

**HARRISON HOUSING**  
(A Company Limited by Guarantee)

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**



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**HARRISON HOUSING**  
**(A Company Limited by Guarantee)**

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

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<b>Trustees</b>	Mr M Collins, (Chairman from 24 June 2019) (appointed 25 June 2018) Mr N G A King QC, Vice Chairman Mr H Knowles ACA, Treasurer Mr J Malpass FCA, (resigned as Chairman 24 June 2019) Air Marshal I C Morrison CBE Mrs M R Gunther Ms S Barber Mr P Lautman Ms S Hockett (appointed 26 March 2018) Mr R Hicks ACA (appointed 29 March 2018) Mr K Farnon (appointed 25 June 2018) Mrs C R Knowles (resigned 24 June 2019) M Le Fanu OBE (resigned 25 June 2018)
<b>Company registered number</b>	04932686
<b>Charity registered number</b>	1101143
<b>Registered office</b>	46 St James's Gardens London W11 4RQ
<b>Secretary</b>	K Dowlath FCCA M Coleman (appointed 24 December 2018)
<b>Patron</b>	The Right Hon Lord Scott of Foscote
<b>Independent auditors</b>	MHA MacIntyre Hudson Chartered Accountants New Bridge Street House 30-34 New Bridge Street London EC4V 6BJ
<b>Bankers</b>	The Royal Bank of Scotland 78 Notting Hill Gate London W11 3HS
<b>Solicitors</b>	Farrer & Co 66 Lincoln's Inn Fields London WC2A 3LH

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS  
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**Advisers (continued)**

**Investment Managers** Investec Wealth & Investment  
2 Gresham Street  
London  
EC2V 7QP

**Investment Managers** M&G Investment  
Chelmsford  
CM99 2XF

**Investment Managers** Brown Shipley  
Founders Court  
Lothbury  
London  
EC2R 7HE

**Homes and  
Communities Agency** No. A4410

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### **TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018**

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The directors of the company (who are also the trustees of the Charity under Charity Law) present their report and the audited financial statements for the year ended 31 December 2018.

#### **Company status**

The Harrison Homes was an almshouse charity established in 1869 and Harrison Housing was formed to take over its activities: the transfer of activities was completed on 1 April 2004.

Harrison Housing is a charitable company limited by guarantee, incorporated under the Companies Act 1985 on 15 October 2003 and registered as a charity on 10 December 2003. The company was established under a Memorandum of Association which sets out the objects and powers of the charitable company and is governed under its Articles of Association. The Articles of Association were amended by special resolution passed on 22 February 2010. In the event of the company being wound up, each member is required to contribute an amount not exceeding £10.

As noted in last year's report Christian Union Almshouses and The Tonge Houses, The Portal Home for Ladies both registered charities and almshouses came under the control of Harrison Housing during 2017 and Harrison Housing reported its results on a Group basis. On 16 October 2018 Harrison Housing received confirmation from the Charity Commission that their application to link the three charities had been approved. The effect of the order is that as of 16 October 2018 the charities called The Tonge Houses, The Portal Home for Ladies and Christian Union Almshouses ('the linked charities') shall be treated as forming part of Harrison Housing ('the reporting charity') for the purposes of Part 4 (registration) and Part 8 (accounting) of the Charities Act 2011. The direction takes effect for the whole of the financial year of the reporting charity in which it is made. The effect of this is that the figures reported represent the combined numbers for all three charities.

#### Organisational structure

The directors of the company are also charity trustees for the purposes of charity law and under the company's Articles are known as the Board. Under the company's Articles, the Board must comprise not less than 7 and not more than 11 trustees. At present, the Board has 11 members from a variety of professional backgrounds relevant to the work of the charity and meets at least 4 times per year. There are also two sub-committees, Property and Finance, which meet on a quarterly basis. Both sub-committees report to the main Board.

### **OPERATING AND FINANCIAL REVIEW**

#### **Objectives and Activities**

The charity's objects and principal activities are the relief of the aged poor, in particular by the provision of housing and associated amenities, and other such charitable purposes as the trustees shall from time to time decide. The trustees have had regard for the Charity Commission's public benefit guidance when applying these objectives to decisions made about the charity.

The charity owns property in St James's Gardens and Minford Gardens in West London, Shakespeare Road and Stanley Close in South London, and Rousden Street in North London. These properties are divided into self-contained flats to provide sheltered accommodation. The larger sites have a scheme manager to provide support. The residents also benefit from fortnightly visits by volunteer visitors, some of whom are also trustees. The Christian Union Almshouses owns 12 units in

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Marylebone and The Tonge House, The Portal Home for Ladies has 7 units in Lambeth. There is cyclical programme of maintenance for all properties in addition to planned annual maintenance to ensure that the buildings are kept in good repair.

The charity also manages housing stock on behalf of other almshouse charities.

Trustees have paid due regard to the Charity Commission's guidance in ensuring that the aims and objectives of the charity are for the public benefit.

### **Achievements and Performance**

#### Housing

During the year Harrison Housing provided accommodation to residents in 5 locations in London, the company had a housing stock of 92 units at December 2018. The last quinquennial review was carried out in 2015 and revealed no major issues requiring immediate action. Routine repairs continued to be made on a timely basis and kitchens and bathrooms at St James's Gardens and Minford Gardens are upgraded as the properties become vacant.

Christian Union Almshouses operates 12 one-bedroom flats for elderly people in Marylebone. Routine repairs are made on a timely basis and kitchens and bathrooms are upgraded as the properties become vacant to ensure compliance with Decent Homes Standards.

The Tonge Houses, The Portal Home for Ladies, in Lambeth, comprises 7 flats. As noted last year the works identified in the 2017 quinquennial were completed during 2018 as forecast. The crack in the side of the building reported last year was repaired as it was due to subsidence. The cost of the repairs was covered by the Charity's Insurers. The former caretaker's flat which had been vacant since 2016 was brought into use as an almshouse during the year as forecast in last year's report.

Our health and safety record remained excellent with no reportable incidents during 2018. Compliance and other regulations are kept under review and appropriate action is taken if considered necessary. Checks were undertaken on fire safety, gas, electrical systems and water hygiene in all housing schemes.

#### Management services

The company has acted for a number of years as managing agent to other almshouse charities in the London area. At the end of 2018, these included Waltham Abbey Non-Educational Parochial Charities (11 units), West Hackney Almshouse Charity (9 units) and The Leathersellers' Barnet Charity (22 units). The company also provides management services to Butchers & Drovers Charitable Institution (10 units in Hounslow – there were formerly 12 but the charity has a strategy of selling its leasehold units), St Giles-in-the-Fields Almshouses (8 units in Covent Garden) and Cinque Cottages (8 units in Wimbledon). The agreement with Cinque Cottages expired at the end of 2018.

