

REGISTRAR OF COMPANIES

The Sheppard Trust

Annual Report and Financial Statements

31 March 2018

Company Limited by Guarantee
Registration Number
6621820 (England and Wales)

Charity Registration Number 1133356

TUESDAY



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11/12/2018 #153
COMPANIES HOUSE

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Report of the Executive Committee Year to 31 March 2018

The Executive Committee, whose members are the Directors and Trustees of the charity, is pleased to present its annual report together with the financial statements of The Sheppard Trust (the "Trust") for the year ended 31 March 2018.

The report has been prepared in accordance with Part 8 of the Charities Act 2011 and constitutes a directors' report for the purpose of company legislation.

The financial statements have been prepared in accordance with the accounting policies set out on pages 19 to 24 of the attached financial statements and comply with the charitable company's Memorandum and Articles of Association, applicable laws and the requirements of *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 United Kingdom and Republic of Ireland (FRS 102) effective from accounting periods commencing 1 January 2015 or later.

OUR PURPOSES AND ACTIVITIES

The Sheppard Trust is an almshouse charity founded in 1855.

Its main charitable object is to provide low-cost housing for ladies who are in need, hardship or distress, who are aged 55 or over and who abide by a Christian faith. In practice the trustees normally accept applications from ladies aged 65 or over.

The Trust's main activity is providing sheltered housing, with some staff support to enable our residents to live comfortably and independently in their own accommodation. Currently there is accommodation for 29 ladies who are in need of low-cost, comfortable and secure homes. Sheppard Trust residents have the security of knowing that their homes will remain affordable and well maintained, and that support is on hand when needed.

The Trust's activities are underpinned by a strong set of values: that the residents should feel comfortable, warm and secure in their homes; that their independence, privacy and dignity should always be respected; that their homes, the utility services and safety systems should be maintained to a high standard; that they should be well-supported at times of ill health or other need; and that a mutually supportive community spirit should develop through a range of social activities. All the activities undertaken are informed by these values.

Priority is given to those in the greatest need and residents often come to us from insecure or unsettled accommodation. The majority of the residents receive housing benefit and other welfare benefits, and those who are ineligible for this support nevertheless have incomes and savings far from adequate to buy or privately rent a home in London.

The Trust's work contributes to reducing homelessness amongst older people, and reducing social care costs by helping residents remain independent and active. The Executive Committee firmly believes that the provision of affordable housing for those in need is for the public benefit, and confirms that in planning its activities it has had regard to the Charities Commission is general guidance on public benefit.

ACHIEVEMENTS AND PERFORMANCE

The Trust's homes were fully occupied throughout the year by ladies in need of them, except for short periods for redecoration between residents leaving and new residents moving in. During the year three residents left the Trust. One sadly died in hospital following a brief illness and the other two moved to care homes because their care needs became greater than could be met at home. We welcomed two new residents in their place during the year and one after the year end, all with no settled accommodation at the time of their move.

The Trust continues to invest heavily in maintenance and health and safety. Our buildings are not far from Grenfell Tower and we were deeply moved by the loss of life in the fire there. It was important to reassure our residents of our own fire precautions, which were updated and strengthened. All our smoke and heat detectors were replaced this year as well as the control panel for one of the lifts.

As the external landscape for social care alters, the number of older people increases, life expectancy rises and people are enabled to stay in their homes longer in life, the Sheppard Trust is continually developing its services to meet new challenges. The average age of residents is currently 81 and at 31 March 2018 eight residents were over 90 years of age. Age in itself, of course, is no indicator of good or poor health, and some of these elderly residents lead very active and engaged lives. Others, however, are increasingly constrained by physical or mental frailty, and the Trust has been developing its work to meet their needs as far as possible.

The Warden and Assistant Warden provide support to older residents to enable them to maintain independent living as long as possible. This includes welfare visits to make sure residents are well and to help them access health services and social activities. We also help residents to access benefits and with practical tasks such as ordering online shopping or meal deliveries. The Trust is not a care provider, but we work actively with social services and other agencies to set up and monitor care packages to ensure residents are getting the right care in their homes at the right time.

Residents enjoyed a programme of social and community activities including lunches and tea parties, theatre trips, a Christmas carol concert, excursions to places of interest and the ever-popular fish and chip supper. Residents are active in the local community, volunteering in charity shops, helping at a local school, and taking part in lunch clubs, fitness classes, art and craft and church activities.

FUTURE PLANS

Housing for older people has never been more important and there is a huge need for good quality, affordable provision for those of limited means to buy or rent property. The Trust's current properties have served their purpose well for many years in providing secure and comfortable homes, but the physical limitations of the current buildings are already restricting us and will not meet the needs for the next generation of older women.

FUTURE PLANS (continued)

The Executive Committee has concluded that continuing to maintain and attempting to upgrade these Victorian houses is not good value for money. It has therefore adopted a strategy to relocate the Trust to modern purpose built homes designed for the needs of elderly people and located in a more affordable part of London. The vision is to develop extra care housing which will enable residents to remain in their homes much longer in life and in many cases for the rest of their lives, and will also provide for a much greater number of beneficiaries. Our vision includes a tailored on-site care offer to meet individual needs and a range of community activities giving choices for an active and fulfilling old age.

During the year, work continued on searching for a suitable site, working with the Royal Borough of Kensington and Chelsea, financial and other planning for this potential move, participating in consultations on future funding models for supported and sheltered housing, continuing to establish a full professional team, and looking at ways to maximise the value of the existing properties. The Executive Committee considered a number of interesting opportunities for future sites. Further discussions in respect of one possible site are progressing satisfactorily.

If we had already had the new facilities we are planning for, we would in all likelihood have been able to meet the needs of those residents who had to move to other providers very late in life when they would have preferred to stay in their settled homes at the Sheppard Trust.

The Trust will continue to work on achieving this vision to help more ladies in need and to provide facilities that meet excellent modern standards for lifetime homes.

FINANCIAL REVIEW

The financial results of the Trust were satisfactory. There was a surplus for the year of £103,857 before losses on investments. The Trustees had expected to incur a deficit for the year due to the continued investment in professional fees and other expenses incurred towards the Trust realising its future plans, as described above. The Trust achieved an in year surplus due to an unexpected significant legacy.

