



**Rural Community Council of Essex
Financial Statements**

Incorporating the Directors' and Auditors' Reports

Year ended 31 March 2023

THE RURAL COMMUNITY COUNCIL OF ESSEX
A Charitable Company Limited By Guarantee
Registered Charity No. 1097009

FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2023

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THE RURAL COMMUNITY COUNCIL OF ESSEX

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DIRECTORS' REPORT

The Directors are pleased to present their report on the affairs of the Rural Community Council of Essex (RCCE) together with the audited Financial Statements of the charitable company for the year to 31 March 2023.

The Financial Statements have been prepared in accordance with the accounting policies set out in Note 1 of the Financial Statements and comply with the Companies Act 2006.

1. OBJECTIVES AND ACTIVITIES

The purpose of the Rural Community Council of Essex's work, as stated in its Memorandum of Association is:

- "To promote any charitable purpose for the benefit of the community in the County of Essex and, in particular,
- The advancement of education, the protection of health, and the relief of poverty, distress and sickness,
- In the furtherance of the said purposes to promote and organise co-operation in the achievement of the same and to that end to bring together in the council representatives of the voluntary organisations and statutory authorities within the County."

During the period under review, RCCE's *Strategy 2019-22*, updated for 2022/23, provided the strategic framework for the company's development. This strategy retains RCCE's long-term mission and aims, but highlights four current priority areas of work:

- Community Engagement and Housing;
- Community Buildings, Assets and Enterprise;
- Supporting People in Need;
- Rural Voice, Partnerships and Programme Delivery.

2. ACHIEVEMENTS AND PERFORMANCE

This section of the report summarises the achievements and performance of RCCE in the year to 31 March 2023 in relation to the four priority areas of work set out in *Strategy 2019-22*, updated for 2022/23. The directors have paid due regard to guidance from the Charity Commission on public benefit in deciding what activities the charitable company should undertake, and the impact of the following achievements, based on RCCE's aims, evidences that public benefit.

The income and expenditure attributable to each of the activities outlined in this section are presented as Notes 2 and 3 to the Financial Statements respectively.

Community Engagement and Housing

Community Engagement

Neighbourhood Plans enable local communities to pro-actively influence development and give them the opportunity to secure the housing and amenities they need for a sustainable future. These plans have a statutory role under the 2011 Localism Act.

With many parishes in Essex interested in producing Neighbourhood Plans, RCCE has established itself in recent years as a focal point for advice and support, provided in part through contracts with Braintree, Epping Forest and Uttlesford District Councils. The Covid pandemic inevitably put a break on progress, but there was a discernible increase in activity in 2022/23. RCCE provided support to 43 individual Neighbourhood Plans, with 11 individual plans successfully completed. In person training and network events were able to resume and all such events attracted a total of 98 participants.

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DIRECTORS' REPORT - continued

2. ACHIEVEMENTS AND PERFORMANCE - continued

RCCE uses its community engagement skills in delivering other projects and contracts with partners. It continued to provide support to Lottery-funded 'Big Local' partnerships in a range of locations, helping them to address long-term social and economic challenges.

With Covid restrictions still in place at the beginning of 2022, it was decided to keep the Essex Village of the Year Competition, traditionally a showcase for community initiative and enterprise, on hold for another year.

Rural Housing Enabler and Community Led Housing

The cost-of-living crisis which accelerated rapidly in 2022 only helped to emphasise the continuing shortage of affordable housing in rural areas. In some parts of Essex, residents will need to pay nearly 12 times their earnings for the most affordable home, with the result that far too many young people are shut out of the housing market and cannot afford to live in the village they call home.

RCCE believes this has serious long-term consequences for the sustainability of rural communities and is working to increasing the supply of affordable housing in rural communities through its Rural Housing Enabler service. It works with specialist rural housing providers, local authorities, and parish councils to facilitate small scale schemes based on the evidence of housing needs surveys facilitated by the Rural Housing Enabler.

Demand for the Rural Housing Enabler service increased through the pandemic years, a trend that continued in 2022/23. Throughout the year 8 further housing needs surveys were completed by parishes with 2 more in progress. A new scheme was officially opened at High Easter in Uttlesford district, and another 12 schemes are in the delivery pipeline. This year also saw RCCE making good use of a new promotional film about the scheme at Roxwell, near Chelmsford. The film made by ACRE, the national body for Rural Community Councils, features RCCE's current Rural Housing Enabler, Laura Atkinson.

Alongside its work on rural affordable housing schemes, RCCE is a partner in Eastern Community Homes, a regional hub for community led housing set up in 2021 by the six Rural Community Councils in the East of England. Progress is being made in Essex with negotiations in progress at the end of this year on bespoke contracts with both Chelmsford City Council and Maldon District Council. RCCE is currently supporting 6 community led housing projects across the county. It also assisted in organising a virtual conference for Eastern Community Homes in June 2022 arranging a presentation by the Bishop of Chelmsford, The Rt. Revd. Dr. Guli Francis-Dehqani, who is the Church of England's lead bishop for housing.

Community Buildings, Assets and Enterprise

Village Halls & Community Buildings Advice Service

After the lockdowns and restrictions necessitated by the pandemic, the past year has seen a gradual resumption of normal activities at the county's village halls and community buildings. RCCE has been on hand as ever to provide advice and support to the trustees of more than 250 member halls.

The outstanding success has been the Covid Safe Community Buildings Fund which closed this year having distributed almost £1 million in grants in little more than a year to help local village halls and other community buildings become more Covid-secure, thereby giving local people the confidence to use them again. RCCE was tasked with managing the fund by Essex County Council which had received the funding in 2021 as part of a package of support from the Department of Health and Social Care.

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DIRECTORS' REPORT - continued

2. ACHIEVEMENTS AND PERFORMANCE - continued

The conclusion of the Covid Safe Community Buildings Fund was followed in December 2022 by the launch of the Platinum Jubilee Village Halls Fund. Established by Defra, the new fund comprising £3 million, will be managed by ACRE with Rural Community Councils across the country involved in facilitation and support for local applications. By March 2023, 18 Essex halls had been successful at stage 1 of the process with news of the first grant awards expected to follow shortly.

Aside from funding, many halls continued to seek advice from RCCE on updating their legal and constitutional status, with an increasing number looking to attain Charitable Incorporated Organisation (CIO) status to offset concerns about trustee liability.

Spiralling energy bills have been another growing concern, with not all halls on the gas-grid. Requests for advice on energy efficiency have increased and Danielle Frost, who succeeded Sue Gibson as Village Halls Adviser this year, has successfully attained a qualification in energy awareness. She also organised a webinar for member halls on Carbon Net Zero and Energy Efficiency in conjunction with the Essex Climate Action Commission.

Supporting People in Need

Community Agents Essex

The Community Agents Essex service focusses on helping vulnerable people and their informal carers; enabling them to continue living safe, happy and well in their own home.

2022/23 began with Community Agents and United in Kind (see below) taking their place within the new Essex Wellbeing Service which commenced operation on 1st April. The new service, headed by Provide CIC, draws on the experience of responding to the pandemic and brings important benefits in the form of enhanced collaboration with other preventative and early intervention services, and greater security of funding. The change has not impacted on demand which has continued at a consistently high level. Throughout the year, the agents handled over 5,800 enquiries, supporting over 1,000 Blue Badge applications, helping more than 700 clients with social opportunities/connections, 500 with financial matters and another 500 with home maintenance issues.

Community Agents work across all 12 districts/boroughs under the jurisdiction of Essex County Council. The team now comprises 32 agents, all of whom are managed by RCCE following the decision of British Red Cross, our partner since 2014, not to participate in the Essex Wellbeing Service. The management structure of the project has also been strengthened over the past year, following a review conducted by Sarah Sapsford, as the 'Strategic Lead' for the service.

Social Isolation and Loneliness

The problem of loneliness and social isolation, already recognised as a significant political issue, has grown, exacerbated by the lockdowns and restrictions that were required to deal with the pandemic.

