



Report and accounts

For the year ended 31 March 2022

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About us

We're here for people who have nowhere to go and no-one to turn to. We work across Kent to support people most at risk of poverty, social exclusion, mental ill health or homelessness.

We prevent

We stop people from losing their homes and help others to live safely and independently in the community.

We provide

We work with people on the streets, in our supported housing and in local communities. We help people with their mental health, housing, education and employment so they can get where they want to be in life.

We challenge

We're fighting for a fairer society and we won't give up until everybody has a safe place to call home and the chance to make a positive contribution.



This year, more than 8,300 people were supported by Porchlight and our partners



Our vision, mission and values

Our vision

We strive for a fairer society where vulnerable people find stability, the most excluded are included, and where homelessness and poverty are things of the past.

Our values

- Inclusiveness
- Integrity
- Compassion
- Empowerment
- Passion
- Innovation

Our mission

To change lives for the better, by:

- preventing** people from becoming homeless through the provision of timely and personalised support services
- providing** housing, education, employability and personal development support to the most vulnerable and isolated people in our communities
- challenging** negative attitudes towards people who are homeless, living with mental ill health, or living in poverty

Trustees and administration

Chair of Trustees

Hilary Edridge

Trustees

Stephanie Goad
Colin Wright
Thomas Evans
Dominic Deeson
Dr Jenny Robson
Patrick Fuller
Naomi Simcox
Sue Baker
Dr Nicholas Ward
David Leah (appointed 21 July 2021)
Belinda Naiken-Payne (resigned 15 Sept 2021)

- Member of the fundraising and communications sub-committee
- Member of the HR sub-committee
- Member of the finance and risk sub-committee
- Member of the performance and quality sub-committee
- Member of the remuneration committee

Key management personnel

Michael Barrett, chief executive officer/company secretary
Catherine Keen, finance director
Joanne Dawes, director of fundraising and communications
Sarah Dennis, director of human resources
Aidan Gray, director of development and innovation
Chris Coffey, director of operations

Independent Auditor

RSM UK Audit LLP, Portland, 25 High Street, Crawley West Sussex, RH10 1BG

Solicitors

Cripps LLP, Wallside House, 12 Mount Ephraim Road, Tunbridge Wells, Kent TN1 1EG

Bankers

CAF Bank, 25 Kings Hill Ave, Kings Hill, West Malling, Kent ME19 4JQ
Unity Trust Bank plc, Four Brindleyplace, Birmingham B1 2JB

Registered address

18-19 Watling Street, Canterbury, Kent CT1 2UA

Charity registration number: 267116
Registered company number: 01157482
Incorporated in England and Wales

porchlight.org.uk | [Facebook](#) [Twitter](#) [Instagram](#) [Porchlight1974](#)



Welcome

From Mike Barrett, chief executive, and Hilary Edridge, chair

This was another year in which the lives of our clients, staff and the communities we serve were affected by Covid-19.

The pandemic has intensified inequalities in the most deprived areas and vulnerable people are facing even bigger challenges. At Porchlight, we're uniquely positioned to help: our strengths are our local knowledge and our ability to connect with people who have struggled to access other services.

We're working with NHS, public health and local government partners to identify key areas of need, using creative approaches to bring people and communities together.



Our community mental health services supported 3,230 people in the most deprived areas of Kent

For us, mental health support continues to be a priority; we know that Covid will have a long-lasting legacy for some, with social anxiety a particular issue among the young people we work with.

Our work wouldn't be possible without the expertise, professionalism, hard work and passion of our staff. From practical advice and guidance, to longer-term emotional and recovery-based support, they're helping some of the county's most disadvantaged people to stay well and manage their own lives.

In Kent we lead the way in supporting people most at risk of poverty, social exclusion, mental ill health or homelessness, but demand for our help is high – we expect it to reach record levels in the coming year.

The cost of living is having a devastating impact, with people in our communities among the worst affected. Rents are too high and wages are too low – in five of Kent's local authorities, resident earnings are below the national average.

Covid protection measures have been stripped away and we're hearing from more and more

people who are being forced to make impossible choices between heating and eating. Many are struggling to keep a roof over their heads.



This year, we took 1,010 referrals for people in need of our supported housing

Despite the growing need, we're facing severe cuts in funding. Kent County Council is proposing to end Kent Homeless Connect, a service that provides specialist support and housing for some of the most vulnerable people in society.

The service helps people develop the skills they need to live independently. Without it, many people – the most disadvantaged, traumatised, and most in need of support – are at risk of returning to or remaining on the streets.

We're working hard to build our financial stability, looking for new opportunities and inspiring people to join our cause so that together we can provide a safety net for those who need it most.

We're strengthening our rough sleeper team with specialist support for women, young people and those with high mental health needs. And we're working hard to provide affordable homes where we can deliver the intensive, housing-led support that helps people to stabilise their lives and break the cycle of homelessness.

Our clients will educate and guide us, helping us to plan for the future and develop our understanding so we can truly meet the needs of the people we support.

The year ahead will be one of the most challenging in our history. But we're determined to be here for the people and communities that are depending on us, providing safe and effective support for everyone who needs it – now and in the future.



Signature
CHIEF EXECUTIVE



Signature
CHAIR

Written and designed by Porchlight's communications team. Published August 2022.

Please note: the photographs used in this report illustrate Porchlight's general work and do not necessarily reflect the circumstances of those pictured. In some cases, client names may be changed to protect their identities. This is indicated by the use of asterisks where relevant.

Our work

We launched an ambitious new strategy, our plan to build a fairer future for vulnerable people in Kent.

Making big organisational changes in the middle of a pandemic has not been easy. But our new strategy captures the core of who we are at Porchlight, demonstrating our commitment to a fairer society that works better for everyone.

Our **four strategic priorities** – which are also our objectives – will help us respond to the growing need in our communities.

- People have a safe, stable and affordable place to call home
- People experiencing poverty and inequality get the support they need
- People are supported to have good mental health
- Porchlight is a strong and effective organisation

We've aligned our operational structure with our new strategy, moving to three directorates – **homelessness**, **mental health** and **communities** – to help us target our response where it's needed most.

We're proud that we've continued to be here for those who've needed us most – and during the most challenging of times.

We're a people organisation and that has meant continuing to safely and responsibly provide the person-centred support we believe in: support that gives people the best chance of reaching their goals.

And we can't do any of it without our staff. Our incredible staff, who bring our values to life, adapting and learning in the face of unprecedented change, coping with new challenges and keeping our clients at the heart of everything they do.

We're putting renewed focus on staff engagement, developing people's knowledge and skills, looking after their wellbeing, and creating a supportive environment where we



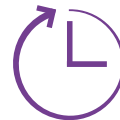
We launched our **standards for support and care** for homelessness services.

They were developed to help us meet current and future skills requirements as our staff work to support people with increasingly complex needs.



celebrate each other's differences and treat each other with respect.

We're also forever grateful to our amazing volunteers who, this year alone, have worked in 15 different roles across the charity, including frontline support, research and administration projects.



This year our volunteers gave more than 5,000 hours of support

From supporting us during early morning outreach sessions, to providing online and in-person support to LGBTQ+ young people, their dedication to the charity is helping us reach even more people in need.