The Executive Committee remains satisfied that the underlying financial position of the Trust is secure, and that it is well placed to maintain the present level of service and to plan for the future.

Review of business

The Trust's income for the period under review has increased from £632,525 to £935,918. This was due to a large legacy being accounted for which increased income well above its usual level. Expenditure has fallen slightly from £853,494 to £832,061, a 2.5% decrease. There was a decrease in repairs expenditure due to a review of costs and contractors, having regard to the future strategy of the Trust as mentioned in future plans, and because fewer major repairs were necessary. This decrease was balanced by increased expenditure on professional and other fees.

FINANCIAL REVIEW (continued)

Review of business (continued)

There was a surplus of income over expenditure for the year of £103,857 (2017 deficit £220,719). Despite losses on investments there was a net increase in funds of £54,676.

At 31 March 2018, the Trust's total reserves amounted to £13,351,832. Of this, £1,245,814 related to special trust funds, which consist of properties and investments endowed to the unincorporated charity. A further £26,735 and £787,066 related to the restricted extraordinary repair and capital grant funds respectively. The purposes of these funds are described in more detail on page 30.

Unrestricted reserves have risen from £11,167,601 to £11,262,217. It remains the Trust's policy in due course to invest a very large part of its reserves in new housing for a greater number of beneficiaries.

Reserves policy

The Sheppard Trust holds reserves for three main purposes:

- ◆ To cover fluctuations in working capital, and to cover expenditure in the event of unexpected circumstances such as an unforeseen drop in investment income or vacancies in the accommodation;
- ◆ To ensure funds are available when needed for major property repairs above and beyond the normal annual expenses of maintenance; and
- ◆ To spend, over the next five to ten years, on expanding the charity's activities by providing new, modern extra-care accommodation for a much greater number of beneficiaries.

Once a beneficiary has been accepted, the Trust aims to support and enable her to stay in her home in the Trust's property for as long as possible, and it therefore has a long term commitment to maintain its properties to a suitable standard and to support its beneficiaries. The Trust's current properties are large Victorian houses which require considerable maintenance expenditure. With this in mind the Executive Committee consider that a suitable level of reserves to cover the first two purposes is currently approximately one year's worth of average expenditure.

The Executive Committee intend to spend the reserves in excess of this on the proposed new accommodation, using any additional funds available to improve the facilities available to the residents or to increase the number of residential units available for beneficiaries. Currently reserves are already being used to fund professional fees in working towards the development of a suitable scheme. At present the work is not sufficiently advanced for the Executive Committee to determine the timetable with any certainty but they estimate that it will take between five and ten years to complete the scheme.

FINANCIAL REVIEW (continued)

Reserves policy (continued)

As at 31 March 2018 the general reserves stood at £11,262,217, and a year's expenditure was estimated at £660,000 leaving approximately £10.6 million available to be spent on this exciting project, as well as the value of the property currently held. The trustees are keeping the levels of reserves under review as the project progresses, and consider that the need for general reserves in the future will increase with new accommodation and a greater number of beneficiaries, so that an amount of this will be held back as part of the financial planning for the project.

The trustees invest the reserves in order to contribute to the Trust's income and aim to match the liquidity of the investments to the predicted needs for cash. Normally at least £50,000 is instantly available to cover fluctuations in working capital and around a third of the reserves can be released within a few days if required.

Going concern

The Trust has relatively stable sources of income and a high level of capital and reserves. The Executive Committee are wholly confident that the Trust has adequate resources to continue in existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. For this reason it continues to adopt the going concern basis in the financial statements.

Investment policy

The general objectives of the Trust's Investment Policy are to generate sufficient income to meet projected levels of annual expenditure such that residents' maintenance contributions can be kept at a lower level than would otherwise be the case; and, subject to that requirement, to maximise investment growth so that the Trust is able to meet its revenue and capital expenditure programmes over the next 25 years in the interests of current and future beneficiaries.

The objectives are to be achieved by investing prudently and cautiously in a broad range of fixed interest securities and equities which are quoted by a recognised Investment Exchange, in Common Investment Funds and in unit trusts and open-ended investment companies which are authorised under the Financial Services and Markets Act 2000. Investments in derivatives are not permitted except with the written permission of the Executive Committee.

There are no ethical or geographical restrictions with regard to investment, but the Trust has confirmed with its investment managers that they should have regard to socially responsible investment issues when managing its portfolio.

FINANCIAL REVIEW (continued)

Investment policy (continued)

The Trust has appointed Investec Wealth and Investment Ltd., who have confirmed that they are an authorised person within the meaning of the Financial Services and Markets Act 2000, as investment managers with delegated discretionary powers of investment. Investec reports on performance quarterly.

The equity portfolio is measured against a customised benchmark comprising: 17% FTSE Gov. All Stocks, 50% FTSE All Share, 25% FTSE World ex UK, 5% Monthly IPD and 3% prevailing cash rates. The Trust's investment policy requires its investment managers to outperform the agreed benchmark by 1% p.a. over a rolling three year period. Over the 12 month period the portfolio outperformed the benchmark by 1.3%. Over the three year period the portfolio has underperformed against the benchmark by 1.5% due to some specific underperformance in the previous year around the time of the Brexit vote. The trustees have examined the reasons for the underperformance with the investment managers in detail, and are satisfied that the performance is now back on track.

Towards the end of the year, in the light of the Trust's future plans, the Trustees adjusted the investment objectives to reduce the risk profile and prioritise liquidity ready for future investment in new accommodation.

Principal funding sources

The Trust's total income for the year ending 31 March 2018 was:

| | 2018 £ | % | 2017 £ |
|--|----------------|------------|----------------|
| Income from residents' maintenance contributions | 432,061 | 46 | 433,614 |
| Investment income | 269,774 | 29 | 269,708 |
| Donations and legacies | 234,083 | 25 | (60,394) |
| | 935,918 | 100 | 642,930 |

Fundraising

The Trust is very grateful to the donors who supported our work during the year. They enabled us to provide additional support and services to our residents that might not otherwise be possible. The Trust is also grateful to those who have supported the work with a legacy. Legacy income is helping us to fund our future plans to help more beneficiaries in modern accommodation.

