Reall Limited

a company limited by guarantee

Annual Report & Financial Statements

for the year ended 31 March 2021

Charity registered in England & Wales No. 1017255
Charity registered in Scotland No. SC041976
Company Registration No. 2713841

Contents

Charity and Company Information

Name of Charity	Reall Limited
Charity Registration Number England & Wales Scotland	 1017255 SC041976
Company Registration Number	2713841
Chief Executive	Ian Shapiro
Registered Office & Principal Address of the Charity	6th Floor, Friars House, Manor House Drive, Coventry, UK, CV1 2TE
Auditors	RSM UK Audit LLP, 2nd Floor, St Philips Point, Temple Row, Birmingham, B2 5AF
Solicitors	*Weil, Gotshal & Manges* – 110 Fetter Ln, Holborn, London EC4A 1AY (pro bono) *Devonshires Solicitors* – 30 Finsbury Circus, Finsbury, London EC2M 7DT
Bankers	*The Royal Bank of Scotland plc* – 15 Little Park Street, Coventry, CV1 2RN

Chair's Report for the year ended 31 March 2021

Welcome to our Annual Report and Financial Statements.

Since the start of 2020, the world's attention has been focused on the Covid-19 pandemic. At this challenging time, we are reminded of the need and importance of international co-operation. Many of our global problems – including the housing crisis, climate fragility, poverty, unemployment, and gender inequality – can only be solved by acting together.

Reall's mandate has proven to be very relevant in a rapidly changing world. In these unprecedented times, we remain committed to providing flexible, innovative, and rapid solutions. The combination of financing, knowledge, experience, and global partnership makes Reall uniquely positioned to help rapidly urbanising emerging countries respond to the crisis, protect hard-earned development gains and plan for a green recovery.

With the unprecedented challenge of Covid, progress has been significant in 2020/21 building on recent organisational reforms aimed at maximizing Reall's contribution to ending poverty. Despite zero travel in 2020/21, we continued to work closely with our implementing partners and invested £10.3 million to build over 900 new affordable homes creating jobs and giving over 4,500 people access to energy, water, and sanitation. We also continued to strengthen our implementing partner portfolio by on-boarding climate-smart partners and moved beyond single project interventions to more holistic approaches that address systemic issues through launching Country Strategies in each of our five priority countries.

We thank the Swedish Government through Sida for the continued support in the second year of our contract and drew £6.1 million from them during the financial year. £3 million was also received from partners in loan repayments and cancelled projects.

A further £1.2 million was received from FCDO (Foreign, Commonwealth and Development Office) being the final amounts due under the contract. We are pleased to report that in May 2021 Project Completion Review 2014-2020 was approved by FCDO with a final rating of A for the period 2019/20.

In addition to our vital work with partners, organisational change has continued at pace, including the sale of our office in Harnall Row to Coventry University and a relocation to Friars House to provide a better working environment for our growing work force. Throughout 2020/21, initiatives were taken to support staff in developing the skills they need to adapt to the changing needs of the organisation. With the challenges of Covid-19 Reall has been careful to ensure the wellbeing and mental health of our staff has been supported through the support of a Chartered Occupational Psychologist to work across the organisation and carrying out a bespoke wellbeing pulse survey.

There has been much strengthening of our Board, with the formation of an Audit Committee led by its Chair and a new Board Member Sarah Smith (Chief Financial Officer Optivo Housing Association). The Committee also includes existing Board Members Steve Troop and Andrea Marmolejo and Independent member Ranil De Silva (Global Finance Director Save the Children International). We have also made one other addition to the Board Aqualine Suliali (Affordable and Social Housing Consultant - Africa).

On behalf of the Board, I would like to express our gratitude to our long-term supporters, both individuals and organisations. I would also like to thank the Board and the staff for their quality work over the year in driving forward our mission.

Christopher Loughlin
Chair

Date: 27th September 2021

Report of the trustees for the year ended 31 March 2021

The trustees are pleased to present their annual Trustees' Report, including their strategic review, together with the financial statements of the charity for the year ended 31 March 2021, which are also prepared to meet the requirements for a Directors' Report and Accounts for Companies Act purposes.

The Financial Statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum & Articles of Association and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

Our objectives, vision, and mission

Reall is a UK-based international development organisation that is building an affordable homes movement to improve the life chances of 100 million people in urban Africa and Asia by 2030. Since its formation in 1992, Reall has worked with partners, contractors, governments, and finance institutions to make the affordable housing market accessible to the poorest 40%. Affordable homes are a fundamental human right that unlock unimaginable human potential to shape a future of gender parity, climate resilience, clean air, renewable energy, and socio-economic justice, as well as being the doorway to realising 16 of the 17 Sustainable Development Goals (SDGs).