Our future plans

- A housing-led approach, providing intensive support within a range of housing options
- Expanding our children and young people's mental health services
- Developing our community services into more areas of Kent

Our achievements and performance

MORE THAN
8,300
PEOPLE WERE
SUPPORTED BY
PORCHLIGHT AND
OUR PARTNERS

OUR FREE
HELPLINE TOOK
27,432
CALLS

71%
OF PORCHLIGHT
INTERVIEW
PANELS INCLUDED
CLIENT
REPRESENTATIVES

WE PREVENTED
1,093
PEOPLE FROM LOSING
THEIR HOME

OUR COMMUNITY
MENTAL HEALTH TEAMS
SUPPORTED
3,230
PEOPLE IN THE
MOST DEPRIVED
AREAS OF KENT

WE SUPPORTED
MORE THAN
560
PEOPLE WHO WERE
ROUGH
SLEEPING
IN KENT



The following pages outline our objectives and how we're achieving them through our three core areas of work: **homelessness**, **mental health** and **communities**.

Homelessness

Homelessness is complicated and some people need more support than others to move away from it. We take a person-centred approach to help people recover and rebuild their lives.

Rough sleeping

We know that the longer someone is on the streets, the more harm they will come to. Our outreach team goes out across Kent, helping people who are rough sleeping to connect with the services they need.


If people have been street homeless for a long time they may struggle to accept help and it can take weeks, even months, to earn their trust.



This year, we supported **560 people who were rough sleeping**

We work with our partners including specialist agencies, mental health teams and local councils, to ensure that the right support, focused around the individual and their needs, is in place.

We've employed specialist outreach workers in areas where we've identified groups with particular needs. They work with young people, women and those with high mental health needs, offering them the tailored support they need to move away from homelessness.



Our specialist women-only outreach workers supported **31 women on the streets**

Kent Homeless Connect

Kent County Council is proposing to end Kent Homeless Connect, a service that provides specialist support and housing. We're building our financial stability and developing new partnerships so we can continue to provide a safety net for people in desperate need.



Housing-related care

Many homeless people have multiple and serious support needs such as mental ill health, a history of trauma and drug or alcohol problems which can only be addressed through housing-related care and support.

We don't just provide a roof. We provide emotional and practical support to empower people to make longer lasting changes and rebuild their lives. Without this support, people with the most complex needs are at risk of returning to or remaining on the streets.

We help people develop resilience so that they can better cope with adverse life events. For our clients, resilience means being able to react and adapt when things go wrong and knowing when and how to reach out for help.

It can also involve building new skills and knowledge. We provide a whole range of activities to help people stabilise their lives and break the cycle of homelessness.



We took **1,010 referrals** for people in need of our supported housing

Specialist support

We run Housing First schemes in Dover, Folkestone, Maidstone, Sevenoaks and Thanet. They support people with multiple and complex support needs who have often spent years living on the street but struggle to engage with typical homelessness services.

Under the Housing First model, people are moved straight into a home of their own. With stable housing, they can start to address their support needs through coordinated and intensive support for as long as it's needed.


One of our biggest challenges is finding suitable, affordable homes in Kent so we're moving to a housing-led approach. This means providing intensive support within a range of housing options including the private rented sector, our own properties and through partnerships with local authorities and housing associations.

Preventing homelessness

One of the most effective ways to tackle homelessness is to prevent people from losing their home in the first place. This important area of our work has become even more critical as the cost of living crisis pushes thousands of Kent residents closer to homelessness.

We're hearing from an increasing number of people who can't afford to cover their food and energy bills and pay the rising costs of rent.

Our teams are doing everything they can to prevent people's problems from escalating by connecting them with the support they need, including debt and financial advice, help with paperwork and form-filling, and mediation and advocacy services.



We helped **1,093 people** who were at risk of losing their home

Offering a lifeline

A mother and her two-year-old child sleeping in a car. A medically vulnerable man who couldn't afford to heat his freezing home. A young woman facing illegal eviction.

These are just some of the calls our helpline and its small team of advisors receive every day.

Many of the people coming to us are facing multiple issues that make it a daily struggle to survive. Alongside poverty, insecure housing or homelessness they may have long-term health conditions or disabilities, or be experiencing loneliness or social isolation.



Bob's story

Bob is a former client who volunteers with us in an administrative role. He finds opportunities for people we're currently supporting to have their say.

When Bob was a Porchlight client, he sat on job interview panels and groups that help steer the direction of our work.

“It was such a confidence boost. I had recently been at the bottom of the pit, but now I was sitting on job interview panels, helping Porchlight to recruit the best people – people with empathy for our clients.”



This year, our helpline team took **27,432 calls**

Mental health

We focus our support where it's needed most. Our teams are based in Kent's most deprived communities, helping to tackle the mental health inequalities that have been intensified by the pandemic.

Living in poverty, in areas of deprivation, lack of employment or poor housing can negatively impact on people's health and wellbeing. This means that poor mental health outcomes are common amongst the people we support.

Our teams take a person-centred approach, working to address all of the challenges a client might be facing to help them stay well and manage their own lives.

Expanding our support

To meet the growing need for mental health and wellbeing support, our Live Well Kent service expanded into Medway.

We're proud to be leading the local collaboration of community mental health services to deliver support for people as close to home as possible.

We're working with NHS, public health and local government partners to identify key areas of need and improve mental health services and systems across the county.

Live Well Kent & Medway is led by Porchlight and the charity Shaw Trust on behalf of Kent County Council and NHS Kent & Medway Clinical Commissioning Groups.



Last year, Live Well Kent & Medway supported 3,230 people in the most deprived areas of Kent

Live well

Kent and Medway

livewellkent.org.uk



Jane's story

When Jane reached out to us, she was in a dark place. She was battling an eating disorder, depression, and post-traumatic stress caused by previous trauma.

“ I felt like I'd lost a lot of myself. ”

While searching for support, she found the Porchlight website. She got in touch, and we introduced her to Porchlight worker Lori.

Jane said she enjoyed photography, so Lori sourced her a camera. She also helped her find volunteering opportunities and apply for courses.

“ It helped having someone to talk to. When I was worried about something, Lori was always there to help. ”

Jane says she now feels ready to be independent and strike out on her own.

“ Thanks to Lori I've got my confidence back. Porchlight saved me from a very dark place, and I'll always be grateful for that. ”

Support for young people

The mental health of young people has been significantly impacted by the pandemic. But lack of capacity in specialist services means that many children and teenagers struggle to access the support they need.

We've been running Porchlight's adolescent wellbeing service (PAWS) in Thanet to give extra help to young people and their families who are going through a difficult time.

This may be related to an emotional issue such as anxiety, a family communication breakdown, substance misuse or offending behaviour. The aim is to develop the young person's confidence and give them the tools to overcome similar issues in the future.

The service's success means we're expanding into Ashford, Dover and Folkestone & Hythe.



We're expanding our adolescent wellbeing service in response to the higher number of young people experiencing mental ill health

Bridging the gaps in support

We're at the forefront of local service development, working with funders to find new ways of supporting people including those with very complex health and social care needs.