Shortly before the onset of the pandemic, RCCE established a team of community resilience coaches, working at district level, as part of the 'United in Kind' campaign initiated by Essex County Council. As with Community Agents, the project was integrated into the new Essex Wellbeing Service in 2022/23 and experienced another very busy year. In total, the team of 14 'United in Kind' coaches working across all districts/boroughs under the jurisdiction of Essex County Council instigated more than 10,200 acts of kindness and involved more than 3,000 volunteers in community activities.

The support given by the coaches has been diverse and has embraced all ages. It has included the immensely successful 'Hug in a Shrug' community crochet and knitting project, which has made more than 10,000 individual items, help with digital connectivity, as well as this year, initiatives to welcome refugees from Ukraine.

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DIRECTORS' REPORT - continued

2. ACHIEVEMENTS AND PERFORMANCE - continued

The 'Find Your Active' project through which local 'Community Connectors' encourage people to be more active, but to do so in a way that best suits them, whether it be getting out into the garden, going for a walk or a bike ride, or visiting the local leisure centre, will be brought under the umbrella of 'United in Kind' in 2023/24.

Growing Communities

RCCE's Growing Communities project focusses on children and the importance of educating them on the benefits of growing and eating locally sourced food and caring for nature and the local environment.

As in 2021, the annual competition for schools, which is the focal point of the project, was entitled 'Bee Good'. It invited children to design a plot which will help encourage bees. Schools from Stock and Woodham Ferrers and Wethersfield Before and After School Club were awarded prizes with support for the competition again generously provided by The Augustine Courtauld Trust and Kings Seeds.

Rural Voice, Partnerships and Programme Delivery

Essex Rural Partnership

RCCE continued to facilitate the running of the Essex Rural Partnership (ERP) bringing together public, private and voluntary sector partners to co-ordinate approaches and assess the rural implications of national and local policy initiatives. The experience of the pandemic and now the cost-of-living crisis has emphasised the value of collaboration between organisations with a rural focus.

ERP is one of 17 local rural networks officially recognised by Defra. Alongside RCCE, key members include Essex County Council, District Councils, Essex Police, Office of the Police, Fire and Crime Commissioner, Essex Association of Local Councils, National Farmers Union, Diocese of Chelmsford, Essex Wildlife Trust, Farming Community Network, Visit Essex and Essex Young Farmers.

Over the past year, meetings of the partnership examined a range of topics including the work of the Essex Climate Action Commission, Levelling-Up and the new Rural England Prosperity Fund. Rural crime has remained a priority with ERP joining Essex Police and the Police, Fire and Crime Commissioner as a sponsoring partner of the newly refreshed Rural Crime Strategy which was launched in March 2023.

Policy Influencing and Representation

Aside from its role with the Essex Rural Partnership, RCCE has extensive experience of its own in providing a voice for rural communities to all levels of government and other public bodies and as an active participant in strategic partnerships.

Examples this year included ongoing engagement with the South East Local Enterprise Partnership (SELEP), primarily through membership of its Rural Working Group, participation in the recently formed Essex Local Nature Partnership and a response to the Government's consultation on proposed changes to the National Planning Policy Framework. Here, RCCE and its national body, ACRE, argued for more recognition for Neighbourhood Plans and greater encouragement for the provision of affordable housing in rural areas.

RCCE supported Essex County Council's Levelling-Up Strategy, which recognises that Essex remains 'a very rural county' and includes 'Rural Braintree' (eight wards in the north of the district) as one of its 6 priority places. In an immediate gain, ECC provided an additional £25k to support initiatives in this area to tackle rural social isolation as identified by RCCE's local 'United in Kind' coach.

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DIRECTORS' REPORT - continued

2. ACHIEVEMENTS AND PERFORMANCE - continued

The past year saw the Government confirm its approach to regeneration funding post-Brexit with the launch of the United Kingdom Shared Prosperity Fund (UKSPF) being followed in September 2022 by the announcement of the new Rural England Prosperity Fund. This is designed as a rural 'top up' for UKSPF and in effect a replacement for the European Union LEADER programme. It aims to support the delivery of the Government's Levelling-Up White Paper in rural areas by making £110 million available over two years from April 2023.

In Essex, as in all parts of the country with two-tier local government, the fund will be managed by District Councils. Seven Essex districts – Braintree, Chelmsford, Colchester, Epping Forest, Maldon, Tendring and Uttlesford – have been offered funding allocations. Several districts expressed interest in delegating delivery to RCCE, particularly given its successful management of the Essex Rivers LEADER programme, but no additional funds were available to support this. However, Maldon District Council are continuing to explore this option by seeking external funding.

Some of RCCE's influencing work is ongoing in nature. This includes providing regular trends and issues reports, and other intelligence, to ACRE under the terms of the current Defra/ACRE grant agreement and supporting ACRE in its efforts to secure long-term investment in the Rural Community Council network.

3. ENERGY AND CARBON REPORT

As the charity has not consumed more than 40,000kWh of energy in this reporting period, it qualifies as a low energy user under these regulations and is not required to report on its emissions, energy consumption of energy efficiency activities.

4. FINANCIAL REVIEW

Financial Performance – Year to 31 March 2023

From a financial perspective, the charity's activities are sub-divided between restricted activities and unrestricted activities. The restricted activities are funded by grants and other donations which are required to be used for specific purposes laid down by the donor. Unrestricted activities are funded by grants, donations, contract income and other income receivable, or generated, for the objects of the charity, without further specified purpose. Unrestricted activities are further analysed between charitable activities, donations and investments. The Statement of Financial Activities on page 16 of the Financial Statements provides an overall summary of the Restricted and Unrestricted activities.

Restricted Activities

The movements in restricted funds for the year are summarised in Note 11 to the Financial Statements. The donors, and specific activities that have they have funded, are described either in Section 2 of this Directors' Report or in Note 11. In overall terms, during the course of the year, the charity received £1,242,585 in restricted grants and donations and defrayed £1,449,732 in expenditure, generating a deficit for the year of (£207,147). When added to the accumulated surplus brought forward £687,939, the accumulated surplus on restricted activities carried forward £480,792 will be available to support restricted activities in 2023/24 and beyond.

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DIRECTORS' REPORT - continued

4. FINANCIAL REVIEW - Continued

Unrestricted Charitable Activities

During the course of the year, the charity received £355,096 in unrestricted charitable income and incurred £338,026 of expenditure, generating a surplus for the year of £17,070. The activities funded by these unrestricted funds are described in Section 2 of this Directors' Report.

Donations

During the course of the year, the charity received £2,069 in donations (i.e. gifts made on a voluntary basis without any significant benefit to the donor).

Investments

The charity generated £5,401 in interest on its bank deposits and investments over the course of the year. Because the charity presently has insufficient staff/activities to fill the entire Threshelfords Business Park office, sections of the building are rented out on short-term operating leases. The rental income generated was £26,129. The share of overheads attributable to this space amounted to £12,060. The minimum future rental income receivable as at 31/03/2023 from the tenants is disclosed in Note 9 to the Financial Statements.

Total Unrestricted Activities

The overall surplus on unrestricted activities (£38,609) has been carried forward, taking total unrestricted funds as at 31 March 2023 to £905,676. A proportion of these funds (£692,360), being an approximation of the equity held in the Threshelfords Business Park property, has been separately set aside as a Designated Capital Fund in the event that it is needed to contribute to a pension 'cessation' liability, should the charity cease to be a member of the Essex Local Government Pension Scheme.

Essex Local Government Pension Scheme

In arriving at the above surplus on unrestricted activities, the Directors have continued to apply a true and fair override of Section 28 of FRS102; the Directors' reasons for making this judgement are fully explained in Note 13 to these Financial Statements. Had the charity applied Section 28 of FRS102, this would have led to an additional pension service cost for the year of £24,000 and an interest charge on the net pension of £2,000. The actuarial gain for the year would have been £1,371,000 and there would have been a Balance Sheet pension liability of negative £1,427,000. Note 13 to the Financial Statements provides further details. In these circumstances, the company would have recorded a surplus for the year on unrestricted activities of £1,387,609.