#### Voluntary services

It is recognised that all trustees are volunteers and give their time freely, without which the charity could not operate. Some of the trustees of Harrison Housing are also part of a group of 6 people, known as the Visitors, who provide a confidential befriending service to Harrison Housing residents.

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### TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018

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#### Value for money

The charity strives continually to deliver better services for less cost, time or effort. This is achieved by reviewing costs and considering alternatives when contracts come up for renewal, monitoring performance against budgets and bench-marking against similar organisations, the latter assisted by membership of the West London Almshouse Group. Particular attention has been devoted in recent years to implementing good practice and ensuring compliance with regulations relating to provision of almshouse accommodation, upgrading facilities, reducing voids and training of staff. The results have been supported by satisfaction surveys carried out among residents.

The accommodation we offer continues to be popular with residents and occupancy is usually over 98% with some smaller units achieving occupancy rates of 100%. Vacant units tend to be filled quickly either through contact with the local Councils in the Boroughs we operate in or from direct applications. Many residents receive support from local Councils in the form of Housing Benefit as they would otherwise struggle to find suitable accommodation.

The Regulator of Social Housing issued a new Value for Money Standard which came into force from April 2018. It requires all Housing Associations to follow a standard set of calculations using the regulator's own metrics definitions to provide consistency across the sector.

		<b>Harrison Housing</b>	<b>Smaller RPs Median</b>
<b>Metric 1</b>	Reinvestment	1.74%	4.14%
<b>Metric 2</b>	New supply delivered	0%	0%
<b>Metric 3</b>	Gearing	0.90%	18.68%
<b>Metric 4</b>	EBITDA MRI (EBITDA Major Repairs Included) Interest cover %	0%	307%
<b>Metric 5</b>	Headline Social Housing costs per unit	£5,997	£4,195
<b>Metric 6a</b>	Operating Margin (Social lettings)	11.9%	15.66%
<b>Metric 6b</b>	Operating Margin (Overall)	4.93%	22.40%
<b>Metric 7</b>	ROCE %	0.35%	3.40%

There are some significant variances between the sector median for smaller Registered Providers and Harrison Housing which may, in part, be due to the following:

1. As a charity Harrison Housing enjoys a significant level of income from its Investments (£157,266 in 2018). This income also underwrites part of our operating costs although the aim is to ensure that our housing operations generate a sustainable surplus independent of our housing operations; and

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2. Harrison Housing provides management services to other almshouses which reflect in staff costs thereby inflating total operating costs. The number of units managed for other almshouses in 2018 was 68 compared to our own housing stock of 111 and direct staff costs of £343,761. The almshouses we act for are separate legal entities and pay their own operating costs thus using the definitions provided to calculate the metrics does cause a distortion when looking at our own true costs.

#### Fundraising

The Charity does not undertake fund raising activities during its normal course of operations.

#### **Financial Review**

##### Income and expenditure

Weekly maintenance contributions for the year net of voids amounted to £1,019,644 (2017: £966,572). A direct comparison between the figures is complicated as the figure for 2018 includes a full 12 months trading for all three charities whereas the comparative group figure for 2017 comprises 12 months trading for Harrison Housing, 9 months trading for Christian Union Almshouses and 6 weeks trading for Tonge House, the Portal Homes for Ladies. Weekly maintenance contributions were increased for all properties during the year under review by 4%. Void costs have risen slightly as they represent 1.2% which is within our budget tolerance of 2% but is an increase on last year's rate of 0.8%.

Management of other schemes and other management services by Harrison Housing generated income of £92,405 (2017: £84,818). Voluntary income totalled £3,732 (2017: £1,170).

Expenditure on raising funds which are the costs of the charities Investment Managers was £34,453 (2017: £31,308) representing 3% of gross rental income (2017: 3%).

Expenditure on charitable activities was £1,234,089 (2017: £1,016,758) representing 120% of gross rental income (2017: 104%). Included in expenditure on charitable activities are routine and cyclical repairs and maintenance of £321,886 (2017: £156,287) which represents 31% of gross rental income (2017: 16%). Cyclical repairs which by their nature are irregular in pattern represent £235,166 (2017: £120,361) of the total expenditure on repairs and maintenance.

The charity's activities gave rise to an operating surplus of £48,268 (2017: £171,095 excluding the Extraordinary Income of £3,781,456 arising on the acquisition of Christian Union Almshouses and Tonge House, the Portal Home for Ladies).

The charity's cash balances and investments generated income of £157,266 (2017: £142,512) but in common with many other similar charities Harrison Housing suffered losses on its investments of £363,717 (2017: £350,867 gain) the result for the year was a net deficit of £315,449 compared with a net surplus of £4,303,418 (including Extraordinary gains of £3,781,456) recorded in the previous year.

Further information on the financial performance of the group and company is contained in the accompanying financial statements.



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#### Investment policy

The Investment Policy is kept under review, having regard to expected requirements in relation to new projects under consideration by the Board, and reserve requirements. The overall objective of the investment policy for Harrison Housing is to achieve long term capital growth and income on a total return basis of RPI + 2% with income rolled up and invested into capital. Performance achieved by Harrison Housing in the 12 months to December 2018 was -3.9% (2017: 11%) against a Benchmark Total Return of -3.7%. For both Christian Union Almshouses and the Portal Home for Ladies, a cautious investment policy has been adopted to minimise risk. Investments are monitored and reviewed by trustees on a regular basis. However both portfolios also saw losses in the year.

#### Reserves policy

For Harrison Housing, designated reserves are maintained based on guidance issued by the Almshouse Association for the cyclical maintenance and repair of the properties. Details of these designated reserves and restricted funds appear in the notes to the financial statements.

The trustees have chosen to create a Restricted Asset Reserve. This reserve reflects the net book value of fixed assets, less other restricted funds specifically related to fixed assets and is not available for other purposes.

For Harrison Housing, the trustees consider it prudent to retain free reserves equivalent to 12 months expenditure, which is forecast to exceed £1 million in 2019. At this level continuity is ensured in case of a major incident which would reduce income for a period. General funds available to the company at the year-end were close to £4 million, which exceeds the reserves policy. The Harrison Housing group of charities aims to develop a new business plan in 2019/20 to examine how it might best maximise its impact.

At Christian Union Almshouses, reserves are also set aside in accordance with The Almshouse Association recommendations. In addition, an improvement fund is being built up for major development works required in the future.

At the Portal Home for Ladies, designated reserves are maintained on the specification of the Trust Deed for expenditure on cyclical maintenance and extraordinary repairs of the Charity's property.

The trustees have reviewed the current reserves policies for all three charities in the light of current budgets and plans and consider that there are sufficient reserves to meet running costs for the foreseeable future.

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### **TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2018**

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#### **Plans for Future Periods**

In 2019 we plan to

- Explore the possibility of merging with other almshouse charities if opportunities arise;
- Seek opportunities to build new properties and extend current properties where possible; and
- Continue to modernise further flats across the portfolio when they become available after occupants move out.