They might be experiencing anxiety and depression alongside other issues such as inadequate housing, debt, or a history of trauma or abuse. Our mental health recovery service works with people to prevent their mental health issues from escalating to a point where more specialist support is needed.

We've also launched a peer support service to improve people's experience of mental health crisis care. It offers one-to-one support delivered in-person, online or over the phone, or regular peer-led group sessions.

And we have a service which carries out physical health and wellbeing checks on people with severe mental illnesses (SMI).

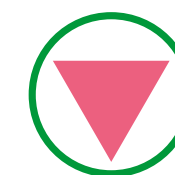


Building brighter futures for LGBTQ+ young people

We know that LGBTQ+ young people are at higher risk of mental health issues because of discrimination, lack of acceptance and abuse. Feelings of loneliness and isolation can exacerbate any problems they are already facing.

The BeYou Project operates across Kent and Medway, helping LGBTQ+ young people to feel included and build emotional resilience. It does this by providing safe spaces where they can be themselves and by working with the young people and their families to overcome any difficulties.

We've recruited a services development manager to help us deliver our ambitions around LGBTQ+ health, wellbeing and equality in Kent. And we've delivered a pilot project with schools, helping them to create more positive, nurturing environments for their LGBTQ+ students and staff.



This year, BeYou supported 451 young people and ran 156 group sessions

the
BeYou
PROJECT

thebeyouproject.co.uk

Communities

Strong relationships and support networks make a big difference to people's health and wellbeing. We support people to feel included, valued and more connected to their communities.

Porchlight Open Door

Porchlight Open Door helps people connect with the services and support networks they need within their local community.

The weekly sessions – PODs – are run by our friendly team. As well as providing a listening ear, they offer practical help with things like forms and phone calls and give advice and support with everything from housing, debt or benefits, to getting new skills or finding a job.



We ran 260 Porchlight Open Door sessions

There are also activities to help people improve their health and wellbeing, including cooking, fitness and mindfulness.

Thanks to the National Lottery Community Fund, we're able to deliver



Porchlight Open Door in even more locations in Kent. As well as Canterbury, Margate, Dover and Dartford, we run a women's-only POD in Folkestone. We're hoping to extend into Ramsgate in the year ahead.

Becoming work-ready

Work is the best route out of homelessness and poverty but typical employment support does not meet the needs of our clients.

Our work, health and learning team offer an intensive programme to help clients build the skills and confidence to prepare for and get into work. As well as helping people to find and hold onto jobs, our specialist staff ensure that their other needs, for example their health or housing, are addressed in a joined up way.



This year, we supported 174 people into work



Aaron's story

Aaron started attending our PODs after his probation officer put him touch with Porchlight.

“ From day one, I loved it. When I walked in, I was nervous. But it just felt warm and comfortable. ”

He started taking part in fitness sessions at the meet-ups, which gave him the opportunity to exercise and connect with others at the same time. Suddenly everything fell into place.

“ It just changed my whole life overnight. It helped me come into my own. ”

Now Aaron regularly leads the fitness sessions and has become part of the team. Participants have even started coming to him for advice or a chat.

“ I love helping people, just knowing you've put a smile on someone's face. ”

Breaking down barriers

Our Aspirations service uses arts, sports and training to support people with poor mental health who are unemployed and geographically or socially isolated.

If someone is unemployed and feels that their mental health is a barrier to finding a job, the Aspirations team will help.

An independent evaluation conducted by the University of Kent found that 76.6% of people supported by our Aspirations service also reported an improvement in their mental health and wellbeing.

Our Aspirations service is a Building Better Opportunities (BBO) project funded by the European Social Fund and the Lottery Community Fund.



Aspirations and our delivery partners supported 471 people

Involving the people we support

The heart of our success as an organisation is the involvement of our clients in the decisions that matter. We know that actively empowering our clients to have their voices heard, to make informed decisions and to have real influence can help us build a charity that works better for everyone.

Our clients educate and guide us, helping us to respond in the right way, to plan for the future and to design and deliver solutions that truly meet the needs of the people we support.

Through our involvement team, our clients have their say on how our services are run. This allows them to reflect on their own needs and influence changes to improve everyone's experience.

We run steering groups that give people opportunities to influence the development of our services.

If people want to develop their confidence, we encourage them to step outside of their comfort zone and engage in activities that challenge them. This might include sitting on a staff recruitment panel, engaging in a consultation or acting as mystery shoppers to help us improve our services.



This year, 71% of Porchlight interview panels included client representatives



Rosalie's story

After relocating during the pandemic, Rosalie felt lonely and directionless.

“ I wanted to work but it had been a long time since I'd applied for jobs. It was daunting. ”

Our Aspirations service helped Rosalie to build her confidence and her employment skills. She's now a driver on a school bus for children with autism.

“ I love my job. I know this is where I'm supposed to be. ”

Structure and governance

Governance

Porchlight was founded in 1974 and is registered as a charity in England and Wales (number 267116). Our registered office address is 18-19 Watling Street, Canterbury, Kent CT1 2UA.

We are governed by a board of trustees of up to 15 members which meets formally six times a year. Our governing document is the Memorandum and Articles of Association, revised in September 2020.

Our trustees are volunteers who use their skills, experience and sound judgement to help the charity achieve its aims. They ensure that the charity has a clear strategy, and that our work and goals are in line with our vision.

Our board members sit on sub-committees that focus on particular areas of work or projects, for example, finance and risk, and fundraising and communications (see page 4 for details). However, they delegate the day-to-day running of the charity to the staff team via our chief executive.

Trustee recruitment is managed by an appointment panel which includes our chair, our chief executive and one trustee. New trustees are given a full induction to ensure that they understand their role and responsibilities and have a good understanding of the charity's work overall.

Porchlight's trustees are able to commit to an open-ended length of service, however we carry out regular skills audits to ensure that we have the right mix of experience to run the charity effectively and in the interests of the people it was set up to support.

Last year, we carried out some external governance training to ensure our board members remain fully up to date on their roles and responsibilities as trustees.

Remuneration of employees

Our pay structure, including the pay of our leadership team and chief executive, is reviewed and approved by the trustees who make decisions using external benchmarking tools such as the ACEVO pay and equalities survey. We also take account of pay practice in other voluntary sector organisations.



Partnership working

Porchlight works in partnership with Kent County Council, Medway Council, Ashford Borough Council, Canterbury City Council, Dartford Borough Council, Dover District Council, Folkestone and Hythe District Council, Gravesham Borough Council, Maidstone Borough Council, Sevenoaks District Council, Swale Borough Council, Thanet District Council, Tonbridge and Malling Borough Council, Tunbridge Wells Borough Council, London Borough of Bexley, East Sussex County Council, NHS Eastern and Coastal Kent Primary Care Trust, Kent and Medway NHS and Social Care Partnership Trust, and Kent & Medway Clinical Commissioning Group. We are a joint lead provider of Kent Homeless Connect with the charity Look Ahead and of Live Well Kent with the charity The Shaw Trust. Porchlight also manages properties owned by the following registered providers: Clarion, East Kent Housing, Home Group, Orbit, Optivo, Riverside, Southern Housing Group.