Risk Management

At each of their meetings, the four Board sub-committees review those aspects of the company's Strategic Risk Register which fall within their remit. The major risks are then taken to the subsequent Board meeting. Internal financial risks are minimised through the implementation of robust financial control procedures. These procedures are regularly reviewed by the Financial Control Committee to ensure that they still meet the needs of the company.

Reserves Policy

The company's Reserves Policy requires RCCE's minimum unrestricted funds neither committed nor invested in tangible assets (i.e. the company's minimum 'Free Core Charitable Funds' or 'Free Reserves') to be sufficient to enable the company to meet its next five months' direct expenditure on its unrestricted activities. As at 31 March 2023 this equated to a minimum requirement of £145,869 (2022: £177,987) in Free Reserves. The actual Free Reserves as at that date amounted to £213,315 (2022: £359,763).

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DIRECTORS' REPORT - continued

4. FINANCIAL REVIEW - continued

Investment Policy

The company's overall investment objectives are to create income to assist the company to carry out its purposes consistently year by year, with due and proper consideration for future needs and the maintenance of and, if possible, the enhancement of the capital value of the invested funds while they are retained. During the last financial year the directors applied the following approach:

1. Retaining the company's investment in the Threshelfords Business Park premises and maximising the rental income on spare space in the building. Not only should this provide a reliable stream of income and, over the long term, steady capital growth, but the building is used in RCCE'S day to day operations and the trustees believe that its disposal would adversely impact on the organisation's ability to deliver its objectives.
2. Investing up to £50,000 in CCLA'S COIF Charities Investment Fund in order to access an actively managed, diversified portfolio or assets designed to help protect against the effects of inflation. It will have an emphasis on equities but will also include property, bonds and other asset classes, which may be either liquid or illiquid in nature.
3. Investing surplus cash (over and above the company's short term liquidity needs) in fixed term cash deposits, subject to the FCSC protection cap, National saving income bonds and / or one or more other fixed interest or fixed term securities. The Financial Control Committee shall be given delegated authority by the full board of Trustees to agree and oversee the process for investment selection and for making such transfers from / to the Barclays Bank account.
4. Keeping the company's remaining cash with CCLA Charities Deposit Fund or Barclays Bank (wherever possible in an interest-bearing deposit account, as opposed to a current account). The trustees perceive the residual risk associated with holding cash with Barclays - which, from time to time will exceed amount guaranteed by the Bank of England's deposit protection scheme (currently £85,000) - to be minimal, and one that they are prepared to accept.

5. PLANS FOR FUTURE PERIODS

The organisation's 'Strategy 2019-22', updated for 2022/23, identified a range of political, economic, social and technological changes that will present particular challenges for rural communities in Essex in the coming years. The strategy will be kept under review and updated as necessary in 2023/24 but in the coming year RCCE will continue to give priority to four broad areas of work:

- Community Engagement and Housing;
- Community Buildings, Assets and Enterprise;
- Supporting People in Need; and
- Rural Voice, Partnerships and Programme Delivery.

In keeping with the world around it, RCCE emerged gradually from the pandemic and the restrictions it had imposed in the course of 2022/23. In person meetings and activities resumed but many meetings, particularly more strategic ones, continue to be conducted virtually and RCCE's core staff continue to work predominantly from home. This looks set to continue in 2023/24.

The cost-of-living crisis which gathered pace rapidly during 2022/23 presents additional challenges for RCCE with evidence suggesting that rural communities have been disproportionately affected by the rising cost of transport, food, heating and housing. The organisation's own running costs are not immune from these pressures and whilst RCCE is fortunate in the funding it receives, most notably in multi-year agreements with Essex County Council and Defra, additional funding sources will need to be identified in 2023/24.

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DIRECTORS' REPORT - continued

5. PLANS FOR FUTURE PERIODS - Continued

That said, there has been no detrimental impact on the charity's budgeted income for 2022/23, nor on its levels of working capital. At the time of approving these Financial Statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, and they continue to adopt the going concern basis of accounting as a result.

It is very apparent that in these uncertain and unsettling times, rural communities in Essex value RCCE for the lead it gives in sustaining and strengthening community life.

6. STRUCTURE, GOVERNANCE AND MANAGEMENT

The Rural Community Council of Essex is a private company limited by guarantee incorporated in England and Wales, registered company number 04609624. The registered office is Threshelfords Business Park, Inworth Road, Feering, Essex CO5 9SE. The company is also a registered charity, charity registration number 1097009. The company is governed by its Memorandum and Articles of Association.

RCCE's subscribing membership comprises individual members and corporate members, the vast majority of the latter being village halls and parish and town councils.

Directors / Trustees

The directors who have held office during the year are as follows:

Dr J Bettley JP DL FSA – Chairman
Mrs G Hayter – Vice Chairman – resigned 5th October 2022
Mr R J Bray
Mr R Brice
Mr S R Brice DL
Cllr G Butland
Mrs C Dollery – elected 5th October 2022
Mrs S Dutton – elected 5th October 2022
Mr S Lyster DL – Vice Chairman from 7th December 2022
Mr P J Martin MBE, DL – resigned 5th October 2022
Revd. Canon J Nicholls
Ms S Pinkerton
Mr P Roberts
Mr H M Stuchfield MBE, JP, DL

The directors of the company are also charity trustees for the purposes of charity law. The Articles of Association stipulate that the Board of Trustees can comprise up to 12 elected members - all elected trustees are required to be subscribing members of the charity. In addition to the elected members, the Board is also entitled to co-opt up to 5 additional members to meet the requirement for specialist skills. At each Annual General Meeting, one-third of the trustees (both elected and co-opted) are required to retire and are then eligible for re-election (those longest in office since their election/co-option are required to retire first). All subscribing RCCE members are circulated with invitations to nominate trustees prior to the Annual General Meeting.

The Board of Trustees administers the charitable company and meets on a quarterly basis. There are four Board sub-committees. Of these, the Financial Control Committee meets on a similar quarterly cycle, the other committees meet at least twice a year. The trustees review the operation of the Board and its sub-committees on a regular basis. In addition to its regular schedule of meetings, the Board holds annual 'awaydays' to review the charity's future direction.

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DIRECTORS' REPORT - continued

6. STRUCTURE, GOVERNANCE AND MANAGEMENT - continued

New trustees undergo a briefing session to inform them of their legal obligations under charity and company law, and to introduce them to the Memorandum and Articles of Association, the strategy, business plan, and governance and management structures of the organisation. As part of this induction they are introduced to key employees and other trustees.

Company Secretary and Honorary Officers

The Company Secretary throughout the year was Mr N Shuttleworth. The Honorary Officers who have held office during the year are as follows:

The Patron	Mrs Jennifer Tolhurst, HM Lord Lieutenant of Essex
President	Mr G Courtauld OBE, DL - resigned 7 th December 2022 Mr N S Charrington DL - elected 7 th December 2022
Vice-Presidents	Mr D Boyle JP, DL The Revd. Canon J Brown DL Mr N S Charrington DL - elected President 7 th December 2022 Mr G Courtauld DL - elected 7 th December 2022 Cllr J Jowers Lord Petre KCVO Professor J Pretty OBE Mr R Woolley

The Company Secretary and Honorary Officers are elected/re-elected annually at the first Board meeting following the Annual General Meeting.

The Executive

The Executive Director, Mr N Shuttleworth, has delegated authority from the Board of Trustees to manage the day-to-day operations of the charity. Sitting beneath the Executive Director, the charity's staffing structure is aligned with the four priority areas of work defined in RCCE's *Strategy 2019-22*, updated for 2022/23 (see Sections 1 and 2 of this report).