Newell Hall and surrounding land is included in the accounts at a value of £15,000. The trustees have an agreement with a developer providing an option to purchase the land for £1.65 million if they are able to obtain planning permission to develop the site. As this offer to purchase is subject to planning permission being granted the trustees felt it imprudent to include a higher valuation for the land in the accounts.

#### **Structure, Governance and Management**

Day-to-day management is delegated to the Chief Executive, who is responsible for ensuring that the charity delivers the services specified and that key performance indicators are met. The Chief Executive is responsible delivering the objectives set by the trustees and for ensuring that staff continue to develop their skills and working practices in line with good practice.

The key management team who are responsible for the day-to-day operations of the three charities is made up of the Chief Executive, the Director of Finance and the Operations Director. Remuneration for senior management personnel is reviewed annually at the first Finance Committee meeting of the year, along with proposed salary rates for all members of staff. The charity has a policy of benchmarking the salary rates for all members of staff to other, similar sized almshouses and housing associations. Trustees are not remunerated for their roles in the charity.

#### **Recruitment and Appointment of Trustees**

Trustees are appointed by the Board. A skills review of the existing trustees in 2015 prompted the board to look for additional trustees with specific knowledge of housing management and property and during 2017 two Trustees were appointed to the Board to boost expertise in housing management, property and charity growth.

Four new Trustees were appointed during 2018 and there was one resignation. Since the year end one further Trustee has resigned and the Chairman has stepped down to be replaced by an existing member of the Board. Full details of Trustees who served during the year and any changes since are shown on page 1.

As vacancies on the Board arise the Trustees will continue to seek new trustees with appropriate skills and experience to assist the charity with its plans.

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#### Trustee Induction and Training

New trustees are invited to familiarise themselves with the charity and the context within which it operates. Briefing sessions are run, jointly led by the Chairman of the Board and the Chief Executive of the Charity, covering:

- The obligations of Board members.
- The main documents which set out the operational framework for the Charity including the Memorandum and Articles.
- Resourcing and the current financial position as set out in the latest statutory and management accounts.
- Future plans and objectives.
- Information from the various Charity Commission publications signposted through the Commission's guide "The Essential Trustee" are distributed to new trustees, together with the Charity's governing documents, its Memorandum and Articles of Association and the latest published statutory financial statements.

#### Related parties

The charity is registered with the Homes and Communities Agency as a Private Registered Provider and is a member of the Almshouse Association. The charity may from time to time obtain grants or loans from these organisations in connection with capital or refurbishment projects

Harrison Housing, The Christian Union Almshouses and Tonge Houses, The Portal Homes for Ladies, are all registered charities and are Linked Charities for the purposes of Part 4 (registration) and Part 8 (accounting) of the Charities Act 2011. Harrison Housing Trustees Limited was dormant during the year.

#### Risk management

The trustees have assessed the major risks to which the company is exposed, in particular those related to the operations and finances of the company, as detailed below under internal controls, and are satisfied that systems are in place to mitigate exposure to the major risks.

The principal risks identified are as follows:

- Undertaking activities outside of the objectives of the charity: we mitigate this risk by seeking legal advice before venturing into new areas of operation.
- Failing to respond to changes in legislation and best practice recommendations: we mitigate this risk by regularly reviewing policies and procedures in the light of changing requirements.
- Trustees benefitting personally from their position: we mitigate this risk by not making payments to Trustees, reviewing Board performance and requiring annual declarations of interests to be provided by each Trustee.
- Inability to recruit new Trustees with the skills and experience required by the Charity: we mitigate this risk by having a robust recruitment process to assess the suitability of applicants and providing training where required.

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#### Internal controls

The trustees acknowledge their responsibility for the charity's system of internal controls, including internal financial controls. The system of controls covers governance, strategy and finance, relating to the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information used both within the organisation and for publication. The systems established and maintained can provide reasonable but not absolute assurance against material misstatement or loss.

Formal policies and procedures which have regard both to the size of the organisation and the need to meet the requirements referred to above have been introduced. These include:

- a) The appointment of suitably experienced and qualified personnel to implement the systems set up, and the appropriate delegation of authority to officers, staff and consultants to achieve this.
- b) The establishment of detailed procedures for accounting and financial functions and for the operation of essential controls in all areas.
- c) The production of detailed and longer term outline budgets and cash forecasts, and the submission of regular management accounts, to provide the information necessary to review and monitor the results of the organisation's operating activities and the financial position at any time.
- d) The formal control of any new commitment, development or activity by setting up an appropriate sub-committee of the trustees to authorise, record and monitor the project and the transactions involved.
- e) An annual assessment of risks and risk management, as described above.

#### Statement of Board's Responsibilities

The trustees (who are also directors of Harrison Housing for the purposes of company law) are responsible for preparing the Report of the Trustees 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 which give a true and fair view of the state of affairs of the charity and of its incoming resources and application of resources, including the income and expenditure, for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- observe methods and principles in the Charities SORP 2015 (FRS102)
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the 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.

In so far as the trustees are aware:

- there is no relevant audit information of which the charity's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

#### Members of the Board

Members of the Board, who are also Trustees of the Charity and who served during the year are set out on page 1.

#### Auditor

MHA MacIntyre Hudson are auditors of the charitable company.

Approved by the Board on 9 September 2019 and signed on its behalf by:



**Martin Collins**  
Chairman

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HARRISON HOUSING**

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**OPINION**

We have audited the financial statements of Harrison Housing (the 'Charity') for the year ended 31 December 2018 set out on pages 15 to 40. 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 2018 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**CONCLUSIONS RELATING TO GOING CONCERN**

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

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

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HARRISON HOUSING**

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**OTHER INFORMATION**

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

**OPINION 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 Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

In the light of our 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 Trustees' 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HARRISON HOUSING**

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**RESPONSIBILITIES OF TRUSTEES**

As explained more fully in the Trustees' Responsibilities Statement, the Trustees (who are also the directors of the Charity 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.