Public benefit

The trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aims and objectives and in planning future activities and setting appropriate policies for the year. The trustees are confident that Porchlight meets the Public Benefit requirements.

Fundraising



Registered with
FUNDRAISING
REGULATOR

Thanks to your support, we're helping people recover from the pandemic and manage the worsening cost of living crisis.

We're so grateful for the creativity and compassion of our donors and supporters who didn't let coronavirus restrictions prevent them from helping people in their communities.

People and businesses found creative new ways to support our work while restrictions were in place.

In the summer, we were delighted to return to in-person fundraising events. These included a golf day at Boughton, several sponsored sleep outs and a sculpture event at Godinton House.

Our thanks go out to every school, corporate partner, community and faith group, major donor and individual funder who supported us over the year to raise £938,395. It means that we can be here to support Kent's most vulnerable people who need us more than ever before.

We launched an appeal to raise funds for new Porchlight properties. The 'Make a House a Home' appeal raised over £130,000 and has helped us create comfortable and safe homes for people who've been homeless.

Donors to Porchlight can be confident that we comply with the regulatory standards for fundraising. We are registered with the Fundraising Regulator and are committed to the Fundraising Promise,



and we adhere to the Code of Fundraising Practice which covers the requirements charities must follow as set out in the Charities Act 2016.

All of our fundraising staff are members of the Chartered Institute of Fundraising. We have safeguards in place to protect our supporters and the reputation of our charity. We ensure that all third parties have safeguarding measures in place too and we expect everyone to comply with the Code of Fundraising Practice.

We take any concerns about our fundraising activities very seriously. Our complaints policy is featured on our website and clearly explains how people can make a complaint.

This year, we received one complaint about our fundraising activity and reported it to the Fundraising Regulator. We are signed up to the Fundraising Preference Service to allow people to opt out of receiving fundraising communications from us but did not have to action any requests.

Our fundraising year in numbers

- 62 talks, workshops and school assemblies reached over 5,285 children and adults
- Our corporate supporters raised £110,740
- Our 'Make a house a home' appeal generated £131,686
- 750 new donors supported us



Strategic report

Financial review

Our income for the year was £13,731,499, an increase of 8.6% on last year. Our expenditure increased by 7% on last year's. We had an unrealised gain on our investment property of £40,628, leading to a surplus of £860,158.

Income

This year, 69% (2021: 68%) of our income came from government grants and 13% (2021: 13%) from rental income within our properties. The rest was made up of voluntary income and funding from charitable trusts.

Charitable expenditure

We spent £12,593,815 on our charitable activities, supporting homeless, vulnerable and isolated people in Kent. We are continuing to invest in property to improve our clients' access to good quality, affordable housing.

We've been working with philanthropic investors and CAF Bank to increase our portfolio of both owned and leased properties.

Expenditure by key activities

We've aligned our operational structure with our new strategy, moving to three directorates – homelessness, mental health and communities – to help us target the charity's activities where they are needed most.

Our new **homelessness** directorate includes our Bexley accommodation project, which was previously categorised under our youth and families' activities. Because of this, our expenditure for homelessness is very similar to last year.

Ongoing funding and investment from the Ministry of Housing, Communities and Local Government has allowed us to continue our life-saving outreach services, supporting people away from the streets.

Our **mental health** directorate includes Live Well Kent & Medway, our LGBTQ+ services and young persons' services. Expenditure in this area has increased by over £1m because of new contracts awarded in Medway.

Our **communities** directorate includes our Aspirations service, funded by the European Social Fund, and our work, health and learning



projects. Expenditure has significantly reduced in this area because of the loss of the family support service mid-way through last year.

We're growing our presence in local communities thanks to £500,000 from the National Lottery Community Fund. It means we're able to deliver our Porchlight Open Door hubs in more areas, helping to connect people with the services and support they need.

Reserves policy

At the end of the year, we held total funds of £3,898,011 (2021: £3,037,853). We're working to maintain our free reserves to help us manage the risks to the charity.

The free reserves are for the general purposes of the charity, not restricted to or designated for a particular purpose. They will allow us to continue much-needed work in the event of a downturn in income or an unforeseen increase in costs.

We have aimed to build our free reserves to cover six months' operational expenditure, ensuring that the charity remains a going concern in the event of further key contracts being terminated. Six months' unrestricted expenditure is just under £5 million.

Restricted funds, including funding from the European Social Fund, are only available for expenditure as directed by the donor or funder. At the end of the year, our restricted funds totalled £833,568 (2021: £598,629).

We have carried forward designated funds for

our women's services, Housing First projects and some specific posts within Kent Homeless Connect. Because we raised alternative funding for these posts, the trustees have agreed the designated funding should be retained for the future.

Designated funds totalled £239,615 (2021: £243,066) at the end of the year.

Free reserves

Our free reserves are the part of the charity's unrestricted income that is freely available after taking account of the funds that have been earmarked for specific purposes. The free reserves currently stand at £1,352,259 (2021: £1,187,781) and are calculated as follows:

Total unrestricted funds	£3,064,443
Less designated funds	(£239,615)
Less unrestricted fixed assets	(£1,472,569)
Total free reserves	£1,352,259

Going concern

Kent County Council's proposal to end the Kent Homeless Connect service in September 2022 will impact heavily on the charity and the vulnerable people who rely on its support.

We're doing everything we can to build our financial stability, seeking new income streams and developing new partnerships to keep this vital support in place.

The trustees have assessed Porchlight's financial position, looking at our other contracts and the work we're doing to diversify our income, and they feel confident in the charity's ability to operate as a going concern.

During the year we continued to pay for professional deep-cleaning and additional concierge services where we were short-staffed because of Covid-19.

We're so grateful to have continued to receive support from our amazing donors and as a result our fundraising income has not been negatively affected by the pandemic.

We will use our free reserves to fund any excess expenditure during the next financial year, and potentially over the following years, to sustain the charity during the expected post-Covid economic downturn.

Our contractual income will be unaffected by the crisis (for the duration of the contracts) and therefore the charity is deemed to be a going

concern until August 2023.

Investment policy

Our investment property generates income which is used for our charitable activities. The asset is included in the balance sheet at fair value.

The trustees, having regard to the liquidity requirements of the charity and to the reserves policy, have operated a policy of keeping available funds in interest bearing accounts.

Environmental responsibility

We are taking responsibility for the environment by developing our approach to decarbonisation. We will:

- investigate new ways to work sustainably across all our sites
- work to ensure our waste management minimises the impact on the environment and encourage the reuse or recycling of materials
- develop our digital working opportunities to reduce staff travel and fuel consumption
- encourage staff to source environmentally responsible materials and services
- review the energy performance of our properties and look to further reduce or offset the carbon footprint to improve efficiency and sustainability
- take an informed view towards energy purchasing to take advantage of renewable sources.

Key performance indicators

Operating surpluses

How we performed: We have made a strong surplus of £860,158.

Rent collected as a percentage of rent due (target minimum 94%)

How we performed: 91.1%. The pandemic has had a big impact on our rent arrears. We support people to prevent and manage arrears, helping them to set up repayment options and supporting them to maximise their income.