In addition to the Executive Director, the charity presently has 32 field-based Community Agents working in the districts of Uttlesford, Braintree, Tendring, Colchester, Maldon and Chelmsford, 14 field-based United In Kind coaches working in the districts of Braintree, Tendring, Colchester, Maldon, Rochford, Castle Point, Basildon, Chelmsford and Brentwood, 7 field based Find Your Active agents working in the districts of Tendring, Colchester, Rochford, Castle Point, Basildon, Brentwood, Chelmsford and Maldon, and 10 members of staff predominantly working from home. Most of the latter were, prior to the pandemic, based at RCCE's Threshelfords Business Park office.

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DIRECTORS' REPORT - continued

7. OTHER REFERENCE AND ADMINISTRATIVE DETAILS

Bankers

The charity's bankers throughout the year were:

Barclays Bank plc
40-41 High Street
Chelmsford
Essex CM1 1BE

And

CCLA
One Angel Lane
London
EC4R 3AR

The mortgage on the company's Threshelfords Business Park premises was with Barclays before being repaid in December 2022.

Auditors

The charity's auditors throughout the year were:

Streets Whittles & Partners LLP
Chartered Accountants
The Old Exchange
64 West Stockwell Street
Colchester
Essex CO1 1HE

Approved by Dr J Bettley JP DL FSA (Chairman)
13th September 2023

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STATEMENT OF DIRECTORS' RESPONSIBILITIES

Charity law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the excess of net income or of net expenditure of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice 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 this is inappropriate.

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

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE RURAL COMMUNITY COUNCIL OF ESSEX

Opinion

We have audited the financial statements of Rural Community Council of Essex Limited (the 'charity') for the year ended 31 March 2023 which comprise the Statement of Financial Activity, the Balance Sheet, the Statement of Cashflows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2023, 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 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Emphasis of matter – defined benefit pension scheme

In forming our opinion, we have considered the adequacy of the disclosures made in Note 1viii) and Note 13 of the financial statements concerning the company's defined benefit pension scheme and the application of a true and fair override of Section 28 of Financial Reporting Standard 102. In view of the significance of this information we consider that it should be drawn to your attention, but our opinion is not modified in this respect.

Other information

The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE RURAL COMMUNITY COUNCIL OF ESSEX - continued

Other information - continued

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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' 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 Directors' Report.

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

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

Responsibilities of trustees

As explained more fully in the Statement of directors' responsibilities, the trustees who are also the directors of the charitable company for the purposes of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditors under Section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made of having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

THE RURAL COMMUNITY COUNCIL OF ESSEX

A Charitable Company Limited By Guarantee

Registered Charity No. 1097009

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE RURAL COMMUNITY COUNCIL OF ESSEX - continued

Auditor's responsibilities for the audit of the financial statements - continued

The audit tests, including planning procedures, adopted for the audit of these financial statements are designed to assess and detect the risk of irregularities, including fraud. Our risk assessment of the likelihood of irregularities included the high degree of involvement of the experienced directors, which reduces the risk of irregularities. The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations.

We identified the laws and regulations applicable to the charity through discussions with trustees and other management, and from our commercial knowledge and experience of the sector.

We focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charity, including the Companies Act 2006, Charities Act 2011, Employment Law and Data Protection.

We assessed the extent of compliance with the laws and regulations identified above through making enquiries of management. These were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We identified the greatest potential for fraud or non-compliance with laws and regulations in the following areas, and the specific procedures performed to address them are described below:

- We obtained an understanding of the income process and the flow of financial information to the general ledger and how this is classified as restricted and unrestricted.

- Cut-off testing was performed at the year-end date by reviewing revenue which had been accrued for and revenue that had been recognised after date to identify any transaction which had been erroneously recognised in the incorrect period. The same testing was carried out for expenditure.

- In line with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we reviewed accounting records for any unusual adjustments.

In addition to the above, our procedures to respond to the risk identified included the following:

- Reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements.

- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risk of material misstatement due to fraud.

- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance for the year.

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

THE RURAL COMMUNITY COUNCIL OF ESSEX

A Charitable Company Limited By Guarantee
Registered Charity No. 1097009

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS
OF THE RURAL COMMUNITY COUNCIL OF ESSEX - continued**

Auditor's responsibilities for the audit of the financial statements - continued

Use of our report

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

Michael Greene BSc FCCA (Senior Statutory Auditor)

For and on behalf of Streets Whittles
Chartered Accountants
Statutory Auditor

Streets Whittles & Partners LLP
The Old Exchange
64 West Stockwell Street
Colchester
Essex
CO1 1HE

Date: September 2023

THE RURAL COMMUNITY COUNCIL OF ESSEX

A Charitable Company Limited By Guarantee

Registered Charity No. 1097009

**STATEMENT OF FINANCIAL ACTIVITIES (including Income & Expenditure Account)
YEAR ENDED 31 MARCH 2023**

	Notes	Unrestricted funds £	Restricted funds £ Note 10	Total 2023 £	Total 2022 £ Note 15
Income from:					
Charitable activities	2	355,096	1,242,585	1,597,681	2,484,512
Donations		2,069	-	2,069	2,192
Investments					
Rents receivable	1v	26,129	-	26,129	30,624
Interest receivable		5,401	-	5,401	142
Total income		388,695	1,242,585	1,631,280	2,517,470
Expenditure on:					
Charitable activities	3	338,026	1,449,732	1,787,758	2,107,999
Investment management					
Rental overheads	1v	12,060	-	12,060	10,624
Total expenditure		350,086	1,449,732	1,799,818	2,118,623
Net income before transfers		38,609	(207,147)	(168,538)	398,847
Transfers between funds		-	-	-	-
Net income after transfers		38,609	(207,147)	(168,538)	398,847
Total funds brought forward		867,067	687,939	1,555,006	1,156,159
Total funds carried forward		£905,676	£480,792	£1,386,468	£1,555,006

The notes on pages 19 to 34 form part of these financial statements.

THE RURAL COMMUNITY COUNCIL OF ESSEX

A Charitable Company Limited By Guarantee

Registered Charity No. 1097009

BALANCE SHEET**AS AT 31 MARCH 2023**

	Notes	2023 £	2022 £
Fixed assets			
Tangible assets	4	692,767	697,051
Investments	5	10,000	100,000
		<u>702,767</u>	<u>797,051</u>
Current assets			
Debtors	6	206,166	220,954
Cash at bank and in hand		526,342	832,291
		<u>732,508</u>	<u>1,053,245</u>
Creditors: amounts falling due within one year	7	(48,808)	(124,499)
Net current assets		<u>683,700</u>	<u>928,746</u>
Total assets less current liabilities		<u>1,386,468</u>	<u>1,725,797</u>
Creditors: amounts falling due after more than one year	7	-	(170,791)
Net assets		<u>£1,386,468</u>	<u>£1,555,006</u>
Restricted funds	11	480,792	687,939
Unrestricted funds	12		
Designated capital fund		692,360	507,304
Free core charitable funds		213,315	359,763
Total funds		<u>£1,386,468</u>	<u>£1,555,006</u>

Approved by the Board on 13th September 2023 and signed on its behalf by:..... Dr J Bettley JP DL FSA
(Chairman)

The notes on pages 19 to 34 form part of these financial statements.

