supported this bursary scheme for the past four years in memory of our former Trustee. The Trustees believe that there is a merit for us to continue supporting it and therefore, the grant commitment we made this year will be paid over a ten-year period. The improvement in the deficit (before fair value adjustments) was partially achieved due to increased rental income from projects; proceeds from the sale of former project property in the year and a property depreciation policy change we applied in the accounts in 2021. In addition to this the non-utilisation of some of

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the additional provisions in full in some overheads. The Trustees agreed a further planned deficit budget with a view that more planned deficit budgets may be approved, 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 2022.

In December 2022, the reserves policy was reviewed by the Trustees and based on its 2023 operating budget and cash flows, a readily available cash reserve figure of a minimum of £125k was agreed to be necessary. The actual cash reserves at the 31 December 2022 were £1.2M. A further £25k was 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. This investment project ended in 2022 and therefore this fund can be released.

Property Revaluation and Depreciation Policy

In 2021 the Trustees of Commonweal reviewed the current property revaluation and depreciation policy and agreed all fixed assets of the same class, (i.e., properties) to be revalued using external professional desktop valuations each year. For properties Commonweal will sell in any given year a formal RICS valuation will be undertaken.

2022 is therefore the second year where the new property revaluation policy applied in the accounts for all properties, the figures reflect these changes and the property market at present. The change has not been applied retrospectively as it is impractical to do so.

The Trustees also reviewed the policy on the treatment of depreciation on properties and agreed not to depreciate properties. Further details are stated on the Notes section of the accounts on Fixed Assets and Depreciation.

As at 31st December the Charity's total reserves stood at £9.9M (2021: £11.1M) as set out in detail in note 14. Of this total figure 94% (2021: 95%) is included in the Designated Property Fund, represented by the functional assets of the Charity, which can only be realised by disposing of 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 in 2023 is to progress new property acquisition-based projects and successfully conclude property acquisitions for the You're Home project. To date Commonweal has been successful in securing offers of new social investment to support new project development and related acquisitions, and are concluding legal agreements accordingly. We remain confident of being able to secure and service such new investment deals.

Trustees' Responsibilities for the Financial Statements

The trustees (who are also directors of Commonweal Housing Limited for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- ▶ select suitable accounting policies and then apply them consistently;
- ▶ observe the methods and principles in the Charities SORP 2019 (FRS 102);
- ▶ state whether applicable UK Accounting Standards have been followed
- ▶ 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.

COMMONWEAL HOUSING LTD - REPORT OF THE TRUSTEES

For the year ended 31 December 2022

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and 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 hence 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

Following the resignation of Haysmacintyre LLP as auditors in 2022 the Board formally approved the appointment of Price bailey LLP as auditors at their Board meeting on 14th December 2022. A resolution proposing the reappointment of Price Bailey 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

Trustee

JAM

J Mactaggart (Sep 25, 2023, 1:56pm)

25 September 2023

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

Opinion

We have audited the financial statements of Commonwealth Housing Limited for the year-ended 31 December 2022 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 2022 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.

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

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken during 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.

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 during 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 9, 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:

We gained an understanding of the legal and regulatory framework applicable to the Charitable Company and the sector in which it operates, and considered the risk of the Charitable Company not complying with the applicable laws and regulations including fraud in particular those regulations directly related to the financial statements, including financial reporting, and tax legislation. In relation to the operations of the Charitable Company this included compliance with the Companies Act 2006, Charities Act 2011 and SORP 2019.

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

The risks were discussed with the audit team and we remained alert to any indications of non-compliance throughout the audit. We carried out specific procedures to address the risks identified. These included the following:

Reviewing minutes of Board meetings, reviewing any correspondence with the Charity Commission, agreeing the financial statement disclosures to underlying supporting documentation, and making enquiries of management and officers of the Charitable Company. We procedures in place for the reporting of any incidents to the Trustee Board including serious incident reporting of these matters as necessary with the Charity Commission and a review of legal fees during the period.

Management override: To address the risk of management override of controls, we carried out testing of journal entries and other adjustment for appropriateness. We also assessed management bias in relation to the accounting policies adopted and in determining significant accounting estimates.

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

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.