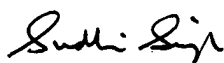
**AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

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 Auditors' 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.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' 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 Auditors' 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 its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Sudhir Singh FCA (Senior Statutory Auditor)

for and on behalf of

**MHA MacIntyre Hudson**

Chartered Accountants

New Bridge Street House

30-34 New Bridge Street

London

EC4V 6BJ

Date: 25 September 2019



**HARRISON HOUSING**  
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**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total Group funds 2017 £
<b>INCOME FROM:</b>					
Donations and legacies	2	3,732	-	3,732	1,170
Charitable activities	3	879,054	276,758	1,155,812	1,075,479
Investments	4	130,140	27,126	157,266	142,512
Other income	5	-	-	-	3,781,456
<b>TOTAL INCOME</b>		<b>1,012,926</b>	<b>303,884</b>	<b>1,316,810</b>	<b>5,000,617</b>
<b>EXPENDITURE ON:</b>					
Raising funds	6	29,068	5,385	34,453	31,308
Charitable activities	7	881,529	352,560	1,234,089	1,016,758
<b>TOTAL EXPENDITURE</b>		<b>910,597</b>	<b>357,945</b>	<b>1,268,542</b>	<b>1,048,066</b>
<b>NET INCOME / (EXPENDITURE) BEFORE INVESTMENT GAINS/(LOSSES)</b>					
Net gains/(losses) on investments	14	102,329 (305,911)	(54,061) (57,806)	48,268 (363,717)	3,952,551 350,867
<b>NET INCOME / (EXPENDITURE) BEFORE TRANSFERS</b>					
		(203,582)	(111,867)	(315,449)	4,303,418
Transfers between Funds	19	52,116	(52,116)	-	-
<b>NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>					
		(151,466)	(163,983)	(315,449)	4,303,418
Other recognised losses		(63,428)	-	(63,428)	(6,841)
<b>NET MOVEMENT IN FUNDS</b>		<b>(214,894)</b>	<b>(163,983)</b>	<b>(378,877)</b>	<b>4,296,577</b>
<b>RECONCILIATION OF FUNDS:</b>					
Total funds brought forward		4,617,166	9,221,922	13,839,088	9,542,511
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>4,402,272</b>	<b>9,057,939</b>	<b>13,460,211</b>	<b>13,839,088</b>

All income and expenditure derive from continuing activities.

The Statement of Financial Activities includes all gains and losses recognised during the year.

The notes on pages 18 to 40 form part of these financial statements.

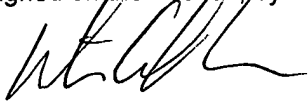
**HARRISON HOUSING**  
**(A Company Limited by Guarantee)**  
**REGISTERED NUMBER: 04932686**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2018**

	Note	£	2018 £	£	Group 2017 £
<b>FIXED ASSETS</b>					
Tangible assets	13		<b>8,200,053</b>		8,327,502
Investments	14		<b>5,042,256</b>		5,341,402
			<b>13,242,309</b>		13,668,904
<b>CURRENT ASSETS</b>					
Debtors	15	<b>100,695</b>		103,984	
Investments	16	<b>39,213</b>		2,374	
Cash at bank and in hand		<b>377,662</b>		391,456	
		<b>517,570</b>		497,814	
<b>CREDITORS: amounts falling due within one year</b>	17	<b>(134,668)</b>		(170,353)	
<b>NET CURRENT ASSETS</b>			<b>382,902</b>		327,461
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>13,625,211</b>		13,996,365
<b>CREDITORS: amounts falling due after more than one year</b>	18		<b>(165,000)</b>		(157,277)
<b>NET ASSETS</b>			<b>13,460,211</b>		13,839,088
<b>CHARITY FUNDS</b>					
Restricted funds	19		<b>9,057,939</b>		9,221,922
Unrestricted funds	19		<b>4,402,272</b>		4,617,166
<b>TOTAL FUNDS</b>			<b>13,460,211</b>		13,839,088

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

The financial statements were approved and authorised for issue by the Trustees on 9 September 2019 and signed on their behalf, by:

  
 .....  
**Martin Collins, Chairman**

The notes on pages 18 to 40 form part of these financial statements.

**HARRISON HOUSING**  
**(A Company Limited by Guarantee)**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

	Note	2018 £	As restated Group 2017 £
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	21	<u>77,023</u>	<u>168,193</u>
<b>Cash flows from investing activities:</b>			
Investment income	4	157,266	142,512
Interest paid		-	(1,440)
Purchase of tangible fixed assets	13	(146,673)	(154,596)
Net movement on investments	14	(64,571)	(112,490)
Cash movement on extraordinary items		-	127,336
<b>Net cash (used in)/provided by investing activities</b>		<u>(53,978)</u>	<u>1,322</u>
<b>Change in cash and cash equivalents in the year</b>		<b>23,045</b>	<b>169,515</b>
Cash and cash equivalents brought forward		<u>393,830</u>	<u>224,315</u>
<b>Cash and cash equivalents carried forward</b>	22	<u><b>416,875</b></u>	<u><b>393,830</b></u>

The notes on pages 18 to 40 form part of these financial statements.

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

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**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared in accordance with 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) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Harrison Housing 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. The financial statements are presented in sterling which is the functional currency of the Charity and rounded to the nearest pound.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

**1.2 General information**

The Charity is a company limited by guarantee and is registered with the Charity Commission as an Almshouse Charity (Charity Registered Number 1101143), the Registrar of Companies (Company Registration Number 4932686) and with The Homes and Communities Agency as a private registered provider (Homes and Communities Agency Number A4410).

The company was incorporated on 15 October 2003 and commenced its activities on 1 April 2004, when the assets and liabilities of The Harrison Homes were transferred to Harrison Housing.

The members of the company are the Trustees named on page 1. In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the Charity.

The address of the registered office is given in the Charity information on page 1 of these financial statements. The nature of the Charity's operations and principal activities are detailed in the Trustees' Report.

**1.3 Linking order**

Effective 1st January 2018 The Tonge House, The Portal Home for Ladies and the Christian Union Almshouses entered into a Linking Direction with Harrison Housing and the accounts were aggregated. Before this time, The Tonge House, The Portal Home for Ladies and the Christian Union Almshouses were presented as subsidiaries of Harrison Housing and group accounts were prepared. Under the Linking Direction, group accounts are no longer required and the comparative in these financial statements represent the group figures presented within the 2017 financial statements, with the following exception:

- The Net Book Value of the fixed assets of The Tonge House, The Portal Home for Ladies and the Christian Union Almshouses have not been included within the Fixed Asset Fund, and have instead been retained within the individual restricted funds for each entity.

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

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**1. ACCOUNTING POLICIES (continued)**

**1.4 Going concern**

The financial statements have been prepared on a going concern basis as the Trustees believe that no material uncertainties exist. The Trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the Charity to be able to continue as a going concern.

**1.5 Fund accounting**

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

**1.6 Income**

All income is recognised once the Charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Income from housing represents housing contributions (including service charge income and grants), income from the provision of management services and charitable income.

No amount is included in the financial statements for volunteer time in line with the SORP (FRS 102). Further detail is given in the Trustees' Report.

Investment income is earned through holding assets for investment purposes such as shares. It included dividends and interest. Where it is not practical to identify investment management costs incurred within a scheme with reasonable accuracy the investment income is reported net of these costs. It is included when the amount can be measured reliably. Interest income is recognised using the effective interest method and dividend income is recognised as the Charity's right to receive payment is established.

Social Housing Capital grants are recognised only when receivable, or in the period in which a scheme is completed where the amount of the grant has been determined. Grants are reflected in the Fixed Asset Fund; all fixed assets are treated as restricted with depreciation on grant funded assets reducing this fund.