Donations (other than legacies) form a very small proportion of the Trust's income (1% in 2018). There is a small group of regular donors giving either annually or more frequently. The main fundraising methods are writing annually to our supporters about our work, and placing legacy advertising in suitable journals. The Trust does not use any professional fundraisers or commercial participators. As the Trust is small and fundraising is a minor part of its activity, it has not yet signed up to any voluntary fundraising schemes or standards. The Trustees are not aware of any external fundraising carried out on the Trust's behalf nor have they encouraged any.

FINANCIAL REVIEW (continued)

Fundraising (continued)

No complaints were received about the Trust's fundraising activity during the year. The Trust has taken steps to protect vulnerable people and others from unreasonable activity, persistent approaches or undue pressure to give. During the year all our supporters were invited to express their contact preferences and contact is only made in accordance with these preferences. For most supporters this is a single letter and annual report once each year. We include clear contact details on all communications so that our supporters can raise any issues or change their contact preferences. We respect our supporters' decisions including a decision to stop giving, with gratitude for their past support.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Sheppard Trust is a company limited by guarantee (Company No. 6621820) and a charity registered with the Charity Commission in England and Wales registered charity (Charity No. 1133356). It was incorporated on 17 June 2008 and its governing documents are the Memorandum and Articles of Association.

The charity has a linked subsidiary charity, also known as Sheppard Trust, governed by a scheme of 1932 as subsequently amended. The Charity Commission issued a uniting direction on 5 August 2010 to link it with the incorporated charity. The unincorporated charity remains a separate entity and subsidiary of the incorporated charity, with the trusteeship of the endowment fund being vested in the incorporated charity.

The charity owns the entire issued share capital of £1 in ST Property Company Limited, a company registered in England and Wales (Company Registration Number 09555468). The subsidiary was set up on 22 April 2015 and was dormant throughout the year.

The charity's Articles of Association stipulate that the Executive Committee shall consist of not fewer than six or more than eleven trustees/directors and that at least four of the trustees/directors shall be female. New trustees/directors are appointed by resolution of the Committee. The Committee's policy, when vacancies arise, has been to review the skills available to it through its members and to recruit to fill identified gaps in knowledge or expertise.

The following members of the Executive Committee served during the period:

| Appointed/Retired | |
|------------------------------|-----------------------------|
| Linda Davis, Chair | |
| Jonathan Cole, Hon Treasurer | |
| Martyn Carter | |
| Amelia Gosal | |
| Christina Jordan | |
| Keith Perry | |
| Yvette Ruggins | |
| Jean Smith | Retired 4 August 2017 |
| Tessa Strickland | Retired 4 August 2017 |
| Claire Watson | Appointed 18 September 2017 |
| Neil White | |

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Jean Smith and Tessa Strickland both retired by rotation after 15 and 30 years service respectively. The Executive Committee is very grateful for their contribution to the Trust over many years.

The Executive Committee takes responsibility for all strategic decisions and monitors the Trust's performance throughout the year. The Executive Committee normally meets six times each year. It is supported by two sub-committees – Finance Committee, and Appointments and Wellbeing Committee. The Executive Committee delegates responsibility for the day-to-day operation of the Trust to the Chief Executive. A Project Control Group has been set up to support the Executive Committee with its strategic development plans.

The Sheppard Trust is a member of both the National Housing Federation and the National Association of Almshouses. The Trust has adopted the latter body's 'Standards of Almshouse Management, a Guide to Good Practice'.

The Trust is also a member of the National Council for Voluntary Organizations (NCVO) and the Charity Finance Group. Membership of all these bodies brings training opportunities and an awareness of developments and initiatives in other parts of the voluntary sector.

None of the Executive Committee receives any remuneration from the charity. No related party transactions were reported.

Key management personnel

The Executive Committee consider that they, together with the Chief Executive, are the key management personnel in charge of directing and controlling, running and operating the Trust on a day-to-day basis.

The remuneration of the Chief Executive and other staff is reviewed annually by the Executive Committee taking into account increases in average earnings and other relevant market information.

No members of the Executive Committee were remunerated for their services to the Trust during the year.

Risk management

The Executive Committee is responsible for the management of risks faced by the Trust and, through its Chief Executive, ensures that appropriate systems are maintained, that new risks are identified as they arise and appropriate controls established.

The key risks facing the charity are external factors preventing its future development plans being achievable, the risks associated with maintaining the health, safety and welfare of its elderly residents, and the risk of loss of income or excessive expenditure.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Risk Management (continued)

The key controls include detailed consideration by the Finance Committee of proposed budgets and regular management accounting information; agreed financial procedures defining, among other things, spending levels; the maintenance of a short waiting list of applicants to ensure minimal voids between occupancies; and regular supervision by the Ladies' Committee of the welfare of residents. Systems are also in place for the regular maintenance of all mechanical and electrical services, including particularly all fire precautions and central heating systems. Periodic fire and legionella risk assessments are undertaken. In addition, the condition of the fabric of the Trust's properties is kept under regular review. A Disaster Recovery Plan has been prepared against the possibility of some catastrophic event. Appropriate insurances are in place covering the Trust's buildings and contents, public and employer's liability and statutory insurances for lifts and boiler plant.

The Executive Committee has carried out a risk assessment specifically to identify the risks associated with the Trust's development strategy. The main areas of risk include external factors affecting the value of the current property, future construction costs, and government policy on revenue funding. These risks are reviewed regularly by the Project Control Group so that mitigating actions can be taken or to ensure that project appraisals include the effect of external risks.

The Executive Committee recognises that its systems provide reasonable, but not absolute, assurance that risks are being adequately managed, but believes that the major risks facing the Trust have been identified and that systems are in place to mitigate the effects of them.

STATEMENT OF THE EXECUTIVE COMMITTEE'S RESPONSIBILITIES

The Executive Committee (whose members are also the directors of The Sheppard Trust for the purposes of company law) is responsible for preparing the Executive Committee report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Executive Committee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the income and expenditure of the charitable company for that period.

In preparing these financial statements, the Executive Committee is required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- ◆ make judgements and estimates that are reasonable and prudent;

STATEMENT OF THE EXECUTIVE COMMITTEE'S RESPONSIBILITIES (continued)

- ◆ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ◆ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Executive Committee is responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable it to ensure that the financial statements comply with the Companies Act 2006. It is 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.