Michael Cooper-Davis FCCA ACA (Senior Statutory Auditor)
for and on behalf of
Price Bailey LLP
Chartered Accountants
Statutory Auditors

24 Old Bond Street
London
W1S 4AP

Date: 26 September 2023

Commonweal Housing Limited

STATEMENT OF FINANCIAL ACTIVITIES (Including Income and Expenditure Account) For the year ended 31 December 2022

	Note	2022	2021 As Restated
		£	£
Income from:			
Donation and legacies	2	550,000	500,000
Charitable activity - rental income		315,770	363,495
Other income		4,374	10,875
Investment income		2,076	2,407
Gain on disposal of fixed assets		4,536	19,000
Total		<u>876,756</u>	<u>895,777</u>
Expenditure on			
Charitable activities	3	<u>795,676</u>	<u>795,391</u>
Total		<u>795,676</u>	<u>795,391</u>
Net income before amortisation adjustments			
		81,080	100,386
Amortisation charges on loan notes			
	13	<u>(171,751)</u>	<u>(237,800)</u>
Net income/(expenditure)			
		(90,671)	(137,414)
(Loss)/ Gain on revaluation of fixed assets			
		<u>(1,089,030)</u>	<u>6,010,565</u>
Net movement in funds			
		(1,179,701)	5,873,151
Funds brought forward as previously stated			
		11,239,408	5,366,257
Prior year adjustment			
	17	<u>(131,181)</u>	<u>(131,181)</u>
Funds carried forward			
		<u>9,928,526</u>	<u>11,108,227</u>

The notes numbered 1 to 17 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 2022

	Notes	2022 £	2021 As Restated £
Fixed assets			
Tangible assets	6	12,295,814	14,743,497
Programme related investment	8	78,616	78,167
Other unlisted investment	9	1	1
		<u>12,374,431</u>	<u>14,821,665</u>
Current assets			
Debtors	10	91,830	33,422
Cash at bank and in hand		<u>1,267,148</u>	<u>621,923</u>
		1,358,978	655,345
Current Liabilities			
Creditors: amounts falling due within one year	11	(757,504)	(57,832)
Loan notes: amounts falling due within one year	13	<u>(1,926,263)</u>	<u>(1,250,945)</u>
Net current (liabilities)/assets		(2,683,767)	(1,308,777)
Net current assets		<u>(1,324,789)</u>	<u>(653,432)</u>
Total assets less current liabilities		11,049,642	14,168,233
Creditors: amounts due more than one year			
Loan notes	13	(1,041,116)	(2,970,006)
Grants	12	<u>(80,000)</u>	<u>(90,000)</u>
Net assets		<u>9,928,526</u>	<u>11,108,227</u>
Income funds			
Unrestricted funds:	14		
- Designated Property Fund		9,328,435	10,522,546
- Programme related Investment		78,616	78,167
- General Fund		<u>521,475</u>	<u>507,514</u>
Total funds		<u>9,928,526</u>	<u>11,108,227</u>

The notes numbered 1 to 16 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.

The accounts were approved and authorised for by the Board of Trustees on 25 September 2023 and signed on their behalf by

JAM

JULIAN GAGGART (2023, 1:56pm)
Director/Trustee & Chair of the Board of Trustees

Date: 25 Sep 2023

Gary Medazoumian

GARY MEDAZOUMIAN (2023, 2:48pm)
Director/Trustee

25 Sep 2023

COMMONWEAL HOUSING LTD

CASH FLOW STATEMENT

For the year ended 31 December 2022

	2022 £	2021 As Restated £
Net movement in funds	(1,179,701)	5,873,151
Deduct: investment income receivable	(2,076)	(2,407)
Add back/(Deduct): revaluation of fixed assets	1,089,030	(6,010,565)
Add back: Amortisation adjustment	171,751	237,800
Deduct: Interest paid	(111,804)	(178,395)
Deduct: gain on disposal of fixed assets	(4,536)	(19,000)
Add back: depreciation	1,742	1,988
Increase in debtors	(58,408)	(16,254)
Increase in creditors (excluding loans)	699,672	124,172
Decrease in grants	(10,000)	-
Net cash provided by operating activities	<u>595,670</u>	<u>10,490</u>
Cash flows from investing activities		
Investment income received	2,076	657
Proceeds from disposal of fixed assets	1,357,829	1,367,606
Add back: charges on property sale	5,017	1,394
Cash paid in respect of tangible fixed assets	(1,848)	(230,049)
	<u>1,363,074</u>	<u>1,139,608</u>
Cash flows from financing activities		
Loan notes repaid in the year	(1,313,519)	(1,287,625)
Increase/(decrease) in cash and cash equivalents in the year	645,225	(137,527)
Cash and cash equivalents at the start of the year	<u>621,923</u>	<u>759,450</u>
Cash and cash equivalents at the end of the year	<u><u>1,267,148</u></u>	<u><u>621,923</u></u>

Analysis of cash and cash equivalents and net debt

	01-Jan 2022	Cash flows	Amortisation and loan interest movements	31-Dec 2022
Cash	621,923	645,225	-	1,267,148
Loans notes	(4,220,951)	1,313,519	(59,947)	(2,967,379)
	<u>(3,599,028)</u>	<u>1,958,744</u>	<u>(59,974)</u>	<u>(1,700,231)</u>

COMMONWEAL HOUSING LTD

NOTES TO THE FINANCIAL STATEMENTS – ACCOUNTING POLICIES

For the year ended 31 December 2022

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 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 property and the valuation of the related loan notes for socially funded properties.