THE RURAL COMMUNITY COUNCIL OF ESSEX

A Charitable Company Limited By Guarantee

Registered Charity No. 1097009

STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2023

	Notes	Unrestricted funds £	Restricted funds £	Total 2023 £	Total 2022 £ Note 16
Net income as per the Statement of Financial Activities		38,609	(207,147)	(168,538)	398,847
Adjustments for:					
Rents receivable		(26,129)	-	(26,129)	(30,624)
Interest receivable		(5,401)	-	(5,401)	(142)
Rental overheads payable		12,060	-	12,060	11,193
Depreciation charges		4,284	-	4,284	5,786
Decrease/(increase) in debtors		46,154	(26,581)	19,573	(123,252)
Increase/(decrease) in creditors		(21,580)	(35,580)	(57,160)	4686
Net cash provided by operating activities		<u>47,997</u>	<u>(269,308)</u>	<u>(221,311)</u>	<u>266,494</u>
Cash flows from investing activities:					
Rents received		21,344	-	21,344	31,409
Interest received		5,401	-	5,401	142
Rental overheads paid		(12,246)	-	(12,246)	(10,754)
Net cash provided by investing Activities		<u>14,499</u>	<u>-</u>	<u>14,499</u>	<u>20,797</u>
Cash flows from financing activities:					
Mortgage repayments	7	(189,136)	-	(189,136)	(18,082)
Net Cash used from investments.		<u>£90,000</u>	<u>-</u>	<u>£90,000</u>	<u>-</u>
Net cash (used in) financing activities		<u>(99,136)</u>	<u>-</u>	<u>(99,136)</u>	<u>(18,082)</u>
Net change in cash		<u>(36,640)</u>	<u>(269,308)</u>	<u>(305,948)</u>	<u>269,209</u>
Cash balances brought forward		<u>251,659</u>	<u>580,632</u>	<u>832,291</u>	<u>563,082</u>
Cash balances carried forward		<u>£215,019</u>	<u>£311,324</u>	<u>£526,343</u>	<u>£832,291</u>

The notes on pages 19 to 34 form part of these financial statements.

THE RURAL COMMUNITY COUNCIL OF ESSEX

A Charitable Company Limited By Guarantee

Registered Charity No. 1097009

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

1 ACCOUNTING POLICIES

i) Bases of accounting

These Financial Statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006. They form the accounts of the Rural Community Council of Essex (RCCE), a public benefit entity as defined by FRS102 (the Financial Reporting Standard applicable in the UK and Republic of Ireland). At the time of approving these Financial Statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. They continue to adopt the going concern basis of accounting as a result.

ii) Presentation currency and rounding

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

iii) Recognition and allocation of income and expenditure

All income is accounted for on a receivable basis, net of any applicable VAT. Expenditure is accounted for on an accruals basis. All income and expenditure is allocated to a particular activity where it relates directly to that activity. Support functions (including finance, human resources, facilities management and governance) are apportioned across the activities that the functions support. Overhead costs (including office running costs and consumables, information technology, insurances and affiliation fees) are similarly apportioned. Taken together, all these costs are referred to as 'support costs' in Note 3 to the Financial Statements. To the extent that activity-related funding agreements allow, support costs are apportioned to activities based on the full-time equivalent number of staff employed within that activity.

iv) Fund accounting

Unrestricted funds comprise grants and donations, contract income and other income receivable or generated for the objects of the charity without further specified purpose. In RCCE's case this includes the charity's core commissioning grants from Essex County Council and Defra (the Department for Environment Food & Rural Affairs), both of which are applied across all the charity's objects and are fully utilised over the course of the year. Unrestricted funds which are not utilised during the year are carried forward as general funds. Designated funds are unrestricted funds earmarked by the directors for particular purposes. Restricted funds are grants or other donations which are required to be used for specific purposes laid down by the donor.

v) Long-leasehold property

RCCE occupies a purpose built office at Threshelfords Business Park in Feering, held under a 999 year lease acquired in October 2006. The building is held for operational use as a tangible fixed asset but, from time to time, if the company has insufficient staff/activities to fill the entire building, sections of the building are rented out on short-term operating leases. Because there is no long-term intention to hold the building for investment purposes, and because the fair value of the rented element of the building is variable and cannot be measured reliably without undue cost, it is the company's policy to account for the entire building as long-leasehold property within tangible fixed assets (see Note 4). In accordance with the Statement of Recommended Practice (FRS102), the rental income from the property is separately disclosed in the Statement of Financial Activities, alongside a fair share of the overhead costs associated with running the building. The future minimum rental receipts are disclosed in Note 9 to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2023

1 ACCOUNTING POLICIES - continued

vi) Depreciation

Depreciation is provided at the following annual rates in order to write off each 'high-value' asset (costing in excess of £1,000) over its estimated useful life:

Long leasehold buildings	-	1% on revalued amount
Long leasehold land	-	Nil
Office equipment	-	15% on cost
ICT hardware & software	-	25% on cost
Fixtures & fittings	-	10% on cost

High-value office equipment, ICT hardware & software, and fixtures & fittings that are specifically financed by restricted project funds are fully written off in the year that the expenditure occurs.

vii) Financial instruments

All the company's financial assets and financial liabilities are 'Basic Financial Instruments', as defined in Section 11 of FRS102. Accordingly:

1. All the company's fixed asset Investments are initially measured at transaction price excluding transaction costs, and will be subsequently measured at market value at each reporting date. Changes in market value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.
2. All the company's other financial assets, comprising trade debtors and bank balances, are measured at the cash consideration expected to be received and are not discounted.
3. All the company's financial liabilities, comprising trade/other creditors and the company's mortgage liability, are measured at the cash consideration expected to be paid. The amounts falling due on the mortgage are not discounted back to their present value as the time value of money is considered by the Board to be immaterial.

viii) Defined benefit pension scheme

The preparation of the financial statements requires the Directors to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

RCCE participates in a multi-employer defined benefit pension scheme - the Essex Local Government Pension Scheme - administered by Essex County Council. The scheme has been closed to new members since 31st May 2016. Up until 31 March 2017, the pension liabilities and assets were recorded in line with Section 28 of FRS102. The Directors reconsidered this assumption in March 2018 and judged that, were the company's defined benefit pension liabilities and assets to be recorded in line with Section 28 of FRS102, this would not provide a true and fair view of the company's financial position at the Balance Sheet date, nor of its net income/expenditure for the year then ended. Instead, the Directors judged that it would be true and fair to include neither a net pension liability nor a net pension asset in the financial statements and that, from 1 April 2017, employer contributions should be charged in the accounts as they become payable in accordance with the rules of the scheme. The Directors' reasons for making this judgement are fully explained in Note 12 to these Financial Statements.

THE RURAL COMMUNITY COUNCIL OF ESSEX

A Charitable Company Limited By Guarantee

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NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2023

1 ACCOUNTING POLICIES - continued

ix) *Defined contribution pension scheme*

The company participates in a defined contribution pension scheme for all qualifying employees who are not members of the defined benefit pension scheme. The assets of the defined contribution scheme are held separately from those of the company in an independently administered fund. Employer contributions are charged in the accounts as they become payable in accordance with the rules of the scheme.

x) *Taxation*

The company is a charity within the meaning of section 506(1) of the Taxes Act 1988. Accordingly, the company is potentially exempt from taxation in respect of income or capital gains received within the categories covered by Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

2 INCOME FROM CHARITABLE ACTIVITIES

<u>Activity</u>	2023 £	2022 £
Community Engagement	92,908	122,885
Rural Housing Enabler Service	66,996	42,148
Village Halls Advice Service	47,376	53,618
Community Agents Essex	-	660,000
Home from Hospital / Social Prescription Service	-	62,500
Social Isolation & Loneliness Programme	-	260,543
Growing Communities	2,500	-
Strategic Influencing and Partnership Working	147,816	145,057
Essex Rivers	-	2,114
Find your active	-	157,482
Covid Building Grant	236,025	750,000
Social Isolation Computer Grant	-	200,000
Afghan Refugee Fund	-	4,384
Essex Wellbeing Service	-	23,781
Community Agents 'Provide'	614,641	-
United in Kind 'Provide'	389,419	-
	<hr/>	<hr/>
	£1,597,681	£2,484,512
	<hr/>	<hr/>

The above figures include the following 'government grants':

<u>Source</u>	<u>Activity</u>		
Essex County Council	Community Agents	-	660,000
Essex County Council	Social Isolation Programme	-	260,043
Essex County Council	Social Isolation Computer Grant	-	200,000
Essex County Council	Covid Building Grant	236,025	750,000
Essex County Council	Find your active	-	157,482
Essex County Council	Afghan Refugee Fund	-	4,384
Essex County Council	All unrestricted activities	150,000	150,000
DEFRA (via ACRE)	All unrestricted activities	46,875	47,875
District/Borough Councils	Rural Housing Enabler	5,000	6,000
Total government grants		£437,900	£2,235,784