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

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**1. ACCOUNTING POLICIES (continued)**

**1.7 Expenditure**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. Redundancy and termination payments are recognised immediately upon becoming a constructive obligation. Expenditure is categorised under the following headings:

- Expenditure on raising funds includes investment management fees;
- Expenditure on charitable activities includes property management and repair costs; and
- Other expenditure represents those items not falling into the categories above.

The cost of repairs, renewals and maintenance is charged to the income and expenditure account as incurred.

The estimated resources needed to finance the cost of adequately maintaining the condition of the Charity's properties is shown in designated reserves. Transfers are made to and from the Income and Expenditure account to reflect the estimated annualised costs of cyclical maintenance and extraordinary repairs, and the costs of cyclical maintenance and extraordinary repairs carried out during the year.

All expenditure is inclusive of irrecoverable VAT.

**1.8 Support cost allocation**

Support costs are those that assist the work of the Charity but do not directly represent charitable activities and include office costs, governance costs and administrative payroll costs. They are incurred directly in support of expenditure on the objects of the Charity and include project management carried out at Headquarters. Governance costs are those incurred in connection with the running of the Charity and compliance with constitutional and statutory requirements.

**1.9 Tangible fixed assets and depreciation**

All assets costing more than £5,000 are capitalised. Items below this value are charged to the Statement of Financial Activities in the period incurred.

Housing properties are available for rent and are stated at cost less depreciation. The cost of these properties, including the identified components of the properties, include directly attributable development costs and expenditure incurred in replacing identified components of the properties.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

The surplus or deficit on disposal of fixed assets is accounted for in the Statement of Financial Activities in the period in which the disposal occurs as the difference between the net sale proceeds and the net carrying value.

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

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**1. ACCOUNTING POLICIES (continued)**

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives. No depreciation is provided on freehold land. The value of the housing properties, being historic cost, is depreciated using the component accounting method, as required by the SORP. The identified components and estimated useful economic lives are:

Buildings	-	100 years straight line
Roofs	-	70 years straight line
Windows	-	30 years straight line
Boilers	-	15 years straight line
Kitchens	-	15 years straight line
Bathrooms	-	15 years straight line
Mechanical elements	-	30 years straight line
Electrics	-	40 years straight line
Lifts	-	20 years straight line
Fixtures and fittings	-	10 years straight line

**1.10 Investments**

Fixed asset investments are a form of basic financial instrument are initially recognised at their transaction value and subsequently measured at their fair value using the closing quoted market price or the share of the Net Asset Value of the fund (if unlisted). All gains and losses are taken to the Statement of Financial Activities as they arise.

The Statement of Financial Activities includes all net gains and losses arising on revaluation and disposals throughout the year. As investments are revalued to fair value continuously, no realised gains or losses arise.

**1.11 Debtors and creditors receivable / payable within one year**

Debtors are recognised when the Charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

Creditors are recognised when the Charity has a present legal or constructive obligation resulting from a past event and the settlement is expected to result in an outflow of economic benefits.

**1.12 Loans and borrowing**

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment. If an arrangement constitutes a finance transaction it is measured at present value.

**1.13 Provisions**

Provisions are recognised when the Charity has an obligation at the balance sheet date as a result of a past event, it is probable that an outflow of economic benefits will be required in settlement and the amount can be reliably estimated.

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

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**1. ACCOUNTING POLICIES (continued)**

**1.14 Financial instruments**

The Charity only holds basic Financial Instruments. The financial assets and financial liabilities of the Charity are as follows:

Debtors – trade and other debtors (including accrued income) are basic financial instruments and are debt instruments measured at amortised cost as detailed in Note 15. Prepayments are not financial instruments.

Cash at bank – is classified as a basic financial instrument and is measured at face value.

Liabilities – trade creditors, accruals and other creditors will be classified as financial instruments, and are measured at amortised cost as detailed in Notes 17 and 18. Taxation and social security are not included in the financial instruments disclosure. Deferred income is not deemed to be a financial liability, as in the cash settlement has already taken place and there is simply an obligation to deliver charitable services rather than cash or another financial instrument.

**1.15 Taxation**

The Charity is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or Section 252 of the Taxation of Charitable Gains Act 1992 to the extent that these are applied to its charitable objectives.

**1.16 Pensions**

When employees have rendered service to the Charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

The Charity operates a defined contribution plan for the benefit of its employees. Contributions are expensed as they become payable.

The Charity has also participated in The Pension Trust's Growth Plan and The Pension Trust - Social Housing Defined Benefit Pension Schemes. As multi-employer schemes within the definition of FRS 102, none of the assets or liabilities of the scheme are included on the Charity's Balance Sheet.

During the year, the contractual obligation to contribute to The Pensions Trust Growth Plan was settled and the Trustees consider that no further obligation exists as at 31 December 2018.

Due to certain guarantees included in the Social Housing Pension scheme, there is no employer debts which would become payable if the Charity left the scheme and this is explained in Note 25.

The defined benefit scheme is subject to a deficit reduction payment plan where by the employer is required to make additional payments to the scheme over a 20 year period. The Charity has recognised a liability measured as the present value of the future contributions payable that arise from the deficit recovery agreement and the resulting expense in the income and expenditure account i.e. the unwinding of the discount rate as a finance cost in the period in which it arises.



**HARRISON HOUSING**  
**(A Company Limited by Guarantee)**

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

**2. INCOME FROM DONATIONS**

	<b>Unrestricted funds 2018 £</b>	<b>Restricted funds 2018 £</b>	<b>Total funds 2018 £</b>	<b>Total Group funds 2017 £</b>
Donations	<b>3,732</b>	<b>-</b>	<b>3,732</b>	<b>1,170</b>
Total 2017	<b>1,170</b>	<b>-</b>	<b>1,170</b>	

**3. INCOME FROM CHARITABLE ACTIVITIES**

	<b>Unrestricted funds 2018 £</b>	<b>Restricted funds 2018 £</b>	<b>Total funds 2018 £</b>	<b>Total Group funds 2017 £</b>
Housing activities	<b>879,054</b>	<b>276,758</b>	<b>1,155,812</b>	<b>1,075,479</b>
Total 2017	<b>942,920</b>	<b>132,559</b>	<b>1,075,479</b>	

**HARRISON HOUSING**  
**(A Company Limited by Guarantee)**

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

**ANALYSIS OF INCOME FROM CHARITABLE ACTIVITIES**

	2018 £	Group 2017 £
<b>Housing Activities</b>		
Maintenance contributions receivable:		
Rental income receivable	681,462	617,756
Service charges receivable	350,408	357,170
	<hr/>	<hr/>
Gross rental income	1,031,870	974,926
	<hr/>	<hr/>
Losses from void accommodation	(12,226)	(8,354)
	<hr/>	<hr/>
	1,019,644	966,572
	<hr/>	<hr/>
Management fees	92,405	84,818
Other rental income	16,780	12,375
Sundry income	26,983	11,714
	<hr/>	<hr/>
Total	1,155,812	1,075,479
	<hr/>	<hr/>

Rental income includes £54,292 (2017 - £56,632) restricted income from the Greenwoods Almshouse, £62,528 (2017 - £58,910) restricted to Christian Union Almshouses and £31,571 (2017 - £4,643) restricted to Tonge Houses, Portal Homes for Ladies.