Each member of the Executive Committee confirms that:

- ◆ so far as the Committee Member is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- ◆ the Committee Member has taken all the steps that he/she ought to have taken as a Committee member in order to make himself/herself aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

Statement as to disclosure to our auditors

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Executive Committee and signed on its behalf by:

Chair 
Date: 24/09/18

Report of the Executive Committee Year to 31 March 2018

**Executive Committee
as at 24 September 2018**

Linda Davis, Chair
Jonathan Cole, Hon Treasurer
Martyn Carter
Amelia Gosal
Christina Jordan
Keith Perry
Yvette Ruggins
Claire Watson
Neil White

Chief Executive and Secretary

Clare Scott Booth

Registered address

12 Lansdowne Walk
London
W11 3LN

Company registration number

6621820 (England and Wales)

Charity registration number

1133356

Auditor

Buzzacott LLP
130 Wood Street
London
EC2V 6DL

Investment Managers

Investec Wealth and Investment Limited
2 Gresham Street
London
EC2V 7QN

Royal London Asset Management Limited
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London
EC3V 0UF

Report of the Executive Committee Year to 31 March 2018

Principal Bankers

Unity Trust Bank plc
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Solicitors

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Independent auditor's report to the members of The Sheppard Trust

Opinion

We have audited the financial statements of The Sheppard Trust (the 'charitable company') for the year ended 31 March 2018 which comprise the statement of financial activities, the balance sheet, statement of cash flows, the principal accounting policies and the notes to the financial statements. 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 March 2018 and of 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 auditor's 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 UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- ◆ the 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.

Independent auditor's report Year to 31 March 2018

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- ◆ the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ 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 the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the 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.

Independent auditor's report Year to 31 March 2018

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees 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.

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.



Edward Finch (Senior Statutory Auditor)

For and on behalf of Buzzacott LLP, Statutory Auditor

130 Wood Street

London

EC2V 6DL

30/10/18

Statement of financial activities Year to 31 March 2018

| | Notes | Unrestricted funds £ | Restricted funds £ | Special trust funds £ | Total 2018 £ | Total 2017 £ |
|--|-------|-------------------------|-----------------------|--------------------------|-----------------|------------------|
| Income from: | | | | | | |
| Charitable activities | 1 | 432,061 | — | — | 432,061 | 423,459 |
| Investments and interest receivable | 2 | 257,833 | 11,941 | — | 269,774 | 269,708 |
| Donations and legacies | 3 | 234,083 | — | — | 234,083 | (60,642) |
| Total income | | 923,977 | 11,941 | — | 935,918 | 632,525 |
| Expenditure on: | | | | | | |
| Charitable activities | 4 | 740,557 | 30,247 | 19,457 | 790,261 | 810,176 |
| Raising funds | 5 | 41,800 | — | — | 41,800 | 43,318 |
| Total expenditure | | 782,357 | 30,247 | 19,457 | 832,061 | 853,494 |
| Net income (expenditure) before transfers and (losses) gains on investment assets | | 141,620 | (18,306) | (19,457) | 103,857 | (220,969) |
| Net investment (losses) gains | 9, 10 | (48,004) | (115) | (2,062) | (50,181) | 752,934 |
| Net income (expenditure) | | 93,616 | (18,421) | (21,519) | 53,676 | 531,965 |
| Other recognised gains and losses | | | | | | |
| Actuarial gains | 16 | 1,000 | — | — | 1,000 | (3,000) |
| Net movement in funds | | 94,616 | (18,421) | (21,519) | 54,676 | 528,965 |
| Reconciliation of funds | | | | | | |
| Fund balances at 1 April 2017 | | 11,167,601 | 832,222 | 1,297,333 | 13,297,156 | 12,768,191 |
| Fund balances at 31 March 2018 | | 11,262,217 | 813,801 | 1,275,814 | 13,351,832 | 13,297,156 |

All the charity's activities derived from continuing operations during the above two financial periods.

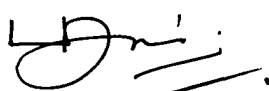
The charity has no recognised gains or losses other than those shown above.

Balance sheet 31 March 2018

| | Notes | Unrestricted funds £ | Restricted funds £ | Special trust funds £ | 2018 £ | 2017 £ |
|--|-------|-------------------------|-----------------------|--------------------------|--------------------------|-------------------|
| Fixed assets | | | | | | |
| Tangible fixed assets | 8 | 220,422 | — | 1,595,708 | 1,816,130 | 1,837,916 |
| Investments | 9 | 7,134,514 | 26,735 | 467,172 | 7,628,421 | 8,286,323 |
| | | <u>7,354,936</u> | <u>26,735</u> | <u>2,062,880</u> | <u>9,444,551</u> | <u>10,124,239</u> |
| Current assets | | | | | | |
| Debtors | 11 | 90,434 | — | — | 90,434 | 96,776 |
| Cash at bank and in hand | | 1,116,057 | — | — | 1,116,057 | 399,259 |
| Investments | 10 | 2,889,945 | — | — | 2,889,945 | 2,881,721 |
| | | <u>4,096,436</u> | <u>—</u> | <u>—</u> | <u>4,096,436</u> | <u>3,377,756</u> |
| Creditors: amounts falling due within one year | 12 | <u>(103,155)</u> | <u>—</u> | <u>—</u> | <u>(103,155)</u> | <u>(100,839)</u> |
| Net current assets | | <u>3,993,281</u> | <u>—</u> | <u>—</u> | <u>3,993,281</u> | <u>3,276,917</u> |
| Total assets less current liabilities | | <u>11,348,217</u> | <u>26,735</u> | <u>2,062,880</u> | <u>13,437,832</u> | <u>13,401,156</u> |
| Creditors: amounts falling due after more than one year | | | | | | |
| | 13 | <u>(86,000)</u> | <u>—</u> | <u>—</u> | <u>(86,000)</u> | <u>(104,000)</u> |
| Inter-fund accounts | 14 | <u>—</u> | <u>787,066</u> | <u>(787,066)</u> | <u>—</u> | <u>—</u> |
| Total net assets | | <u>11,262,217</u> | <u>813,801</u> | <u>1,275,814</u> | <u>13,351,832</u> | <u>13,297,156</u> |
| The funds of the charity: | | | | | | |
| Funds and reserves | | | | | | |
| 15 | | | | | | |
| Unrestricted funds | | | | | | |
| General fund | | 11,262,217 | — | — | 11,262,217 | 11,167,601 |
| Restricted funds | | — | 813,801 | — | 813,801 | 832,222 |
| Special trust funds | | — | — | 1,275,814 | 1,275,814 | 1,297,333 |
| | | <u>11,262,217</u> | <u>813,801</u> | <u>1,275,814</u> | <u>13,351,832</u> | <u>13,297,156</u> |