THE RURAL COMMUNITY COUNCIL OF ESSEX

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NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2023

3 EXPENDITURE ON CHARITABLE ACTIVITIES

Year to 31 March 2023	Direct costs £	Support costs £	Total 2023 £
Community Engagement	65,545	22,897	88,442
Rural Housing Enabler Service	40,878	22,897	63,775
Village Halls Advice Service	31,742	13,357	45,099
Community Agents Essex	161,026	2,018	163,044
Social Isolation & Loneliness Programme	167,721	2,985	170,706
Growing Communities	750	-	750
Strategic Influencing and Partnerships	102,548	38,162	140,710
Essex Rivers	160	-	160
Find your active	78,312	7,874	86,186
Covid Building Grant	236,797	-	236,797
Social Isolation Computer Grant	17,120	-	17,120
Community Agents 'Provide'	442,662	30,513	473,175
United in Kind 'Provide'	274,794	19,094	293,888
Restricted Grant Making Funds (Note 10)	7,906	-	7,906
	<u>1,627,961</u>	<u>159,797</u>	<u>1,787,758</u>

Year to 31 March 2022	Direct costs £	Support costs £	Total 2022 £
Community Engagement	84,815	33,656	118,471
Rural Housing Enabler Service	23,806	16,828	40,634
Village Halls Advice Service	32,059	19,633	51,692
Community Agents Essex	623,136	37,500	660,636
Home from Hospital / Social Prescription	62,500	-	62,500
Social Isolation & Loneliness Programme	224,053	9,524	233,577
Help Essex Buy Local	3,399	-	3,399
Growing Communities	1,321	-	1,321
Strategic Influencing and Partnerships	94,972	44,875	139,847
Essex Rivers	1,954	-	1,954
Find you active	25,616	-	25,616
Covid Building Grant	742,394	-	742,394
Social Isolation computer Grant	2,176	-	2,176
Afghan Refugee Fund	-	-	-
Essex Wellbeing Service	23,781	-	23,781
	<u>£1,945,982</u>	<u>£162,017</u>	<u>£2,107,999</u>

THE RURAL COMMUNITY COUNCIL OF ESSEX

A Charitable Company Limited By Guarantee

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NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2023

3 EXPENDITURE ON CHARITABLE ACTIVITIES - continued

Salary and on-costs

The average number of staff employed during the year was 63 (2022: 38). All the company's salary and on-costs are included in total expenditure on charitable activities, as follows:

	2023	2022
	£	£
Wages and salaries	842,978	639,000
Employer's national insurance contributions	45,076	39,534
Employer's cont'ns – defined benefit pension scheme	96,449	105,709
Employer's contributions – defined contribution pension scheme	10,341	6,606
	<hr/>	<hr/>
Total salary and on-costs	£994,844	£790,850
	<hr/> <hr/>	<hr/> <hr/>

The above figures include accrued holiday pay of £13,643 (2022: £10,520).

One employee earned more than £60,000 per annum (2022: none), and no employee received any other benefits from the company (2022: none). The above figures include salary and employer's pension contributions for the Executive Director of £60,585 (2022: £59,397).

Grants payable

Direct costs include grants paid to third parties of £579,886 (2022: £1,051,574) – Note 11 (Restricted Funds) provides an analysis by activity. Of this sum, £163,042 was paid to ECC in repayment of underspend for Community Agents (2022: £0), £171,231 was repaid to ECC in repayment of Social Isolation underspend (2022: £0), £0 was paid to British Red Cross (2022: £302,000), £236,797 to various organisations as part of the Covid Building Grant (2022: £742,394). £4,384 was paid to United in Kind fund to cover costs of help for Afghan Refugee (2022: £0). The remainder was paid to small community groups and to individuals in need.

Support costs

The constituent elements of the company's support costs, and the method of their apportionment to the company's charitable activities, are explained in Note 1(iii) to these Financial Statements. Support costs include £4,284 for depreciation (2022: £5,786) and the following amounts in respect of governance costs for the company:

	2023	2022
	£	£
Salary and on-costs	6,593	6,465
Statutory audit fees	7,275	4,350
	<hr/>	<hr/>
	£13,868	£10,815
	<hr/> <hr/>	<hr/> <hr/>

THE RURAL COMMUNITY COUNCIL OF ESSEX

A Charitable Company Limited By Guarantee

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NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2023

4 TANGIBLE FIXED ASSETS

	Long- leasehold property £	Office equipment £	ICT hardware & software £	Fixtures & fittings £	Total £
Cost / Valuation					
As at 1 April 2022	725,000	18,612	11,911	4,704	760,227
Disposals			(9,300)		
As at 31 March 2023	725,000	18,612	2,611	4,704	750,927
Depreciation					
As at 1 April 2022	28,560	18,612	11,911	4,092	63,175
Eliminated on disposal			(9,300)		
Charge for period	4,080	-	-	204	4,284
As at 31 March 2023	32,640	18,612	2,611	4,296	58,159
Net book value					
As at 31 March 2022	£696,440	£-	£ -	£611	£697,051
As at 31 March 2023	£692,360	£-	£ -	£407	£692,768

The long-leasehold property comprises a purpose built office at Threshelfords Business Park in Feering, held under a 999 year lease acquired in October 2006. The property was revalued, in accordance with the current edition of the Royal Institute of Chartered Surveyors' UK and global professional standards, by an independent valuer, Fenn Wright Chartered Surveyors, in April 2015. Had the long-leasehold property not been revalued in April 2015 its carrying (net book) value at 31 March 2023 would have been £849,916 (2022: £855,143).

5 FIXED ASSET INVESTMENTS

	2023 £	2022 £
Investment in bonds / equities	£10,000	£100,000

Fixed asset investments money used to repay Commercial Mortgage.

THE RURAL COMMUNITY COUNCIL OF ESSEX
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NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2023

6 DEBTORS

	2023	2022
	£	£
Trade debtors	183,671	207,029
Other debtors	-	1,347
Prepayments	22,495	12,578
	<hr/>	<hr/>
	-	-
	<u>£206,166</u>	<u>£220,954</u>

7 CREDITORS

	2023	2022
	£	£
<u>Amounts falling due within one year</u>		
Trade/other creditors	(156)	29,844
Income received in advance	4822	10,368
Accruals	26807	47,424
Mortgage capital instalments	-	18,345
Value added tax	5,436	8,213
Pay-as-you-earn tax (PAYE)	11,899	10,305
	<hr/>	<hr/>
	-	-
	<u>£48,808</u>	<u>£124,499</u>

	2023	2022
	£	£
<u>Amounts falling due after one year</u>		
Mortgage capital instalments	£-	£170,791
	<hr/>	<hr/>

The mortgage is secured on the long leasehold property at Threshelfords Business Park (see Note 4). During the course of the year, the mortgage was repaid in full total amount repaid £189,136 capital (2022 £18,081) the company paid £4,124 in mortgage interest and early repayment penalty (2022:£3,105). Mortgage interest is included within total expenditure in the Statement of Financial Activities.