Our aim is to help people maintain their accommodation and we only use eviction as a last resort. But with the eviction ban in place, we were unable to take action against residents and we've been left with some very significant rent arrears.

Level of voids as a percentage of rental income (target under 4%)

How we performed: 5.9%. The eviction ban meant we were unable to tackle problematic behaviour such as aggression towards staff or other residents. To make our properties safer for everyone, we made the decision to keep some rooms vacant. And with the proposal to end the Kent Homeless Connect service from September 2022, we also made the difficult decision to wind down some of our housing projects.

Rent arrears as a percentage of total rental income (target 2%)

How we performed: 5.9%. The pandemic has had a major impact on our rent arrears. We've done everything we can to maintain close and transparent communication with our residents, working together to try and make the best of a difficult situation. We've helped people to set up payment plans and attempted to resolve any issues before they escalate, but we're going to be feeling the repercussions of the crisis for some time.

Risk management

The trustees review risks to the charity on an ongoing basis, ensuring that systems are in place to mitigate and manage the most severe risks. Currently, the main risks to the charity are identified as:

- Income impacted by the loss of the Kent Homeless Connect contract and replacement funding not yet secured
- Local authorities taking more services in-house
- Loss-making contracts requiring subsidies from unrestricted reserves
- Changes to government policies and priorities in an unknown future landscape.

We continue to work with our colleagues in the homelessness sector, adding our voice to a national call for the government to address the political decisions that are removing the social safety nets and leaving so many people with nowhere to turn.

We're investing more resources into income generation to help us reduce our reliance on statutory funding and mitigate the risk of further cuts to our income.

Preparation of financial statements

The financial statements have been prepared in accordance with the accounting policies set out in notes to the accounts and comply with the charity's governing document, the Charities Act 2011 and Companies Act 2006 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' published in January 2019.

Statement of trustees' financial responsibilities

The charity trustees (who are also the directors of Porchlight for the purposes of company law) are responsible for preparing a trustees' annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing the financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the charity and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of information to auditor

The trustees who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware.

Each of the trustees has confirmed that they have taken all the steps that they ought to have taken as trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.



Auditor

RSM UK Audit LLP have expressed their willingness to continue in office.

This report and incorporated strategic report was approved by the trustees on 20 July 2022 and signed on its behalf by:

H Edridge
Trustee



Independent auditor’s report to the members of Porchlight

Opinion

We have audited the financial statements of Porchlight (the ‘charitable company’) for the year ended 31 March 2022 which comprise the Statement of Financial Activities (including the Summary Income and Expenditure Account), the Balance Sheet, the Cash Flow Statement 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 FRS 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 2022 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.

Other information

The other information comprises the information included in the Trustees’ Report other than the financial statements and our auditor’s report thereon. The trustees are responsible for the other information contained within the Trustees’ 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 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, which includes the Directors’ Report for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors’ Report and the Strategic Report included within the Trustees’ Report have 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 or the Strategic Report included within the Trustees’ Report.

We have nothing to report in respect of the following matters where 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.

Responsibilities of trustees

As explained more fully in the Statement of Trustees’ responsibilities set out on pages 18 and 19, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company’s ability to continue as a going concern, disclosing, as applicable,

matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the

entity’s operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the charitable company operates in and how the charitable company is complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), Companies Act 2006, Charities Act 2011 and the charitable company’s governing document. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Trustees’ Report and remaining alert to new or unusual transactions which may not be in accordance with the governing documents.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to health and safety, tenancy laws and safeguarding. We performed audit procedures to inquire of management whether the charitable company is in compliance with these laws and regulations.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council’s website at <http://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.

RSM UK Audit LLP

Zoë Longstaff-Tyrrell (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP,
Statutory Auditor
Chartered Accountants
Portland
25 High Street
Crawley
West Sussex, RH10 1BG

Date: 28 July 2022

Statement of financial activities
(including income & expenditure account)

for the year ended 31 March 2022

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		Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
	Note				
Income:					
Donations and legacies	2	767,931	117,080	885,011	973,097
Charitable activities	3	8,810,107	4,004,316	12,814,423	11,653,624
Trading income		18,535	-	18,535	6,052
Investment income	4	13,530	-	13,530	9,870
Total income		9,610,103	4,121,396	13,731,499	12,642,643
Expenditure:					
Raising funds	5	318,154	-	318,154	216,739
Charitable activities	6	8,666,730	3,927,085	12,593,815	11,843,408
Total expenditure		8,984,884	3,927,085	12,911,969	12,060,147
Net gains on investments		-	40,628	40,628	-
Net income		625,219	234,939	860,158	582,496
Net movement in funds		625,219	234,939	860,158	582,496
Reconciliation of funds					
Total funds brought forward		2,439,224	598,629	3,037,853	2,455,357
Total funds carried forward		3,064,443	833,568	3,898,011	3,037,853

The notes on pages 26 to 34 form part of these financial statements.

Balance sheet

as at 31 March 2022

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	Note	2022 £	2021 £
Fixed assets			
Tangible assets	9	1,639,900	1,177,389
Investment property	10	<u>394,851</u>	<u>354,223</u>
		2,034,751	1,531,612
Current assets			
Debtors	11	2,126,034	2,103,964
Cash at bank and in hand		<u>2,555,984</u>	<u>1,945,909</u>
		4,682,018	4,049,873
Liabilities			
Creditors: Amounts falling due within one year	12	<u>(2,235,539)</u>	<u>(2,241,958)</u>
Net current assets		<u>2,446,479</u>	<u>1,807,915</u>
Total assets less current liabilities		<u>4,481,230</u>	<u>3,339,527</u>
Creditors: Amounts falling due after one year	13	<u>(583,219)</u>	<u>(301,674)</u>
Total net assets		<u><u>3,898,011</u></u>	<u><u>3,037,853</u></u>
The funds of the charity			
Restricted income funds	15	833,568	598,629
Unrestricted funds	15	<u>3,064,443</u>	<u>2,439,224</u>
Total charity funds		<u><u>3,898,011</u></u>	<u><u>3,037,853</u></u>

Company number: 01157482

The financial statements on pages 23 to 34 were approved and authorised for issue by the board of trustees on 20th July 2022 and signed on their behalf by:



H Edridge
Trustee



C Wright
Trustee

Statement of cash flows

for the year ended 31 March 2022

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	Note	Total funds 2022 £	Total funds 2021 £
Cash provided by operating activities	A	<u>878,123</u>	<u>464,582</u>
Cash flows from investing activities			
Interest		13,530	9,870
Proceeds from the sale of fittings and equipment		-	29,000
Purchase of fixed assets		<u>(573,110)</u>	<u>(584,285)</u>
Cash used in investing activities		<u>(559,580)</u>	<u>(545,415)</u>
Cash flows from financing activities			
Repayments of borrowing		(16,468)	-
Cash inflows from new borrowing		<u>308,000</u>	<u>310,405</u>
Net cash provided by financing activities		<u>291,532</u>	<u>310,405</u>
Change in cash and cash equivalents in the year		<u>610,075</u>	<u>229,572</u>
Cash and cash equivalents at the beginning of the year	B	<u>1,945,909</u>	<u>1,716,336</u>
Total cash and cash equivalents at the end of the year	B	<u><u>2,555,984</u></u>	<u><u>1,945,908</u></u>