The accounts were approved by the Executive Committee on 24 September 2018 and signed on their behalf by:

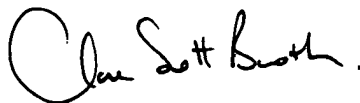
Linda Davis
Chair



Jonathan Cole
Treasurer



Clare Scott Booth
Chief Executive



The Sheppard Trust, Company Limited by Guarantee
Registration Number 6621820 (England and Wales)

Statement of cash flows Year to 31 March 2018

| | Notes | 2017 £ | 2016 £ |
|--|-------|-------------|-------------|
| Cash flows from operating activities: | | | |
| Net cash used in operating activities | A | (120,119) | (306,888) |
| Cash flows from investing activities: | | | |
| Investment income | | 269,744 | 269,982 |
| Purchase of tangible fixed assets | | (32,353) | (58,873) |
| Proceeds from the disposal of investments | | 2,456,643 | 1,577,236 |
| Purchase of investments | | (1,376,949) | (1,365,886) |
| Net cash provided by investing activities | | 1,317,115 | 422,459 |
| Change in cash and cash equivalents in the year | | 1,119,996 | 115,571 |
| Cash and cash equivalents at 1 April 2017 | | 554,331 | 438,760 |
| Cash and cash equivalents at 31 March 2018 | B | 1,751,327 | 554,331 |

Notes to the statement of cash flows for the year to 31 March 2018.

A Reconciliation of net movement in funds to net cash used in operating activities

| | 2018 £ | 2017 £ |
|--|------------------|------------------|
| Net movement in funds (as per the statement of financial activities) | (54,676) | 528,965 |
| Adjustments for: | | |
| Depreciation charge | 54,139 | 52,954 |
| Losses (gains) on investments | 50,181 | (752,934) |
| Investment income | (269,774) | (269,982) |
| Decrease in debtors | 6,342 | 169,417 |
| increase in creditors | (15,683) | (35,308) |
| Net cash used in operating activities | (120,119) | (306,888) |

B Analysis of cash and cash equivalents

| | 2018 £ | 2017 £ |
|--|------------------|----------------|
| Cash at bank and in hand | 1,116,057 | 399,259 |
| Cash held by investment managers | 635,270 | 155,072 |
| Total cash and cash equivalents | 1,751,327 | 554,331 |

Principal accounting policies Year to 31 March 2018

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the accounts are laid out below.

Basis of preparation

These financial statements have been prepared for the year to 31 March 2018.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these 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 United Kingdom and Republic of Ireland (FRS 102) (Charities SORP FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The charity constitutes a public benefit entity as defined by FRS 102.

The financial statements are presented in sterling and are rounded to the nearest pound.

Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the Executive Committee and management to make significant judgements and estimates.

The items in the financial statements where these judgements and estimates have been made include:

- ◆ valuation of listed investments using published market prices as a best indicator of fair value;
- ◆ estimating the useful economic life of tangible fixed assets; and
- ◆ assessing the probability of receipt and estimating the amount receivable in respect of legacies of which the charity has been notified.

Principal accounting policies Year to 31 March 2018

Assessment of going concern

The Executive Committee have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The Executive Committee have made this assessment in respect to a period of one year from the date of approval of these financial statements.

The Executive Committee of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors. The Executive Committee are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due.

Income recognition

Income is recognised in the period in which the charity has entitlement to the income, the amount of income can be measured reliably and it is probable that the income will be received.

Income comprises donations, legacies, investment income and residents' maintenance contributions.

Donations received are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

Legacies are included in the statement of financial activities when the charity is entitled to the legacy, the executors have established that there are sufficient surplus assets in the estate to pay the legacy, and any conditions attached to the legacy are within the control of the charity.

Principal accounting policies Year to 31 March 2018

Income recognition (continued)

Entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, but the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material. In the event that the gift is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title of the asset having being transferred to the charity.

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due. Dividend income is apportioned between funds in the ratio of the market value of the separate funds at the beginning of the accounting period.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Income from residents' maintenance contributions is credited on an accruals basis.

Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. Expenditure comprises direct costs and support costs. All expenses, including support costs, are allocated or apportioned to the applicable expenditure headings. The classification between activities is as follows:

- ◆ Expenditure on raising funds includes all expenditure associated with raising funds for the charity. This includes investment management fees, staff costs associated with fundraising, and an allocation of support costs.
- ◆ Expenditure on charitable activities includes all costs associated with furthering the charitable purposes of the charity through the provision of its charitable activities. Such costs include property expenditure, social expenditure and grants to residents.

The charity makes grants to self-funded residents to support the payment of weekly maintenance contributions. These grants are recognised in full in the year they are awarded, unless the recipient has to fulfil performance conditions before the grant is released.

All expenditure is stated inclusive of irrecoverable VAT.

Allocation of support and governance costs

Support costs represent indirect charitable expenditure. In order to carry out the primary purposes of the charity it is necessary to provide support in the form of personnel development, financial procedures, provision of office services and equipment and a suitable working environment.

Governance costs comprise the costs involving the public accountability of the charity (including audit costs) and costs in respect to its compliance with regulation and good practice.

Support costs and governance costs are apportioned on the basis of staff time.

Tangible fixed assets

The cost of the freehold property was split between the land and buildings elements in 2000 using the Property Market Report Matrix. Land is not depreciated but buildings are depreciated on a straight line basis over their estimated useful life, assessed as 50 years. Improvements to the freehold property are depreciated on a reducing balance basis at a rate of 6.67%.

Expenditure on furniture, computer equipment, fixtures and fittings is written off in the year in which it is incurred except in the case of amounts of a non-recurring nature in excess of £10,000. These are capitalised and depreciated on a straight-line basis over four years.

Listed investments

Listed investments held as non-current assets and current asset investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value is acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

Gains or losses are apportioned between funds in the ratio of the market value of separate funds at the beginning of the accounting period.