THE RURAL COMMUNITY COUNCIL OF ESSEX

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NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2023

8 FINANCIAL INSTRUMENTS

	2023 £	2022 £
<u>Financial Assets</u>		
Fixed asset investments (Note 5)	10,000	100,000
Trade debtors (Note 6)	183,671	207,029
Cash at bank and in hand	526,343	832,291
	<hr/>	<hr/>
Carrying value of financial assets	£720,014	£1,139,320
	<hr/> <hr/>	<hr/> <hr/>
<u>Financial Liabilities</u>		
Trade/other creditors (Note 7)	48,808	29,844
Mortgage capital instalments (Note 7)	-	189,137
	<hr/>	<hr/>
	-	-
Carrying value of financial liabilities	£48,808	£218,981
	<hr/> <hr/>	<hr/> <hr/>

9 AMOUNTS RECEIVABLE UNDER OPERATING LEASES

The company's minimum future rental income - receivable from tenants of the Threshelfords Business Park building - is as follows:

	2023 £	2022 £
Receivable within 1 year	11,070	10,965
Receivable between 1 and 5 years	13,838	-
	<hr/>	<hr/>
	£24,908	£10,965
	<hr/> <hr/>	<hr/> <hr/>

10 AMOUNTS PAYABLE UNDER OPERATING LEASES

The company's minimum future rental liabilities is as follows:

	2023 £	2022 £
Payable within 1 year	656	-
Payable between 1 and 5 years	1,067	-
	<hr/>	<hr/>
	£1,723	£-
	<hr/> <hr/>	<hr/> <hr/>

THE RURAL COMMUNITY COUNCIL OF ESSEX

A Charitable Company Limited By Guarantee

Registered Charity No. 1097009

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2023

11 RESTRICTED FUNDS

	Balance 1 April 2022	Total income	Expenditure			Trans- fers	Balance 31 March 2023
			Activities under- taken directly	Grant funding of activities	Total expend- iture		
	£	£	£	£	£	£	
Restricted Activities described in the Directors' Report							
Community Agents Essex 'ECC'	163,044	-	2	163,042	163,044	-	
Social Isolation & Loneliness 'ECC'	170,706	-	(525)	171,231	170,706	-	
Community Agents 'Provide'	-	614,641	473,080	95	473,175	141,466	
United in Kind 'Provide'	-	389,419	292,282	1,606	293,888	95,531	
Find your Active	131,866	-	86,186	-	86,186	45,680	
Social Isolation Computer Grant	197,824	-	17,120	-	17,120	180,704	
Covid Community Building Fund	7,606	236,025	-	236,797	236,797	6,834	
Growing Communities	1,625	2,500	19	731	750	3,375	
Essex Rivers	160	-	160	-	160	-	
Restricted Grant-Making Funds							
'Making It Happen'	2,000	-	-	2,000	2,000	-	
'Surviving Winter Appeal Fund'	502	-	-	-	-	502	
'Natural Environment' Project	6,700	-	-	-	-	6,700	
'Fighting Rural Crime' Project	1,522	-	1,522	-	1,522	-	
'Afghan Refugee Fund'	4,384	-	-	4,384	4,384	-	
	£687,939	£1,242,585	£869,846	£579,886	£1,449,732	£	
						£480,792	

Restricted Grant-Making Funds

'Making It Happen'

This funding, made available by Essex County Council, provides support to parishes and community groups that are committed to developing parish plans. Work was completed through the year..

'Surviving Winter Appeal Fund'

This funding, provided by the Essex Community Foundation, is designed to address short-term issues of fuel poverty by making small grants to people in need, as identified through the Community Agents Essex service. No grants were made during the year.

'Natural Environment' Project

This grant has been provided by Essex County Council to fund a project that will assist with the delivery of Priority 10 of the Essex Rural Strategy - 'Protecting and promoting our natural environment'. Essex Wildlife Trust, as the lead for Priority 10, will be identifying a project in due course. RCCE, as the managing body for the Essex Rural Partnership, is holding the funds until then.

'Fighting Rural Crime' Project

This funding has been provided by Essex Police (Proceeds of Crime Act funding), Essex County Council and the Essex Community Foundation. Approval was received to use the funds towards support costs for Essex rural Partnership.

'Afghan Refugee fund'

This funding, provided by the Essex County Council, is designed to address short-term issues for refugees in need, as identified through the Community Agents Essex service. Money was moved to Community Agents through the year for work completed for support.

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NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2023

12 UNRESTRICTED FUNDS

	Designated Capital Fund £	Free Core Charitable Funds £	Total Unrestricted Funds £
As at 1 April 2022	507,304	359,763	867,067
Net movement in unrestricted funds	-	38,609	36,209
Transfers to/ from Designated Capital Fund:			
Reduction in value of long leasehold property	(4,080)	4,080	-
Reduction in mortgage	189,136	(189,136)	-
As at 31 March 2023	<u>£692,360</u>	<u>£213,315</u>	<u>£905,676</u>

RCCE's designated Capital Fund as at 31 March 2023 comprises the carrying (net book) value of the company's long leasehold in the Threshelfords Business Park property (£692,360) outstanding mortgage is now £0

13 DEFINED BENEFIT PENSION SCHEME

RCCE participates in the Essex Local Government Pension Scheme (LGPS), a multi-employer defined benefit statutory pension scheme administered by Essex County Council. The scheme has been closed to new members since 31st May 2016. From 31 March 2013 to 31 March 2017, RCCE's pension liabilities and assets were recorded in line with Section 28 of FRS102. This gave rise to increasing volatility, year-on-year, in the value of the net liability recognised in the company's Balance Sheet and also the amounts recognised in the Statement of Financial Activities. Taken together, the FRS102 valuations were also significantly more pessimistic than those derived from the 2013 and 2016 "ongoing" (triennial) valuations of the entire Essex LGPS. As a result, the Directors decided to commission an additional bespoke pension valuation as at 31 March 2018 using a discount rate (and other financial/actuarial assumptions) consistent with those that would have been used had an "ongoing" (triennial) valuation been carried out as at that date.

The assumptions adopted by the scheme actuary, Barnett Waddingham, in arriving at the 2018 and 2017 valuations overleaf, were as follows:

	Ongoing Valuation 2018	FRS102 2018	FRS102 2017
<u>Financial assumptions</u>			
RPI increases	3.57%	3.3%	3.6%
Salary increases	4.17%	2.3%	4.2%
Pension increases	2.67%	2.3%	2.7%
Discount rate	5.19%	2.6%	2.8%
<u>Assumed life expectancy from age 65 years</u>			
Retiring today - males	22.2	22.2	22.1
Retiring today - females	24.7	24.7	24.6
Retiring in 20 years - males	24.4	24.4	24.3
Retiring in 20 years - females	27.0	27.0	26.9

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NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2023

13 DEFINED BENEFIT PENSION SCHEME - continued

In all cases, the actuary further assumed that (i) members would exchange 50% of their commutable pension for cash at retirement, (ii) members would retire at one retirement age for all tranches of benefit, which would be the pension weighted average tranche retirement age, and (iii) none of the active members would take up the option under the new LGPS to pay 50% of contributions for 50% of benefits.

The actuary's estimated asset allocation for the company as at the 2018 and 2017 year-ends was as follows:

	2018	2017
Equities	66%	68%
Gilts / other bonds	11%	8%
Property	9%	10%
Cash / alternative assets / other managed funds	14%	14%

These assumptions gave rise to the following valuations:

	Ongoing Valuation 2018	FRS102 2018	FRS102 2017
Present value of defined benefit liabilities	(£1,437,000)	(£2,340,000)	(£2,327,000)
Fair value of fund assets	£2,038,000	£1,999,000	£1,706,000
Net defined benefit pension asset/(liability)	£601,000	(£341,000)	(£621,000)

On the basis of these valuations, the Directors made the following judgements in respect of the company's Balance Sheet reporting as at 31 March 2018:

1. Ongoing valuation - reporting a £601k pension asset account would have been wrong for many reasons including the trustees responsibilities for prudence, the lack of likelihood of conversion of a balance sheet asset to cash and the lack of any underlying detail in the actuary's 'ongoing' report.
2. FRS 102 valuation - reporting a £341k pension liability would also not have been "true and fair". It is clear from both the triennial report in 2016 and the 2020 ongoing valuation that RCCE has no actual pension deficit as normally measured. The *Institute of Chartered Accountants in England and Wales*, in their guidance on FRS102, emphasises that "true and fair" has to take precedence over financial reporting standards.
3. The only "true and fair" approach was to recognise neither an asset nor a liability in the Balance Sheet, but to account for employer contributions in the Statement of Financial Activities as they become payable in accordance with the rules of the scheme.

In the intervening period, nothing has changed to persuade the Directors that they should not continue to apply this true and fair override of Section 28 of FRS102 to the company's Financial Statements.