Note A

Reconciliation of net income to net cash flow from operating activities

Net income for the year (as per the statement of financial activities)	860,158	582,496
Adjustments for:		
Depreciation charges	110,599	101,846
(Gain) on investments	(40,628)	-
Interest from investments	(13,530)	(9,870)
Profit on sale of fixed assets	-	(3,984)
(Increase) / Decrease in debtors	(22,070)	(1,267,022)
Increase / (decrease) in creditors	(16,406)	1,061,116
Net cash provided by operating activities	<u>878,123</u>	<u>464,582</u>

Note B

Analysis of cash and cash equivalents

Cash in hand	<u>2,555,984</u>	<u>1,945,909</u>
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Note C

Analysis of change in net debt

	At 1 Apr 2021	Cashflows	Non-cash changes	At 31 Mar 2022
Cash and cash equivalents	1,945,909	610,075	-	2,555,984

Cash borrowings

Loans falling due within one year	(8,731)	16,468	(26,455)	(18,718)
Loans falling due after more than one year	(301,674)	(308,000)	26,455	(583,219)
	<u>(310,405)</u>	<u>(291,532)</u>	<u>-</u>	<u>(601,937)</u>
	<u>1,635,504</u>	<u>318,543</u>	<u>-</u>	<u>1,954,047</u>

Notes to the accounts

for the year ended 31 March 2022

1. Accounting policies

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

1.1 Basis of preparation

The financial statements have been prepared in accordance with the historical cost convention, modified to include investment properties at fair value, and in accordance with the Statement of Recommended Practice – Accounting and Reporting by Charities (SORP 2015) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Ireland (FRS 102) (effective 1 January 2019) and the Companies Act 2006. Porchlight meets the definition of a public benefit entity under FRS 102.

1.2 Preparation of the accounts on a going concern basis

The trustees have considered the appropriateness of the going concern assumption for the preparation of the financial statements. In making that assessment they have considered forecasts for the period to August 2023, the twelve months from the date of approval of these financial statements. The trustees have assessed current contracts, and the work the charity is doing to diversify income streams and they feel confident in the charity’s ability to continue as a going concern.

1.3 Income

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

Donations are included as income when the cash becomes receivable. For legacies, entitlement is taken when there has been grant of probate, the executors have established that there are sufficient net assets in the estate to pay the legacy and any conditions attached to the legacy have been met.

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

Where grants are received in advance, amounts are deferred at the year end as necessary.

Other trading activities relate to income in exchange for goods or services sold, at equal value. Income is recognised when the charity has entitlement to the funds and they can be reliably measured, normally upon receipt.

Income from interest on deposits is recognised when its receipt is probable and the amount can be measured reliably; this is normally upon notification or payment by the bank.

Donated goods and services are included as income where it would otherwise have been purchased. Amounts are included when received, at the value of the cost of purchasing the goods or service outright on the open market.

1.4 Expenditure and irrecoverable VAT

All expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities.

Expenditure on raising funds comprise the costs associated with attracting income from donations and legacies, together with investment costs.

Expenditure on charitable activities includes all costs incurred by a charity in undertaking activities that further its charitable aims for the benefit of its beneficiaries, including those support costs and costs relating to the governance of the charity apportioned to charitable activities.

Support costs include central functions such as governance, finance, administration, human resources etc and have been allocated to activities on the basis of the direct expenditure of the activities.

Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

1.5 Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The charity recognises termination benefits when it is demonstrably committed to either (i) terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or (ii) providing termination benefits as a result of an offer made to encourage voluntary redundancy.

1.6 Pensions

The charity operates a defined contribution pension scheme. The expenses and any liability are allocated to the activity within the staff costs for that activity, similarly allocated to restricted or unrestricted based on the relevant staff costs for that fund.

1.7 Tangible fixed assets

Individual fixed assets costing £1,000 or more are capitalised at cost.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold property – 2% on cost of the building

Leasehold property – over the life of the lease

Fixtures & fittings – 25%

A full year of depreciation is charged in the year of acquisition, and none in the year of disposal.

1.8 Fixed asset investments

Investment properties are included in the balance sheet at their open market value. No depreciation is provided on the properties. Net gains and losses on disposal and revaluation of investments are charged or credited to the Statement of Financial Activity (SOFA).

1.9 Cash at bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a maturity of less than three months from the date of deposit.

1.10 Accrued holiday pay

Provision is made at the balance sheet date for holidays accrued but not taken, at the salary of the relevant employee at that date. The expected cost of compensated short-term absence (i.e holidays) is charged to the SOFA on an accruals basis.

1.11 Fund accounting

- Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity.
 - Designated funds are unrestricted funds earmarked by the trustees for particular purposes.
 - Restricted funds are subjected to restrictions on their expenditure imposed by the donor.
- Funds transferred cover deficits on restricted funds.

1.12 Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the SOFA as incurred.

1.13 Financial instruments

The Company has elected to apply the provisions of Section 11 ‘Basic Financial Instruments’ and Section 12 ‘Other Financial Instruments Issues’ of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument, and are offset only when the Company currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Grants receivable and other debtors (including accrued income) which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Financial liabilities

Other creditors (including accruals) payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being transaction price less any amounts settled.

1.14 Critical accounting estimates and judgements

In the application of the charity’s accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Valuation of investment property

The carrying value of the investment property is stated at fair value. The charity uses a third party valuer for determining the fair value as detailed in note 10 to these financial statements, however, the valuation of the charity’s investment property is inherently subjective, as it is made on the basis of valuation assumptions which may in future not prove to be accurate.

1.15 Prior period adjustment

The apportionment of income and expenditure within charitable activities has changed to three main activity headings: Homelessness, Mental Health and Communities, replacing the previous four as these better reflect the nature of the activities undertaken. This has led to a reclassification and a prior period adjustment in the accounts. The comparatives have been restated as a result. There is no impact on the total comparative income, expenditure, overall staff numbers, result for the year or closing reserves at 31 March 2021.

2. Donations and legacies

	Unrestricted funds	Restricted funds	Total funds
	2022	2022	2022
	£	£	£
Gifts and donations	700,505	117,080	817,585
General grants	5,250	-	5,250
Donated goods and services	62,176	-	62,176
Total	767,931	117,080	885,011
	Unrestricted funds	Restricted funds	Total funds
	2021	2021	2021
	£	£	£
Gifts and donations	770,930	157,576	928,506
General grants	250	919	1,169
Donated goods and services	43,422	-	43,422
Total	814,602	158,495	973,097

Donated goods and services relates to the use of conference centres and software licences at no or little cost to the charity. The value included is that of acquiring those services at the full open market cost.