The Trustees monitor the underlying risks to which the investments are exposed by regular meetings and reviews with the investment managers. The risks to which the investments are exposed include market and credit risk. The exposure to market risk is mitigated by the Trust investing in a diverse portfolio of investment across various markets. Current asset investments are exposed to credit risk by this pooled fund being invested in short dated bonds and near cash investments. The risk is mitigated by the pooled fund being actively managed by the fund manager.

Principal accounting policies Year to 31 March 2018

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year have been disclosed as short term deposits. Cash placed on deposit for more than one year is disclosed as a fixed asset investment.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Subsidiary undertaking

The charity owns the entire issued share capital of £1 in ST Property Company Limited, a company registered in England and Wales (Company Registration Number 09555468). The subsidiary was set up on 22 April 2015.

The company was dormant throughout the current and prior year.

Fund accounting

Restricted funds comprise monies raised for, or their use restricted to, a specific purpose, or contributions subject to donor imposed conditions.

Unrestricted funds represent those monies which are freely available for application towards achieving any charitable purpose that falls within the Trust's charitable objects.

Designated funds comprise monies set aside out of unrestricted funds for specific future purposes or projects.

Special trust funds comprise monies for which the charity has responsibility in trustee capacity. Income from the endowment fund can be used for general purposes and is credited directly to unrestricted reserves, unless under the terms of the endowment such income must be used for specific purposes in which case it is credited to restricted funds.

Principal accounting policies Year to 31 March 2018

Pension contributions

The Trust participates in The Social Housing Pension Scheme (SHPS), which is funded and contracted out of the state scheme. The SHPS is a multi-employer pension plan where it is not possible to separately identify the assets and liabilities of participating employers, therefore the Trust's normal pension costs in respect of the defined benefit section of the plan are accounted for on a defined contribution basis. The present value of the expected deficit recovery contributions are recognised as a liability at the balance sheet date. The amount is reviewed annually taking into account any changes to the deficit contribution rate or the implicit rate of interest used in discounting the liability.

Additional disclosures in relation to the pension plan are given in note 16.

Pension costs in respect of the defined contribution section of the plan are recognised when payable on an accruals basis.

Share capital

The company is limited by guarantee and has no share capital. Each member of the company guarantees to subscribe such amount as may be required for the purposes of the company, not exceeding £1 sterling.

Notes to the financial statements Year to 31 March 2018

1 Income from charitable activities

| | Unrestricted funds | |
|--------------------------------------|--------------------|-----------|
| | 2018 £ | 2017 £ |
| Residents' maintenance contributions | 432,061 | 423,459 |

2 Income from investments

| | Unrestricted funds £ | Restricted funds £ | Total 2018 £ | Total 2017 £ |
|-----------------------------|----------------------------|--------------------------|--------------------|--------------------|
| UK listed investments | | | | |
| . Equities and unit trusts | 122,421 | 11,941 | 134,362 | 129,496 |
| . Fixed interest | 115,574 | — | 115,574 | 122,348 |
| . Charities Property Fund | 12,709 | — | 12,709 | 16,776 |
| Investment deposit interest | 7,129 | — | 7,129 | 924 |
| Bank interest | — | — | — | 164 |
| 2018 Total funds | 257,833 | 11,941 | 269,774 | 269,708 |
| 2017 Total funds | 258,261 | 11,447 | 269,708 | |

3 Donations and legacies

| | Unrestricted funds | |
|-----------|--------------------|-----------|
| | 2018 £ | 2017 £ |
| Donations | 8,066 | 10,838 |
| Legacies | 226,017 | (71,480) |
| | 234,083 | (60,642) |

4 Expenditure on charitable activities

| | Direct costs £ | Support costs (note 6) £ | Total 2018 £ | Total 2017 £ |
|-------------------------------------|----------------------|-----------------------------------|--------------------|--------------------|
| Property expenditure: | | | | |
| . Service costs | 134,299 | 102,903 | 237,202 | 201,170 |
| . Repairs | 124,586 | 96,178 | 220,764 | 316,061 |
| . Property depreciation | 54,140 | — | 54,140 | 52,954 |
| . Professional and consultancy fees | 239,663 | — | 239,663 | 195,385 |
| | 551,688 | 199,081 | 751,769 | 765,570 |
| Governance | — | 14,902 | 14,902 | 14,853 |
| Social expenditure | 10,946 | — | 10,946 | 11,747 |
| Grants to residents | 12,644 | — | 12,644 | 18,006 |
| | 575,278 | 213,983 | 790,261 | 810,176 |

4 Expenditure on charitable activities (continued)

| | Unrestricted funds £ | Restricted funds £ | Special trust funds £ | Total 2018 £ | Total 2017 £ |
|------------------|----------------------------|--------------------------|--------------------------------|--------------------|--------------------|
| 2018 Total funds | 740,557 | 30,247 | 19,457 | 790,261 | 810,176 |
| 2017 Total funds | 735,690 | 36,090 | 38,396 | 810,176 | |

5 Costs of raising funds

| | Unrestricted funds | |
|----------------------------|--------------------|---------------|
| | 2018 £ | 2017 £ |
| Investment management fees | 34,812 | 35,418 |
| Advertising costs | 6,988 | 7,900 |
| | 41,800 | 43,318 |

6 Support costs

| | 2018 £ | 2017 £ |
|-----------------------------|----------------|----------------|
| Staff costs | 151,645 | 138,430 |
| Professional fees | 20,714 | 20,281 |
| General office costs | 25,722 | 28,477 |
| Pension interest costs | 1,000 | 3,000 |
| Governance costs | | |
| . Auditor's remuneration | 12,600 | 12,600 |
| . Accounts preparation fees | 2,302 | 2,253 |
| | 213,983 | 205,041 |

7 Staff costs

a) Executive Committee members and employees

| | Total 2017 £ | Total 2017 £ |
|--|--------------------|--------------------|
| Committee expenses | | |
| Travel expenses for five Committee members (2017 – five) | 1,228 | 1,820 |
| Trustee training | 1,876 | — |
| Staff costs | | |
| Salaries | 190,625 | 174,947 |
| Social security costs | 20,159 | 17,200 |
| Pension costs | 16,286 | 15,135 |
| | 227,070 | 207,282 |

7 Staff costs (continued)

a) Executive Committee members and employees (continued)

Staff costs have been allocated as follows:

| | Total 2018 £ | Total 2017 £ |
|-----------------------|--------------------|--------------------|
| Charitable activities | 75,425 | 68,852 |
| Support costs | 151,645 | 138,430 |
| | 227,070 | 207,282 |

b) Number of employees

The average number of employees expressed as full time equivalents was as follows:

| | 2018 No. | 2017 No. |
|------------------|-------------|-------------|
| Management staff | 4 | 4 |
| Cleaners | 1 | 1 |
| | 5 | 5 |

c) Higher paid employees

| | 2018 No. | 2017 No. |
|-------------------|-------------|-------------|
| £60,000 - £70,000 | — | 1 |
| £70,001 - £80,000 | 1 | — |

d) Key management personnel

The key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis comprise the Executive Committee and the Chief Executive. The total cost of employment (including taxable benefits employers pension contributions and employers national insurance contributions) of the key management personnel for the year was £90,834 (2017 - £79,231).