FRS102 pension valuation as at 31 March 2023

The information overleaf is taken from the actuary's FRS102 pension valuation as at 31 March 2023, and is provided to enable the reader to understand how the company's Balance Sheets as at 31 March 2023 and 31 March 2022, and Statement of Financial Activities (SOFA) for the years then ended, would have looked if the Directors had decided to value the company's pension liabilities and assets using actuarial assumptions that comply with Section 28 of FRS102.

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NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2023

13 DEFINED BENEFIT PENSION SCHEME - continued

To arrive at the RCCE's FRS102 pension valuation as at 31 March 2023, the scheme actuary, Barnett Waddingham, applied the following actuarial assumptions that comply with Section 28 of FRS 102:

	2023	2022
<u>Financial assumptions</u>		
RPI increases	3.15%	3.45%
Salary increases	2.85%	3.20%
Pension increases	2.85%	3.20%
Discount rate	4.80%	2.60%
<u>Assumed life expectancy from age 65 years</u>		
Retiring today - males	21.1	21.6
Retiring today - females	23.5	23.7
Retiring in 20 years - males	22.3	23.0
Retiring in 20 years - females	25.0	25.1

The actuary's estimated asset allocation for the company as at the year-end was as follows:

	2023	2022
Equities	58%	60%
Gilts / other bonds	1%	6%
Property	8%	8%
Cash / alternative assets / other managed funds	33%	25%

These assumptions gave rise to the valuations below and overleaf.

It should be noted that, under FRS102, the 'current service cost' in the SOFA is assessed by the actuary to be the value of benefits accrued by members over the accounting period in question. In the year to 31 March 2023, this was estimated by the actuary to be £24k in excess of the employer contributions payable in accordance with the rules of the scheme (2022: £39k in excess).

<u>Analysis of the amounts that would have been recognised in the SOFA under FRS102</u>	2023	2022
	£'000	£'000
Current service cost	(123)	(144)
Net interest on the defined benefit pension liability	2	(6)
Total amount that would have been recognised in net income	(121)	(150)
Return on fund assets in excess of interest	(79)	249
Other actuarial gains	(110)	-
Changes in financial & demographic assumptions	1,454	181
Experience (gain) on defined benefit obligations	106	(8)
Total amount that would have been recognised as an actuarial (loss)/ gain	1,371	422
Net amount that would have been recognised in the SOFA	1,250	272

THE RURAL COMMUNITY COUNCIL OF ESSEX

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NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2023

13 DEFINED BENEFIT PENSION SCHEME - continued

<u>Analysis of the amount that would have been recognised in the Balance Sheet under FRS102</u>	2023	2022
	£'000	£'000
Present value of defined benefit scheme liabilities	2,040	3,400
Fair value of fund assets (bid value)	3,467	3,478
	<hr/>	<hr/>
Net defined benefit pension liability/(asset)	(1,427)	(78)
	<hr/> <hr/>	<hr/> <hr/>
<u>Reconciliation of the opening and closing balances of the present value of the defined benefit scheme liabilities (under FRS102)</u>	2023	2022
	£'000	£'000
Opening present value of defined benefit scheme liabilities	3,400	3,371
Current service cost	123	144
Interest cost	88	67
Changes in financial & demographic assumptions	(1,454)	(181)
Experience (gain) on defined benefit obligations	(106)	8
Estimated benefits paid net of transfers in	(28)	(28)
Contributions by scheme participants	17	19
	<hr/>	<hr/>
Closing present value of defined benefit scheme liabilities	2,040	3,400
	<hr/> <hr/>	<hr/> <hr/>
<u>Reconciliation of the opening and closing balances of the fair value of the fund assets (under FRS 102)</u>	2023	2022
	£'000	£'000
Opening fair value of fund assets	3,478	3,072
Interest on assets	92	61
Return on assets less interest	(79)	249
Other actuarial gains	(112)	-
Estimated benefits paid net of transfers in	(28)	(28)
Contributions by employer	99	105
Contributions by scheme participants	17	19
	<hr/>	<hr/>
Closing fair value of fund assets	3,467	3,478
	<hr/> <hr/>	<hr/> <hr/>

THE RURAL COMMUNITY COUNCIL OF ESSEX

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NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2023

14 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted Funds	Restricted Funds	Total Funds
	£	£	£
31 March 2023			
Tangible fixed assets	692,767	-	692,767
Current asset investments	10,000	-	10,000
Current assets – debtors	23,367	182,799	206,166
Current assets – cash at bank and in hand	215,019	311,324	526,343
Current liabilities	(35,477)	(13,331)	(48,808)
Long-term liabilities	-	-	-
	<hr/>	<hr/>	<hr/>
Net assets at 31 March 2023	£905,676	£480,792	£1,386,468
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	Unrestricted Funds	Restricted Funds	Total Funds
	£	£	£
31 March 2022			
Tangible fixed assets	697,051	-	697,051
Fixed asset investments	100,000	-	100,000
Current assets – debtors	64,736	156,218	220,954
Current assets – cash at bank and in hand	251,659	580,632	832,291
Current liabilities	(75,588)	(48,911)	(124,499)
Long-term liabilities	(170,791)	-	(170,791)
	<hr/>	<hr/>	<hr/>
Net assets at 31 March 2022	£867,067	£687,939	£1,555,006
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

15 RELATED PARTIES

Directors

RCCE is controlled by its Board of Directors. No member of the Board of Directors receives remuneration from the company, and no expenses were reimbursed to members of the Board during the year (2022: £nil). An up-to-date register of directors' interests is maintained, and all directors are required to declare any potential conflicts of interest at meetings of the Board and its sub-committees.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2023

16 COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES (including Income & Expenditure Account)

<u>Year ended 31 March 2022</u>	Unrestricted funds	Restricted funds	Total
	£	£	£
Income from:			
Charitable activities	426,208	2,058,304	2,484,512
Donations	2,192	-	2,192
Investments			
Rents receivable	30,624	-	30,624
Interest receivable	142	-	142
	<hr/>	<hr/>	<hr/>
Total income	459,166	2,058,304	2,517,470
	<hr/>	<hr/>	<hr/>
Expenditure on:			
Charitable activities	416,545	1,691,455	2,107,999
Investment management			
Rental overheads	10,624	-	10,624
	<hr/>	<hr/>	<hr/>
Total expenditure	427,169	1,691,455	2,118,623
	<hr/>	<hr/>	<hr/>
Net income before transfers	31,998	366,849	398,847
Transfers between funds	-	-	-
	<hr/>	<hr/>	<hr/>
Net income after transfers	31,998	366,849	398,847
Total funds brought forward	835,069	321,090	1,156,159
	<hr/>	<hr/>	<hr/>
Total funds carried forward	<u>£867,067</u>	<u>£687,939</u>	<u>£1,555,006</u>

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2023

17 COMPARATIVE STATEMENT OF CASH FLOWS

<u>Year ended 31 March 2022</u>	Unrestricted funds £	Restricted funds £	Total £
Net income as per the Consolidated Statement of Financial Activities	31,998	366,849	398,847
Adjustments for:			
Rents receivable	(30,624)	-	(30,624)
Interest receivable	(142)	-	(142)
Rental overheads payable	11,193	-	11,193
Depreciation charges	5,786	-	5,786
Decrease/(increase) in debtors	(4,807)	(118,445)	(123,252)
(Decrease) in creditors	13,340	(8,654)	4686
Net cash provided by / (used in) operating activities	26,744	239,750	266,494
Cash flows from investing activities:			
Rents received	31,409	-	31,409
Interest received	142	-	142
Rental overheads paid	(10,754)	-	(10,754)
Net cash provided by investing activities	20,797	-	20,797
Cash flows from financing activities:			
Mortgage repayments	7 (18,082)	-	(18,082)
Net cash (used in) financing activities	(18,082)	-	(18,082)
Net change in cash	29,459	239,750	269,209
Cash balances brought forward	222,200	340,882	563,082
Cash balances carried forward	£251,659	£580,632	£832,291