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.

Grants payable in furtherance of the charity's objects are recognised as expenditure when payment is due to the partner organisation, in accordance with the terms of the funding agreement. Standard funding agreements are typically for a year's duration or less, but can span several years. The funding agreements contain conditions, the fulfilment of which is under the control of Commonweal. For funding agreements in place at the year-end that include payments to be made in future years, where conditions attached to their payment limit their recognition as current liability, these payments are disclosed in Note 12 to the financial statements as commitments.

COMMONWEAL HOUSING LTD

NOTES TO THE FINANCIAL STATEMENTS – ACCOUNTING POLICIES

For the year ended 31 December 2022

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.

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.

All property assets are restated at their fair value at the balance sheet date three months after acquisition. The fair value is determined by the Trustees with reference to the average of two different comparative medium range desktop valuation data along with professional valuations of certain properties and having regard to any actual transactions. The policy of revaluing all properties has applied since 2021.

Depreciation is provided on all tangible fixed assets, except properties 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 | - No depreciation from 2021 |
| B) Socially funded freehold and leasehold buildings | - No depreciation from 2021 |
| 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 for occupation is written-off as incurred. The trustees consider that it appropriate not to charge depreciation as the property is maintained in reasonable condition and valued annually.

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. The loan notes are treated accounted for under section 12 of FRS102 and the final contractual return to the lender/investor is neither a fixed rate or amount, nor a variable rate linked to a single observable interest rate or index of general price inflation, though the annual payments on some loans are subject to a CPI uplift . The loan notes contain non-financial variables specific to a party to the contract such as the potential future value and condition of the property which may affect the final contractual return. In accordance with section 12 the Trustees have therefore used the amortised cost model to value the loan notes. This calculation considers the most recent expected cash-flows based on external valuations agreed payments to the lenders. The actual redemption values of the loan notes are likely to differ from the estimated cashflows recorded at the preceding balance sheet date and this will result in a further amortisation 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. There were no such funds in 2021 or 2022.

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.

COMMONWEAL HOUSING LTD
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2022

2. DONATIONS AND LEGACIES

	2022 £	2021 £
Donations		
Grove End Housing	<u>550,000</u>	<u>500,000</u>

3. EXPENDITURE

	Staff costs £	Other costs £	2022 Total £
Charitable Activities - 2022			
Direct and support costs	359,747	532,725	892,472
Re-allocation loan note interest	-	(111,804)	(111,804)
Governance costs	-	15,008	15,008
	<u>359,747</u>	<u>435,929</u>	<u>795,676</u>
			2021
	Staff costs £	Other costs £	Total As Restated £
Charitable Activities - 2021			
Direct and support costs	336,886	623,628	960,514
Re-allocation loan note interest	-	(178,395)	(178,395)
Governance costs	-	13,272	13,272
	<u>336,886</u>	<u>458,505</u>	<u>795,391</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. £532,725 (2021: £623,628) under other costs above relates to the charities main core activities as follows: -

	2022 £		2021 As Restated £	
Property related project costs	210,313	50%	158,104	36%
Feasibility Studies and Grants to partners	20,000	5%	199,558	45%
Learning and Sharing	5,273	1%	4,800	1%
Office related operational costs	185,335	44%	82,771	19%

Governance costs relate to the direct costs associated with the effective governance of the charity. These include audit fees £14,782 (2021: £13,083), Company Secretarial £26 (2021: £39) and Trustee Liability Insurance £Nil (2021: £150).

Net income is after charging depreciation on the fixed assets of £1,742 (2021: £1,988).

COMMONWEAL HOUSING LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

4. STAFF COSTS

	2022	2021
	£	£
Wages and salaries	298,730	280,769
Pension contributions	31,869	30,480
Social security costs	29,148	25,637
	<u>359,747</u>	<u>336,886</u>

	2022	2021
	No.	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	5	4
Finance and Administrative staff (FTE:1; 2021: 1)	1	1
	<u>7</u>	<u>6</u>

The average monthly head count of employees' number during the year is 7.