Notes to the financial statements Year to 31 March 2018

8 Tangible fixed assets

| | Freehold property £ | Improvements to freehold property £ | 2018 £ |
|------------------------|---------------------------|--|-----------|
| Cost | | | |
| As at 1 April 2017 | 2,330,204 | 382,833 | 2,713,037 |
| Additions | — | 32,353 | 32,353 |
| At 31 March 2018 | 2,330,204 | 415,186 | 2,745,390 |
| Depreciation | | | |
| At 1 April 2017 | 696,100 | 179,021 | 875,121 |
| Charge for year | 38,396 | 15,743 | 54,139 |
| At 31 March 2018 | 734,496 | 194,764 | 929,260 |
| Net book values | | | |
| At 31 March 2018 | 1,595,708 | 220,422 | 1,816,130 |
| At 31 March 2017 | 1,634,104 | 203,812 | 1,837,916 |

The Executive Committee considers the market value of land and buildings to be in excess of carrying value. However, it is not practical to quantify the difference.

As at 31 March 2018, the charity had no capital commitments (2017 - £nil).

9 Investments

a) Listed investments

| | 2018 £ | 2017 £ |
|--|------------------|------------------|
| At 1 April 2017 | 8,131,251 | 7,563,148 |
| Purchases at cost | 1,373,397 | 1,365,886 |
| Disposal proceeds | (2,456,643) | (1,527,236) |
| (Decrease) increase in market value | (54,853) | 729,453 |
| Market value as at 31 March 2018 | 6,993,151 | 8,131,251 |
| Cash on deposit and dealing account | 635,270 | 155,072 |
| Total investments as at 31 March 2018 | 7,628,421 | 8,286,323 |
| Analysis by type – UK listed investments | | |
| • Equities and unit trusts | 3,870,161 | 4,698,686 |
| • Fixed interest | 2,700,531 | 3,171,613 |
| • Charities Property Fund | 274,850 | 260,952 |
| • Alternative assests | 147,609 | — |
| | 6,993,151 | 8,131,251 |
| Cash on deposit and dealing account | 635,270 | 155,072 |
| | 7,628,421 | 8,286,323 |
| Historical cost of the above | 5,750,185 | 6,231,065 |

Notes to the financial statements Year to 31 March 2018

9 Investments (continued)

a) Listed investments (continued)

As at 31 March 2018 no individual investment holding represented a material amount of the total portfolio valuation.

b) Investment in subsidiary undertaking

The charity owns the entire issued share capital of £1 in ST Property Company Limited, a company registered in England and Wales (Company Registration Number 09555468). The subsidiary was set up on 22 April 2015 and was dormant throughout the year.

10 Current asset investments

| | 2018 £ | 2017 £ |
|--|------------------|------------------|
| At 1 April 2017 | 2,881,721 | 2,908,239 |
| Net withdrawals | — | (50,000) |
| Interest re-invested | 3,552 | — |
| Increase in market value | 4,672 | 23,482 |
| Market value at 31 March 2018 | 2,889,945 | 2,881,721 |
| Analysis by type – UK listed investments | | |
| Equities and unit trusts | 2,889,945 | 2,881,721 |
| Historical cost of the above | 2,819,591 | 2,816,039 |

As at 31 March 2018, all current asset investments were invested in the Royal London Cash Plus Fund.

11 Debtors

| | 2018 £ | 2017 £ |
|--------------------------------------|---------------|---------------|
| Legacies receivable | 76,017 | 81,750 |
| Residents' maintenance contributions | 6,684 | 8,547 |
| Gift aid receivable | 1,027 | 620 |
| Interest receivable | 432 | 2,566 |
| Prepayments | 2,857 | 2,793 |
| Other debtors | 3,417 | 500 |
| | 90,434 | 96,776 |

12 Creditors: amounts falling due within one year

| | 2018 £ | 2017 £ |
|---------------------------------------|----------------|----------------|
| Social security and taxation | 7,421 | 4,472 |
| Accruals | 73,726 | 78,367 |
| Other creditors | 4,008 | — |
| Pension deficit liabilities (note 16) | 18,000 | 18,000 |
| | 103,155 | 100,839 |

Notes to the financial statements Year to 31 March 2018

13 Creditors: amounts falling due after more than one year

| | 2018 £ | 2017 £ |
|---------------------------------------|-----------|-----------|
| Pension deficit liabilities (note 16) | 86,000 | 104,000 |

14 Inter-fund accounts

| | Unrestricted funds £ | Restricted funds £ | Special trust funds £ | Total 2018 £ | Total 2017 £ |
|---|----------------------------|--------------------------|--------------------------------|--------------------|--------------------|
| Amount due to Sheppard Trust (1133356) | — | 787,066 | (787,066) | — | — |

This amount represents the interest in the Trust's freehold property arising from the unamortised proportion of Housing Corporation grants received for their development.

This portion of the property's value demonstrably did not arise from the endowments of the charity and has therefore been transferred to the Incorporated Charity, represented as a debt due should the value of the property be crystallised.