The analysis of the maintenance contributions charged to residents of the sheltered housing accommodation reflects the breakdown of these receipts for housing benefit and supporting people purposes. Service charges include ineligible charges. Not all residents are entitled to receive housing benefit.

**HARRISON HOUSING**  
**(A Company Limited by Guarantee)**

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

**4. INCOME FROM INVESTMENTS - CURRENT YEAR**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total Group funds 2017 £
Dividend income	129,820	27,049	156,869	142,452
Bank deposit and bond interest	320	77	397	60
Total 2018	<u>130,140</u>	<u>27,126</u>	<u>157,266</u>	<u>142,512</u>
Total 2017	<u>129,821</u>	<u>12,691</u>	<u>142,512</u>	

All of the Charity's income from investments arises from money held in stocks, shares and interest bearing deposit accounts with Investec, NAACIF, Brown Shipley and COIF.

**INCOME FROM INVESTMENTS - PRIOR YEAR**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £
Dividend income	129,774	12,678	142,452
Bank deposit and bond interest	47	13	60
Total 2017	<u>129,821</u>	<u>12,691</u>	<u>142,512</u>

**HARRISON HOUSING**  
**(A Company Limited by Guarantee)**

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

**5. OTHER INCOME**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total Group funds 2017 £
Extraordinary income	-	-	-	3,781,456
Total 2017	-	3,781,456	3,781,456	

As of 27 March 2017, the fair value of the net assets of The Christian Union Almshouses which amounted to £2,814,910 were donated to Harrison Housing.

As of 15 November 2017, the fair value of the net assets of Tonge Houses, The Portal Home for Ladies which amounted to £966,546 were donated to Harrison Housing.

Total extraordinary income recognised in 2017 is therefore £3,781,456.

**6. EXPENDITURE ON RAISING FUNDS**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £	Total Group funds 2017 £
Investment management fees	29,068	5,385	34,453	31,308
Total 2017	27,430	3,878	31,308	

**HARRISON HOUSING**  
**(A Company Limited by Guarantee)**

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

**7. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES**

	Activities undertaken directly 2018 £	Support costs 2018 £	Total 2018 £	Total Group 2017 £
Housing activities	898,259	335,830	1,234,089	1,016,758
Total 2017	685,345	331,413	1,016,758	

In 2017, of the total expenditure on charitable activities of £1,016,758, £917,567 was from unrestricted funds and £99,191 was from restricted funds.

Direct costs are analysed in Note 8.

Support costs are analysed in Note 9.

**8. DIRECT COSTS**

	Housing activities £	Total 2018 £	Total Group 2017 £
Routine repairs and maintenance	235,166	235,166	120,361
Cyclical repairs and maintenance	86,720	86,720	35,926
Direct staff costs	343,761	343,761	332,942
Depreciation	232,612	232,612	196,116
Total 2018	898,259	898,259	685,345
Total 2017	685,345	685,345	

**HARRISON HOUSING**  
**(A Company Limited by Guarantee)**

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

**9. SUPPORT COSTS**

	<b>Housing activities £</b>	<b>Total 2018 £</b>	<b>Total Group 2017 £</b>
Legal and other professional fees	38,939	38,939	60,729
Governance costs	12,525	12,525	16,400
Other staff costs	24,405	24,405	17,851
Premise costs	148,943	148,943	128,108
Other costs	70,405	70,405	67,906
Bank charges and interest payable	2,258	2,258	3,563
Support staff costs	38,355	38,355	36,856
<b>Total 2018</b>	<b>335,830</b>	<b>335,830</b>	<b>331,413</b>
<b>Total 2017</b>	<b>331,413</b>	<b>331,413</b>	

Governance costs are analysed in Note 10.

**10. GOVERNANCE COSTS**

	<b>2018 £</b>	<b>Group 2017 £</b>
Auditors' remuneration - Audit of the financial statements	10,025	13,900
Auditors' remuneration - Other services	2,500	2,500
<b>Total</b>	<b>12,525</b>	<b>16,400</b>

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**HARRISON HOUSING**  
**(A Company Limited by Guarantee)**

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

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**11. NET INCOME/(EXPENDITURE)**

This is stated after charging:

	<b>2018</b>	<b>Group</b>
	<b>£</b>	<b>2017</b>
		<b>£</b>
Depreciation of tangible fixed assets:		
- owned by the Charity	<b>232,612</b>	196,116
Auditors' remuneration - Audit of the financial statements	<b>10,025</b>	13,900
Auditors' remuneration - Other services	<b>2,500</b>	2,500
Operating lease rentals	<b>-</b>	431
	<hr/> <hr/>	<hr/> <hr/>

During the year, no Trustees received any remuneration (2017 - £NIL).

During the year, no Trustees received any benefits in kind (2017 - £NIL).

1 Trustee received reimbursement of expenses amounting to £80 in the current year, (2017 - 1 Trustee - £803).

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**HARRISON HOUSING**  
**(A Company Limited by Guarantee)**

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

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**12. STAFF COSTS**

Staff costs were as follows:

	<b>2018</b>	<b>Group</b>
	<b>£</b>	<b>2017</b>
		<b>£</b>
Wages and salaries	<b>329,896</b>	323,541
Social security costs	<b>32,222</b>	29,638
Other pension costs	<b>19,998</b>	16,619
	<b>382,116</b>	<b>369,798</b>

The average number of persons employed by the Charity during the year was as follows:

	<b>2018</b>	<b>Group</b>
	<b>No.</b>	<b>2017</b>
		<b>No.</b>
Operating staff - Full time	<b>6</b>	4
Operating staff - Part time	<b>1</b>	2
Administrative staff - Full time	<b>2</b>	2
Administrative staff - Part time	<b>1</b>	1
	<b>10</b>	<b>9</b>

The number of higher paid employees was:

	<b>2018</b>	<b>Group</b>
	<b>No.</b>	<b>2017</b>
		<b>No.</b>
In the band £60,001 - £70,000	<b>1</b>	1

The Key Management Personnel of the Charity comprise the Trustees and the Senior Management Team. The total amount of employee benefits received by Key Management Personnel, including employer national insurance contributions, was £164,196 (2017 - £177,560).