3. Charitable activities

	Unrestricted funds	Restricted funds	Total funds
	2022	2022	2022
	£	£	£
Homelessness services			
Rent / Accommodation charges	1,809,602	-	1,809,602
Kent County Council	2,773,171	145,939	2,919,110
CCG income	-	445	445
Local authority grants	154,166	799,106	953,272
Delivery network income	176,575	-	176,575
Other grants receivable	-	65,130	65,130
	4,913,514	1,010,620	5,924,134
Mental health services			
Kent County Council	3,393,219	174,183	3,567,402
CCG income	453,320	1,505,861	1,959,181
Local authority grants	-	19,663	19,663
Delivery network income	-	222,714	222,714
Other grants receivable	-	33,515	33,515
	3,846,539	1,955,936	5,802,475
Communities			
European Social Fund income	50,054	801,103	851,157
Local authority grants	-	25,072	25,072
Big Lottery Fund	-	173,515	173,515
RBLI income	-	21,846	21,846
Other grants receivable	-	16,224	16,224
	50,054	1,037,760	1,087,814
Total	8,810,107	4,004,316	12,814,423

2021 Charitable activities restated

The comparatives have been restated below to better reflect the nature of the charity's activities. The charitable activities now being split into the following three areas: Homelessness, Mental Health and Communities.

There has been no change in the overall total income for the prior year on the face of the SOFA. See note 20.

Charitable activities 2021

	Unrestricted funds	Restricted funds	Total funds
	2021	2021	2021
	£	£	£
Homelessness services			
Rent / Accommodation charges	1,626,150	-	1,626,150
Kent County Council	2,853,209	-	2,853,209
Local authority grants	293,099	578,248	871,347
Big Lottery Fund	-	83,917	83,917
Delivery network income	206,019	-	206,019
Other grants receivable	-	61,816	61,816
	4,978,477	723,981	5,702,458
Mental health services			
Kent County Council	3,436,526	25,000	3,461,526
CCG income	386,204	261,545	647,749
Local authority grants	-	92,693	92,693
Delivery network income	-	154,300	154,300
Other grants receivable	-	11,924	11,924
	3,822,730	545,462	4,368,192
Communities			
Kent County Council	620,000	-	620,000
European Social Fund income	59,963	855,015	914,978
RBLI income	-	14,462	14,462
Other grants receivable	-	33,534	33,534
	679,963	903,011	1,582,974
Total	9,481,170	2,172,454	11,653,624

Government grants are received for the provision of support within accommodation, floating support and outreach services, adolescent support services and mental health and wellbeing services.

Government grants received during the year totalled £9,444,145 (2021: £8,546,524).

There were no unfulfilled conditions attached to government grants recognised in the year (2021: None).

4. Investment income

	Unrestricted funds	Unrestricted funds
	2022	2021
	£	£
Rental income from investment property	13,530	9,870
Total	13,530	9,870

5. Raising funds

	Unrestricted funds	Unrestricted funds
	2022	2021
	£	£
Expenditure on raising donations and legacies	318,154	216,739
Total	318,154	216,739

6.	Charitable activities	Homelessness services	Mental health services	Communities	Total 2022
		£	£	£	£
Activities undertaken directly					
	Staff costs	2,781,620	2,450,375	734,860	5,966,855
	Premises costs	1,629,793	97,364	27,616	1,754,773
	Delivery network fees	593,333	2,341,444	409,490	3,344,267
	Office costs	120,614	73,563	10,459	204,636
	Tenant welfare fund	172,107	19,890	59,376	251,373
	Sundry expenses	1,809	2,427	78	4,314
		5,299,276	4,985,063	1,241,879	11,526,218
Support costs					
	Governance	19,115	17,982	4,480	41,577
	Management & administration	93,471	116,655	23,173	233,299
	Finance	108,162	134,989	26,816	269,967
	Human resources	63,601	79,375	15,768	158,744
	Communications	145,840	182,013	36,157	364,010
		430,189	531,014	106,394	1,067,597
	Total	5,729,465	5,516,077	1,348,273	12,593,815

All support costs are apportioned on the basis of unrestricted direct expenditure.

Expenditure on charitable activities was £12,593,815 (2021: £11,843,408), of which £8,666,730 (2021: £9,581,404) was unrestricted and £3,927,086 (2021: £2,262,004) was restricted.

Within governance costs is directors' and officers' insurance at a cost of £6,196 (2021: £4,590).

2021 Charitable activities restated

The comparatives have been restated below to better reflect the nature of the charity's activities. The charitable activities now being split into the following three areas: Homelessness, Mental Health and Communities.

There has been no change in the overall total expenditure for the prior year on the face of the SOFA. See note 20.

Charitable activities 2021	Homelessness services	Mental health services	Communities	Total 2021
	£	£	£	£
Activities undertaken directly				
Staff costs	2,687,328	1,727,758	1,214,522	5,629,608
Premises costs	1,251,136	81,477	46,135	1,378,748
Delivery network fees	612,350	2,143,787	373,957	3,130,094
Office costs	137,962	57,339	27,979	223,280
Tenant welfare fund	169,428	32,405	73,328	275,161
Sundry expenses	3,742	282	469	4,493
	4,861,946	4,043,048	1,736,390	10,641,384
Support costs				
Governance	17,869	14,859	6,381	39,109
Management & administration	144,735	111,714	42,772	299,222
Finance	95,649	73,827	28,267	197,743
Human resources	46,043	35,538	13,607	95,188
Communications	276,081	213,093	81,588	570,762
	580,377	449,031	172,615	1,202,024
Total	5,442,323	4,492,079	1,909,005	11,843,408

7.	Analysis of staff costs	2022	2021
		£	£
	Salaries and wages	5,683,626	5,475,614
	Social security costs	485,747	465,682
	Pension costs	280,006	276,400
	Total	6,449,379	6,217,696

Included in pension costs above is an amount of £69,953 (2021: £43,401) relating to restricted expenditure. Pension contributions of £41,728 (2021: £39,911) were payable at the year end.

Redundancy payments totalling £76,885 (2021: £842) were made in the year. No amounts were outstanding at the year end (2021: £nil).

The number of employees whose emoluments fell within the following bands were:

	2022	2021
£110,000 - £120,000	1	1

The trustees did not receive any remuneration or benefits in kind in either year. £nil (2021: £nil) was paid as reimbursement of travel expenses to the trustees.

The key management personnel of the charity comprise the trustees and the leadership team. The total amount of employee benefits of the key management personnel was £384,294 (2021: £383,636). During the year no new staff loans were paid to key management personnel (2021: £nil), and no amounts were outstanding at the year end.

The average number of employees during the year was as follows (the 2021 numbers have been restated in line with the reclassification of activities under the three directorates):

	2022 number	2021 number restated
Homelessness services	99	93
Mental health services	76	57
Communities	23	41
Management & administration	31	33
Total	229	224

8.	Movement in total funds for the year	2022	2021
		£	£
This is stated after charging:			
	Operating leases – equipment	48,663	40,167
	Operating leases – land and buildings	344,087	323,713
	Depreciation	110,599	101,846
	Profit on disposal of fixed assets	-	3,984
	Auditor's remuneration for statutory audit	18,000	17,400

9.	Tangible fixed assets	Freehold property	Leasehold property	Fixtures, fittings and equipt	Total
		£	£	£	£
Cost					
	At 1 April 2021	636,735	610,999	637,133	1,884,867
	Additions	454,172	-	118,938	573,110
	Disposals	-	-	(7,080)	(7,080)
	At 31 March 2022	1,090,907	610,999	748,991	2,450,897
Depreciation					
	At 1 April 2021	16,117	203,013	488,348	707,478
	Charge for the year	13,091	4,167	93,341	110,599
	Disposals	-	-	(7,080)	(7,080)
	At 31 March 2022	29,208	207,180	574,609	810,997

Net book value				
At 31 March 2022	1,061,699	403,819	174,382	1,639,900
At 31 March 2021	620,618	407,986	148,785	1,177,389

Included in freehold property above is land at a value of £436,636 (2021: £254,694) which is not depreciated.