15 Reserves

| | At 1 April 2017 £ | Income £ | Expenditure £ | Gains and losses £ | Transfers between funds £ | As at 31 March 2018 £ |
|----------------------------|----------------------------|-------------|------------------|-----------------------------|------------------------------------|--------------------------------|
| Unrestricted funds | | | | | | |
| General fund | 11,167,601 | 923,977 | (769,713) | (47,004) | (12,644) | 11,262,217 |
| Revenue grant fund | — | — | (12,644) | — | 12,644 | — |
| | 11,167,601 | 923,977 | (782,357) | (47,004) | — | 11,262,217 |
| Restricted funds | | | | | | |
| Extraordinary repair fund | 26,217 | 633 | — | (115) | — | 26,735 |
| Capital grant fund | 806,005 | — | (18,939) | — | — | 787,066 |
| Maintenance fund | — | 11,308 | (11,308) | — | — | — |
| | 832,222 | 11,941 | (30,247) | (115) | — | 813,801 |
| Special trust funds | | | | | | |
| Endowment fund | 1,296,333 | — | (19,457) | (2,062) | — | 1,274,814 |
| Restricted fund | 1,000 | — | — | — | — | 1,000 |
| | 1,297,333 | — | (19,457) | (2,062) | — | 1,275,814 |
| Total funds | 13,297,156 | 935,918 | (832,061) | (49,181) | — | 13,351,832 |

Revenue Grant fund

The Revenue Grant Fund is a designated fund set up by the Executive Committee to supplement any difference in income due by self-funded residents compared to those that receive housing benefit.

15 Reserves (continued)

Restricted funds

The Extraordinary Repair Fund may only be used for extraordinary repair, improvement or development of the Trust's property. The Capital Grant Fund represents unamortized portion of the Social Housing Grant received towards the cost of land and buildings. The Maintenance Fund may only be used for the maintenance of the Trust's property.

Special trust funds

The Special Trust Funds are properties and investments endowed to the unincorporated charity which cannot be fully transferred. The properties are depreciated as per the accounting policy on page 22 and any income earned on the investments may only be used on the maintenance of the Trust's properties.

Allocation between funds

Repairs are allocated firstly against the income of the Maintenance Fund which is originally generated from the Endowment and Maintenance Fund. Any excess expenditure is then allocated to the Extraordinary Repairs Fund before being spent from unrestricted funds.

Investment income and the valuation adjustment are apportioned between funds in the ratio of the market value of the separate funds at the beginning of the accounting period.

16 Pension Scheme

From 1 October 2010, the Trust offers new joiners participation in the defined contribution section of the Social Housing Pension Scheme, having previously offered entry into the defined benefit section. The Trust closed the defined benefit section to new entrants at the same date.

Social Housing Pension Scheme (Defined Contribution)

This scheme is administered by The Pensions Trust and is a defined contribution scheme. The employer contribution rate payable by the Trust per annum is 6%.

Social Housing Pension Scheme (Defined Benefit)

The Trust participates in the scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK. It is not possible for the Trust to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

16 Pension Scheme (continued)

The scheme is classified as a 'last-man standing arrangement'. Therefore the Trust is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

The Trust has been notified that its estimated employer debt on withdrawal from the scheme, based on the financial position of the Scheme, was £512,221 as at 30 September 2016. No figure is currently available for 30 September 2017.

A full actuarial valuation for the scheme was carried out with an effective date of 30 September 2014. This actuarial valuation was certified on 23 November 2015 and showed assets of £3,123 million, liabilities of £4,446 million and a deficit of £1,323 million. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid, in combination from all employers, to the scheme as follows:

| Tier | Period | Total contribution per annum |
|------|--|--|
| 1 | From 1 April 2016 to 30 September 2020 | £40.6 million (increasing by 4.7% each 1st of April) |
| 2 | From 1 April 2016 to 30 September 2023 | £28.6 million (increasing by 4.7% each 1st of April) |
| 3 | From 1 April 2016 to 30 September 2026 | £32.7 million (increasing by 3.0% each 1st of April) |
| 4 | From 1 April 2016 to 30 September 2026 | £31.7 million (increasing by 3.0% each 1st of April) |

Where the scheme is in deficit and where the charity has agreed to a deficit funding arrangement, the charity recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

Present values of provision

| | 31 March 2018 £'000 | 31 March 2017 £'000 | 31 March 2016 £'000 |
|----------------------------|---------------------------|---------------------------|---------------------------|
| Present value of provision | 104 | 122 | 133 |

16 Pension Scheme (continued)

Social Housing Pension Scheme (Defined Benefit) (continued)

Reconciliation of opening and closing provisions

| | Year to 31 March 2018 £'000 | Year to 31 March 2017 £'000 |
|---|--------------------------------------|--------------------------------------|
| Provision at start of period | 122 | 133 |
| Unwinding of the discount factor | 1 | 3 |
| Deficit contribution paid | (18) | (17) |
| Re-measurements – impact of any change in assumptions | (1) | 3 |
| Provision at end of period | 104 | 122 |

Income and expenditure impact

| | Year to 31 March 2018 £'000 | Year to 31 March 2017 £'000 |
|---|--------------------------------------|--------------------------------------|
| Interest expense | 1 | 3 |
| Re-measurements – impact of any change in assumptions | (1) | 3 |
| Costs recognised in income and expenditure account | — | 6 |

Assumptions

| | 31 March 2018 % per annum | 31 March 2017 % per annum | 31 March 2016 % per annum |
|------------------|------------------------------------|------------------------------------|------------------------------------|
| Rate of discount | 1.72 | 1.33 | 2.06 |

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

During the year, the Trust paid normal employer contributions the rate of 8.7%, amounting to £5,724. As an employer that has closed the defined benefit section of the scheme to new entrants, the Trust pays an additional 2.5% surcharge to reflect the higher costs of the closed arrangement.

17 Trustees and indemnity insurance

As a member of the National Housing Federation, the Trust is covered by a Directors and Officers Liability Insurance policy. The total amount of cover for the Trust is £7.5 million, subject to an annual aggregate limit of £45 million for the policy as a whole.

18 Contingent liability

The properties at Lansdowne Walk are owned by The Sheppard Trust, but refurbishments to them in the 1980's and 1990's were partially funded through a Housing Corporation Social Housing Grant amounting to £1.3 million. Should the properties at Lansdowne Walk be sold, repayment provisions for the total grant may crystallise resulting in an amount of up to £1,339,524 becoming repayable.

The Executive Committee has asked the Homes and Communities Agency, the successor body to the Housing Corporation, to exercise its discretion to allow the Trust to defer repayment of the grant if it sells its present properties and uses the sale proceeds to develop replacement social housing.