**HARRISON HOUSING**  
(A Company Limited by Guarantee)

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

**13. TANGIBLE FIXED ASSETS**

	Freehold property £	Fixtures and fittings £	Office equipment £	Total £
<b>Cost</b>				
At 1 January 2018	10,411,715	266,335	43,042	10,721,092
Additions	139,908	6,765	-	146,673
Disposals	(44,486)	(24,919)	-	(69,405)
At 31 December 2018	10,507,137	248,181	43,042	10,798,360
<b>Depreciation</b>				
At 1 January 2018	2,302,548	70,597	20,445	2,393,590
Charge for the year	213,969	15,039	3,604	232,612
On disposals	(27,895)	-	-	(27,895)
At 31 December 2018	2,488,622	85,636	24,049	2,598,307
<b>Net book value</b>				
At 31 December 2018	8,018,515	162,545	18,993	8,200,053
At 31 December 2017	8,109,167	195,738	22,597	8,327,502

The Trustees believe that the value of the housing properties is substantially in excess of cost, based on reinstatement values for insurance purposes. In the event that any housing property should be sold, a liability may arise for the repayment, at least in part, of grants received.

Non-housing assets include £15,000 for the Newell Hall Orchard, which has been included at Trustee's valuation as at 31 December 2015. The historical cost was £Nil. The Trustee's valued the land in 2001 and have not updated the valuation because they are not aware of any material change in value.

**HARRISON HOUSING**  
**(A Company Limited by Guarantee)**

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

**14. FIXED ASSET INVESTMENTS**

	Listed securities £
<b>Fair value</b>	
At 1 January 2018	5,341,402
Additions at cost	497,455
Disposals at carrying value	(443,187)
Revaluations	(363,717)
Movement on cash account	10,303
	<u>5,042,256</u>
At 31 December 2018	<u>5,042,256</u>

**Investments at fair value comprise:**

	2018 £	Group 2017 £
Listed investments	<u>5,042,256</u>	<u>5,341,402</u>

All the fixed asset investments are held in the UK

The investments are held in National Association of Almshouses Common Investment Fund units and managed listed securities held with Investec and Browne Shipley. All funds are invested within listed companies for which there is a readily available market value. NAACIF holdings include £2,509 representing a permanent endowment fund which formed part of Greenwood's Almshouses Trust and £2,669 for Christian Union Almshouse.

Harrison Housing also has a £1 investment in a wholly owned subsidiary Harrison Housing Trustees Limited.

**15. DEBTORS**

	2018 £	Group 2017 £
Maintenance contributions - housing	22,494	25,095
Other debtors	39,159	43,311
Prepayments and accrued income	39,042	35,578
	<u>100,695</u>	<u>103,984</u>

**HARRISON HOUSING**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**16. CURRENT ASSET INVESTMENTS**

	2018 £	Group 2017 £
Short term bank deposits	<u>39,213</u>	<u>2,374</u>

**17. CREDITORS: Amounts falling due within one year**

	2018 £	Group 2017 £
Housing loans	3,718	11,499
Trade creditors	42,692	37,739
Other taxation and social security	9,547	30,715
Pension scheme creditors	27,222	28,881
Other creditors	5,286	3,784
Accruals and deferred income	46,203	57,735
	<u>134,668</u>	<u>170,353</u>

**18. CREDITORS: Amounts falling due after more than one year**

	2018 £	Group 2017 £
Pension deficit liability	165,000	157,277
	<u>165,000</u>	<u>157,277</u>

Creditors include amounts not wholly repayable within 5 years as follows:

	2018 £	Group 2017 £
Repayable by instalments	<u>165,000</u>	<u>157,277</u>

The Pension deficit liability represents the liability due in respect of the Social Housing Pensions Scheme - a multi-employer, defined benefit pension scheme. The liability has been discounted over the expected lifetime of the debt.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**19. STATEMENT OF FUNDS**

**STATEMENT OF FUNDS - CURRENT YEAR**

	Balance at 1 January 2018 As restated £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 December 2018 £
<b>Designated funds</b>						
Cyclical maintenance fund	453,696	-	-	138,996	-	592,692
Revaluation reserve	15,000	-	-	-	-	15,000
	<u>468,696</u>	<u>-</u>	<u>-</u>	<u>138,996</u>	<u>-</u>	<u>607,692</u>
<b>General funds</b>						
General reserve	4,148,470	1,012,926	(910,597)	(86,880)	(369,339)	3,794,580
Total Unrestricted funds	<u>4,617,166</u>	<u>1,012,926</u>	<u>(910,597)</u>	<u>52,116</u>	<u>(369,339)</u>	<u>4,402,272</u>
<b>Restricted funds</b>						
Greenwoods	194,187	54,292	(47,580)	-	(2,081)	198,818
Howis Trust	101,912	84,093	(55,003)	-	-	131,002
Whitcher & Kifford	432,544	-	-	(17,738)	-	414,806
Fixed asset fund	4,675,778	-	-	(34,378)	-	4,641,400
Portal	970,293	50,283	(128,714)	-	(17,705)	874,157
CUA	2,847,208	115,216	(126,648)	-	(38,020)	2,797,756
	<u>9,221,922</u>	<u>303,884</u>	<u>(357,945)</u>	<u>(52,116)</u>	<u>(57,806)</u>	<u>9,057,939</u>
Total of funds	<u>13,839,088</u>	<u>1,316,810</u>	<u>(1,268,542)</u>	<u>-</u>	<u>(427,145)</u>	<u>13,460,211</u>

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

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**19. STATEMENT OF FUNDS (continued)**

**Prior year restatement**

The 2017 balances for the restricted Fixed Asset fund, CUA fund and Portal fund have been restated in the current year financial statements. On 1st January 2018, a Linking Direction (see Note 1.3) between Harrison Housing, The Tonge, The Portal Home for Ladies and the Christian Union Almshouses came into effect, and the accounts for each entity have been aggregated from this date.

**Designated funds**

Cyclical maintenance of the company's housing properties is carried out in accordance with a defined programme, dealing with internal decorations (flats and communal areas), and external decorations every seven years, and five years respectively.

The annual transfer from income and expenditure account shown above represents the estimated annualised cost of the cyclical maintenance programme.

Amounts transferred each year from designated reserves to income and expenditure account correspond with the cost of cyclical maintenance carried out during the year.

The balance on the cyclical maintenance designated reserves at the year-end represents the total of the aggregate annualised charges for projects within each maintenance cycle.

**Restricted funds**

The Charity's restricted reserves represent the net assets acquired under schemes sanctioned by the Charity Commission in June and July 2007 in relation to Greenwood's Almshouses Trust and The Howis Trust. The net surplus or deficit for the period represents the surplus or deficit of income less expenditure attributable to the Greenwoods Trust and the Howis Trust in respect of the period following their acquisition.

The restricted refurbishment reserve represents funds received specifically for the purpose of refurbishing the properties at 1 and 2 Stanley Close belonging to Whitcher and Kifford Almshouses.