One employee received remuneration (excluding employer pension contributions) in the range of £90,000-£100,000 during the year (2021: 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 whose total remuneration including all benefits was £171,512 (2021: £166,426).

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 (2022: nil).

COMMONWEAL HOUSING LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

6. TANGIBLE FIXED ASSETS

	Land & Buildings	Computer & other equipment	Total
	£	£	£
Cost or Valuation			
At 1 January 2022	14,736,859	12,083	14,748,942
Additions	-	1,848	1,848
Disposals	(1,357,829)	(2,870)	(1,360,699)
Revaluation	(1,089,030)	-	(1,089,030)
At 31 December 2022	<u>12,290,000</u>	<u>11,061</u>	<u>12,301,061</u>
Depreciation			
At 1 January 2022	-	5,445	5,445
Charge for the year	-	1,741	1,741
Eliminated at Disposals	-	(1,939)	(1,939)
At 31 December 2022	<u>-</u>	<u>5,247</u>	<u>5,247</u>
	-	-	-
Net book value			
At 31 December 2022	<u>12,290,000</u>	<u>5,814</u>	<u>12,295,814</u>
At 31 December 2021	<u>14,736,859</u>	<u>6,638</u>	<u>14,743,497</u>

The net book value includes £6,515,000 in respect of long leasehold properties (2021: £4,693,000).

7. SOCIAL INVESTMENT FINANCING

The Social investment deal for the three remaining Redbridge properties reached maturity in 2022.

These were sold at a higher market price of £1,381,000 before charges. The Original purchase cost for these properties was £1,156,077 and the gross uplift was £224,923 before deductions. As per the loan agreement investors received the original purchase price plus 75% of their uplift share after legal and loan note redemption charges. Commonweal retained the remaining 25% of the uplift share after paying our share of legal fees and related loan notes redemption charges. The fair value adjustments and cumulative movements on the loan notes for all socially funded properties are illustrated in note 13.

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 NewcastleUpon 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.

COMMONWEAL HOUSING LTD
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2022

10. DEBTORS AND PREPAYMENTS	2022	2021
	£	£
Prepayments and accrued income	91,830	33,422
	<u>91,830</u>	<u>33,422</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2022	2021
	£	£
Other creditors	135,924	14,847
Social security costs	11,580	9,163
Accruals and deferred income	600,000	33,822
	<u>747,504</u>	<u>57,832</u>

£600K was received at the end of 2022 from GEHL for Income in 2023.

Included in other creditors is 100k being held from GEHL which will be used to fund the You're Home Project in partnership with East Belfast Mission in their role as investor in property acquisitions this was paid over to solicitors before the end of January 2023 to enable completion of property purchases on 1st February 2023 at which time normal loan note commercial terms were agreed.

12. GRANT COMMITMENTS

The long-term creditor of £80,000 relates to a grant commitment of £100,000 to the University of Birmingham comprising 10 equal payments of £10,000 from October 2022. £20,000 is included in creditors falling due within one year.

13. LOAN NOTES

The table below illustrates the Loan notes values after amortisation adjustments: -

Project Name	Acquisitions date	Loan notes maturity date	Loan notes	Percentage interest for yield payments	Loan notes redeemed	Balance Left at the Balance Sheet Date (31.12.2022)	Comments
PRAXIS – NRPf	2016	2022	£1,250,945	4.32%	£1,250,945	-	Properties sold and investors paid back.
MOVE ON Up - QSA	2017	2023	£1,939,318	3.75%	£ -	£1,926,263	Interest - CPI linked increase each year
DEPAUL - PL	2019	2026	£1,030,688	3.75%	£ -	£1,041,116	

COMMONWEAL HOUSING LTD
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2022

	2022 £	2021 As Restated £
Amortisation adjustments		
At the beginning of the year	4,220,951	5,449,171
Loan notes redeemed in the year	(1,313,519)	(1,287,625)
Amortisation charge	171,751	237,800
Interest paid to investors	(111,804)	(178,395)
Loan notes at amortised value	<u>2,967,379</u>	<u>4,220,951</u>

Loan notes split with amortised adjustments and cumulative movements:

	2022 £	2021 As Restated £
Amount due within one year	1,926,263	1,250,945
Amount due after more than one year	1,041,116	2,970,006
Total	<u>2,967,379</u>	<u>4,220,951</u>

14. UNRESTRICTED FUNDS

	Balance at 01 January 2022 - As Restated £	Income and gains £	Expenditure/ Losses £	Transfers between funds £	Balance at 31 December 2022 £
Designated Funds:					
Property Fund	10,522,546	43,687	(1,188,128)	(49,670)	9,328,435
Programme related Investment	78,167	449	-	-	78,616
General Fund	507,514	871,771	(907,480)	49,670	521,475
	<u>11,108,227</u>	<u>915,907</u>	<u>(2,095,608)</u>	<u>-</u>	<u>9,928,526</u>

The Property Fund represents the total amount value of tangible fixed assets less loan notes.