10. Investment property	Total
	£
Fair value	
At 1 April 2021	354,223
Gain on revaluation of investment property	40,628
At 31 March 2022	394,851

The fair value of the investment property at 31 March 2022 has been arrived at on the basis of an online valuation review and market value as confirmed by Oakwood Homes Estate Agents Ltd at that date. Oakwood Homes have no connection with the charity. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

A restriction has been placed on the property that it cannot be sold for ten years from the date of the gift. There is no restriction on how the income generated from the property is used by the charity.

11. Debtors	2022	2021
	£	£
Other debtors	299,530	222,298
Grants receivable	1,617,129	1,699,373
Prepayments	209,375	182,293
Total	2,126,034	2,103,964

12. Creditors – amounts falling due within one year	2022	2021
	£	£
Bank loan	18,718	8,731
Trade creditors	422,928	409,595
Other creditors	56,054	116,499
Other taxes and social security costs	119,942	116,286
Accruals and deferred income	1,617,897	1,590,847

Total	2,235,539	2,241,958
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Deferred income:	2022	2021
	£	£
Brought forward	1,162,804	85,282
New amounts deferred	1,006,502	1,162,804
Released to SOFA	(877,504)	(85,282)

Total	1,291,802	1,162,804
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Deferred income relates to grants received in advance, where the period exceeds the year end.

13. Creditors – amounts falling due after one year	2022	2021
	£	£
Bank loan:		
Between 2 - 5 years	74,872	34,924
After more than 5 years	508,347	266,750
	583,219	301,674

The bank loan is repayable over a 25 year term. There were 23 years and 9 months left to repay at 31 March 2022. The bank loan is secured over the assets of the charity, by CAF bank, by way of debenture.

14. Financial instruments	2022	2021
	£	£
Financial assets measured at fair value	394,851	354,223

15. Analysis of charity funds	Balance at 1 Apr 21	Income	Expenditure	Balance at 31 Mar 22
Restricted funds	£	£	£	£
New Town Street building fund	169,013	-	(1,682)	167,331
Homelessness services	58,548	1,102,000	(1,114,835)	45,713
Mental health services	16,845	1,956,915	(1,748,087)	225,673
Communities	-	1,062,481	(1,062,481)	-
Investment property	354,223	40,628	-	394,851
Total restricted funds	598,629	4,162,024	(3,927,085)	833,568

	Balance at 1 Apr 20	Income	Expenditure	Balance at 31 Mar 21
Restricted funds	£	£	£	£
New Town Street building fund	170,695	-	(1,682)	169,013
Homelessness services	-	938,441	(879,893)	58,548
Mental health services	2,763	1,007,991	(993,909)	16,845
Communities	2,003	384,517	(386,520)	-
Investment property	354,223	-	-	354,223
Total restricted funds	529,684	2,330,949	(2,262,004)	598,629

The New Town Street Building fund was created by donations and grants received in 1996/97 to build the property on land provided by Kent County Council on a 125-year lease. This fund is being written off over the life of the lease.

The remaining restricted funds relate to restricted grants and donations for mental health services, outreach services, activities and the corresponding expenditure.

For details of the investment property fund see note 10.

	Balance at 1 Apr 21	Income	Expenditure	Balance at 31 Mar 22
Unrestricted funds	£	£	£	£
General unrestricted fund	2,196,158	9,610,103	(8,981,433)	2,824,828
Designated funds	243,066	-	(3,451)	239,615
Total unrestricted funds	2,439,224	9,610,103	(8,984,884)	3,064,443

	Balance at 1 Apr 20	Income	Expenditure	Balance at 31 Mar 21
Unrestricted funds	£	£	£	£
General unrestricted fund	1,843,607	10,300,694	(9,798,143)	2,196,158
Designated funds	82,066	11,000	-	243,066
Total unrestricted funds	1,925,673	10,311,694	(9,798,143)	2,439,224

Designated funds relate to monies set aside for Housing First, women’s services, as well as specific posts and property costs within the Kent Homeless Connect service. Due to unrestricted funding covering this during the year, minimal amounts were spent from the designated funds. The trustees are of the opinion this is still necessary to ringfence for future years.

There were no transfers between funds in the current year (2021: £150,000).

	Balance at 1 Apr 21	Income	Expenditure	Balance at 31 Mar 22
Summary of funds	£	£	£	£
Restricted funds	598,629	4,162,024	(3,927,085)	833,568
Unrestricted funds	2,439,224	9,610,103	(8,984,884)	3,064,443
Total funds	3,037,853	13,772,127	(12,911,969)	3,898,011

	Balance at 1 Apr 20	Income	Expenditure	Balance at 31 Mar 21
Summary of funds	£	£	£	£
Restricted funds	529,684	2,330,949	(2,262,004)	598,629
Unrestricted funds	1,925,673	10,311,694	(9,798,143)	2,439,224
Total funds	2,455,357	12,642,643	(12,060,147)	3,037,853

16. Analysis of net assets between funds

	Unrestricted funds	Restricted funds	Total funds
	2022	2022	2022
	£	£	£
Fixed assets	1,472,569	562,182	2,034,751
Net current assets	2,175,093	271,386	2,446,479
Long term liabilities	(583,219)	-	(583,219)
Total	3,064,443	833,568	3,898,011

	Unrestricted funds	Restricted funds	Total funds
	2021	2021	2021
	£	£	£
Fixed assets	1,008,377	523,235	1,531,612
Net current assets	1,732,522	75,394	1,807,915
Long term liabilities	(301,674)	-	(301,674)
Total	2,439,225	598,629	3,037,853

17. Operating lease commitment

The total future minimum lease payments under non-cancellable operating leases are as follows:

	Land and Buildings		Other	
	2022	2021	2022	2021
	£	£	£	£
Due within one year	263,153	231,072	-	40,167
Between one and five years	545,928	558,884	-	-
After five years	262,333	319,292	-	-

18. Taxation

Porchlight is a registered charity and as such its income and gains falling within Sections 471 to 489 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992 are exempt from corporation tax to the extent that they are applied to its charitable objectives.

19. Related party transactions

Aggregate donations of £3,386 (2021: £4,040) were received from the trustees during the year.

20. Prior period adjustment

A prior period adjustment was required due to the decision to categorise charitable activities into three main areas in line with changes to contracts: Homelessness, Mental Health and Communities. The 2021 comparatives have been restated (see notes 3, 6 and 7), this did not impact on reserves or the final result for the year.

porchlight.org.uk