The Fixed Asset Fund represents the net book value of tangible fixed assets less restricted reserves. Funds are transferred into or out of the general fund each year to enable this equation. These funds are not readily available for other purposes.

The Charity's restricted reserves include the net surplus of income less expenditure for Christian Union Almshouses and The Tonge, The Portal Home for Ladies in respect of the period following their acquisition.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**19. STATEMENT OF FUNDS (continued)**

**STATEMENT OF FUNDS - PRIOR YEAR**

	Balance at 1 January 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 December 2017 As restated £
<b>Designated funds</b>						
Cyclical maintenance fund	334,157	-	-	119,539	-	453,696
Revaluation reserve	15,000	-	-	-	-	15,000
	<u>349,157</u>	<u>-</u>	<u>-</u>	<u>119,539</u>	<u>-</u>	<u>468,696</u>
<b>General funds</b>						
General reserve	3,811,153	1,073,243	(944,997)	(119,519)	328,589	4,148,469
Total Unrestricted funds	<u>4,160,310</u>	<u>1,073,243</u>	<u>(944,997)</u>	<u>20</u>	<u>328,589</u>	<u>4,617,165</u>
<b>Restricted funds</b>						
Greenwoods	161,591	56,632	(44,961)	20,925	-	194,187
Howis Trust	101,912	-	-	-	-	101,912
Whitcher & Kifford	449,049	-	-	(16,505)	-	432,544
Fixed asset fund	4,669,648	10,570	-	(4,440)	-	4,675,778
Portal	-	971,586	(3,029)	-	1,736	970,293
CUA	-	2,888,586	(55,079)	-	13,701	2,847,208
	<u>5,382,200</u>	<u>3,927,374</u>	<u>(103,069)</u>	<u>(20)</u>	<u>15,437</u>	<u>9,221,922</u>
Total of funds	<u><u>9,542,510</u></u>	<u><u>5,000,617</u></u>	<u><u>(1,048,066)</u></u>	<u><u>-</u></u>	<u><u>344,026</u></u>	<u><u>13,839,087</u></u>

**HARRISON HOUSING**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**20. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT YEAR**

	Unrestricted funds 2018 £	Restricted funds 2018 £	Total funds 2018 £
Tangible fixed assets	15,000	8,185,053	8,200,053
Fixed asset investments	4,394,401	647,855	5,042,256
Current assets	256,282	261,288	517,570
Creditors due within one year	(98,411)	(36,257)	(134,668)
Creditors due in more than one year	(165,000)	-	(165,000)
	<u>4,402,272</u>	<u>9,057,939</u>	<u>13,460,211</u>

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR**

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £
Tangible fixed assets	15,000	8,312,502	8,327,502
Fixed asset investments	4,431,982	909,420	5,341,402
Current assets	497,814	-	497,814
Creditors due within one year	(170,353)	-	(170,353)
Creditors due in more than one year	(157,277)	-	(157,277)
	<u>4,617,166</u>	<u>9,221,922</u>	<u>13,839,088</u>

**HARRISON HOUSING**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

**21. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	2018 £	As restated 2017 £
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(315,449)	4,303,418
<b>Adjustment for:</b>		
Depreciation charges	232,612	196,116
(Gains) / losses on investments	363,717	(350,867)
Investment income	(157,266)	(142,512)
Loss on the sale of fixed assets	41,510	-
Interest paid	-	1,440
Decrease/(increase) in debtors	3,289	(34,847)
Decrease in creditors	(27,962)	(16,258)
Extraordinary income	-	(3,781,456)
Remeasurement of pension	(63,428)	(6,841)
<b>Net cash provided by operating activities</b>	<b>77,023</b>	<b>168,193</b>

**22. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2018 £	As restated 2017 £
Cash in hand	377,662	391,456
Short term bank deposits	39,213	2,374
<b>Total</b>	<b>416,875</b>	<b>393,830</b>

**23. CONTINGENT LIABILITIES**

The liability as at 31 December 2018 that would crystallise if Harrison Housing left the Social Housing Pensions Scheme is £589,661 (2017 - £715,615).



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

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**24. SOCIAL HOUSING GRANT**

The total Social Housing Grant received for the Harrison Housing charitable company as at the 31 December 2018, was £4,645,318 (2017 - £4,645,318), made up as follows;

	£
Capital grant	4,604,327
Revenue grant	40,991
	<hr/>
Total	4,645,318
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Grant relating to components disposed of as at 01/01/2018	228,454
Disposals during 2018	-
	<hr/>
	228,454
	<hr/>

This liability is reflected within the Restricted Fixed Asset fund.

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

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**25. PENSION COMMITMENTS**

Harrison Housing participated in two defined benefit schemes; the Social Housing Pension Scheme ('SHPS') and the Pensions Trust Growth Plan. (The Social Housing Pension Scheme is funded and is contracted out of the State Pension scheme).

During the year, the company operated a defined benefit, multi-employer scheme under the Pensions Trust Growth Plan. Due to the nature of the scheme, the accounting charge for the period under FRS 102 presented the employer contributions payable. In the year to 31 December 2018, the contractual obligation to contribute to this pension scheme was settled in June 2018 and the Trustees consider that no further liability exists at the 31 December 2018.

The Social Housing Pension Scheme is a multi-employer scheme where the Scheme's assets are co-mingled for investment purposes, and benefits are paid from total Scheme assets; as such it is not possible to identify on a consistent and reasonable basis the share of underlying assets and liabilities belonging to individual participating employers. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS 102 represents the employer contribution payable.

The Trustees of the scheme commission an actuarial valuation of the Scheme every 3 years. The main purpose of the valuation is to determine the financial position of the Scheme in order to address the level of future contributions required so that the Scheme can meet its pension obligations as they fall due.

The last formal valuation of the Social Housing Pensions Scheme was performed as at 30 September 2017 by a professionally qualified Actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £4,553m. The valuation revealed a shortfall of assets compared with the values of liabilities of £1,522m.

The company has been notified of the estimated employer debt on withdrawal from the Social Housing Pensions Scheme based on the financial position of the Scheme as at 30 September 2017. As of this date the estimated employer debt for the company was £589,661.

In November 2008 the Trustees decided to close the final salary benefit scheme to new members and to instead offer membership of the SHPS defined contribution scheme, under which contributions ranging from 8% to 10% are payable by the company and 3% to 5% by employees. At the year end there were no (2017 - 3) active members of the defined benefit scheme.

The pension charge for the period was £17,888 (2017 - £15,320), of which £2,222 (2017 - £Nil) was outstanding at the year end. Payments made towards the deficit was £26,421 (2017 - £25,632).

**26. RELATED PARTY TRANSACTIONS**

Other than Trustee and Key Management Personnel transactions detailed in Note 12, there were no related party transactions.