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

COMMONWEAL HOUSING LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

15. RELATED PARTIES

One of the Trustees of the charity Gary Medazoumian is a 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 £550,000 (2021: £500,000) to the charity to fund its charitable activities.
- (b) GEHL Loan in creditors to support You're Home project property purchases £100,000 – paid December 2022 & paid to solicitors January 2023
- (c) Income in advance 600k received in 2022 from GEHL in relation to the donation towards charitable activities for 2023.

16. POST BALANCE SHEET EVENT

In 2022 Commonweal entered in to a new project agreement with local charity East Belfast Mission (EBM) with the ambition of purchasing five houses in the city to enable EBM to test a new hostel move-on programme. To support the purchase of these homes Commonweal was able to secure new social investment funding from two new investors. The formal investment facility agreement was signed in August 2022. Funds are only drawn down from investors at the point of legal exchange / completion of properties after they have completed the usual conveyancing and legal searches and the charity is assured of clean title. The first two properties were purchased in February 2023, a third was completed in March 2023 with a fourth purchased in May 2023. The fifth and final property purchase was completed in August 2023. As with our standard social investment model Loan Notes have been issued in favour of the investors commensurate with their funding for each of the properties purchased.

17. PRIOR YEAR ADJUSTMENT

The trustees have changed the accounting policy for loan notes during the period. This involves moving from the fair value model to an amortised cost model, to better reflect the requirements of FRS 102 section 12 with regard to non-financial variables specific to a party to the contract. The change in valuation policy has resulted in a recalculation of the previous period and a prior year adjustment has been made to the overall valuation of the loan notes from 01/01/2021 to 31/12/2021. This adjustment has also affected the prior year opening balances from 01/01/2020 to 31/12/2020. These changes have been reflected across the statement of financial activities, balance sheet and related notes.

COMMONWEAL HOUSING LTD
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2022

**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 2022

(Supplementary pages for the information of the Trustees only)

INCOME	2022	2021
Voluntary income	£	£
GEHL - Gift Aid	550,000	500,000
Other income	10,986	32,282
	<u>560,986</u>	<u>532,282</u>
Rental income		
Amari & Rhea Projects	147,094	165,889
Peer Landlord Projects/TR and Depaul	69,634	58,258
PRAXIS NRPF	-	30,337
QSA Move on Up Project	52,032	57,680
Private rented sector/Daboraconway	47,010	51,331
	<u>315,770</u>	<u>363,495</u>
Total income	<u><u>876,756</u></u>	<u><u>895,777</u></u>
EXPENDITURE		
Project Expenditure		
Property costs (Inc. refurbishment costs on handover)	77,734	103,387
Feasibility cost and grants to partners	73,144	161,683
Depreciation and Amortisation of leases	1,762	1,988
Project Revenue support	-	37,874
Evaluators	19,930	4,800
Legal and professional	29,062	22,730
	<u>201,632</u>	<u>332,462</u>
Chief Executive's Office		
CEO and staff salary	298,730	280,769
Pension contributions	31,869	30,480
Social security costs	29,148	25,637
Recruitment costs	42,842	14,936
Travel and conferences	6,775	6,231
Freelance/Retainer Fee	30,000	30,000
Serviced office accommodation (Inc. telecoms)	92,680	37,061
IT Support and maintenance	9,632	4,040
Repairs and Renewals	1,785	537
Printing, Postage and Stationery	1,602	1,145
Insurance	9,945	891
Subscriptions, magazines etc	3,020	4,329
Miscellaneous	290	377
	<u>558,318</u>	<u>436,433</u>

Commonweal Housing Limited

DETAILED STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 2022

(Supplementary pages for the information of the Trustees only)

	2022	2021
	£	£
Support and Administration		
Consultancy and professional fees	5,958	2,830
Accounting and Payroll software	3,634	2,744
Web Design and consultancy (incl. Annual review & publicity material)	10,976	7,650
	<u>20,568</u>	<u>13,224</u>
Governance		
Audit fee	14,982	13,083
Company secretarial	26	39
Trustee Liability Insurance	150	150
	<u>15,158</u>	<u>13,272</u>
Total expenditure	<u>795,676</u>	<u>795,391</u>
Net Income	<u>81,080</u>	<u>100,386</u>