The escalating global housing crisis is one of humanity's greatest challenges. At least 1.2 billion people worldwide live in substandard housing, often lacking access to clean water or a decent toilet. Urban populations in Africa and Asia are increasing exponentially and that figure is set to reach three billion by 2030. While the challenge is vast, the potential for impact is enormous, and this demand represents an uncrowded US$17 trillion market opportunity. New solutions are urgently needed.

Reall are innovators and investors in climate-smart affordable homes in urban Africa and Asia. Housing is a green infrastructure asset able to deliver for people for profit and for the planet. Green homes are a doorway to 16 of the 17 Sustainable Development Goals – transforming the lives of people on low incomes and responding to Covid19 by driving inclusive clean green growth, job creation, gender equality, urban resilience, climate mitigation and pathways to net-zero. Working with key players we blend proof of concept and evidence to overcome systemic barriers to transform markets at scale. We de-risk investments demonstrating the viability of innovative models, including the $10K home and pioneering green solutions. We amplify impact through strategic policy change, disruptive financial innovation and sharing learning.

We develop, refine, and share innovative housing models that unlock the political will, capital investment and end-user financing needed to create opportunities for people to secure quality affordable homes in safe communities with adequate sanitation. We work to influence policy and secure government support, driving change in regulations and engaging the banking sector around end-user finance. Partnership is key to the way Reall works and alongside governments, research bodies, small and medium enterprises, private sector contractors, think tanks and multi-lateral organisations, we aim to develop housing markets at speed and scale. We work in open collaboration in order to achieve our mission.

We hugely value the continued support from our anchor investor the Swedish Government's International Development Agency (Sida) under our agreement until 31 March 2023.

Report of the trustees for the year ended 31 March 2021 (continued)

Strategic report

Throughout this last year, and despite the challenges of Covid-19, lock downs and working from home, Reall's organisational and operational capacity has continued to grow from strength to strength. Most notably was the completion of the Foreign Commonwealth and Development Office (FCDO) £28 million grant for the Community Led Infrastructure Finance Facility (CLIFF2B), we are pleased to report that in May 2021 Project Completion Review 2014-2020 was approved by FCDO with a final rating of an A for the period 2019/20.

This year also saw the introduction of an Audit Committee who report to the Board and meet quarterly to consider financial management, audit and assurance and risk management.
We strengthened numerous policies including Fraud and Anti-Bribery, introduced a new Modern Slavery policy, developed in collaboration with Anti-Slavery International and a new Gender Equality Policy, with special thanks to the in-kind support from Sida through a Gender specialist consultancy. In the last year Reall has also invested in its staff with a Wellbeing survey and the subsequent establishment of a wellbeing group, and through the engagement of INSIGHTS to enhance our interactions and effectiveness as an organisation.

Challenged by the Black Lives Matters movement we engaged an expert to lead us in an Anti-Racism Training resulting in the establishment of an Equality and Diversity working group within Reall.

Reall continues to utilise an Annual Operating Plan (AOP) and for the period 2020/21 developed organisational objectives, team objectives and specific projects (designed to help reach those objectives) all within the framing of the new Corporate Strategy. In September 2020 the Board and the Executive team jointly held a strategy day to assess whether the strategy stood in light of Covid-19. The Board concluded that the Reall Corporate Strategy 2020 – 2025 stands and remains highly relevant to the reality of the poorest 40% across Africa and Asia. 2020/21 has been a very positive year for Reall. With a strong vision, direction and leadership, the organisation has further strengthened its impact through internal processes and policies as well as ways of working across its network.

There were no changes in operational responsibilities during the financial year, but from 1 April 2021, certain Director's responsibilities have been reallocated with new role titles.

- Lucy Livesley, previously Director of Market Transformation will be Policy & External Affairs Director
- Mark Atterton, previously Director of Corporate Strategy will be Commercial Director
- Patrick Domingos-Tembwa, previously Director of Investment and Operations will be Asia and Africa Partnership Director.

Finance & Corporate Services led by Noel Grace, Finance Director, remained the same.

Recruitment to strengthen the team and drive forward our strategy has increased staffing from 37 to 45.

We have partnered with two new Indian organisations this year, taking our total number of partners to 13. Both are strategically aligned to our mission and indicative of a growing investable pipeline. Alongside these new partners, we continue to work with existing partners to improve their operations and support programme delivery.

In the following section, we look at the key elements of the programme, Investment & Operations and Market Transformation to give a flavour of our work over the past year.

Report of the trustees for the year ended 31 March 2021 (continued)

Achievements and Performance in the year

Investment & Operations

In the financial year ended March 2021, we consolidated the year 2019/20 gains by expanding our *build* and *broker* initiatives in our priority markets in Africa (Kenya, Nigeria, Uganda) and Asia (India, Pakistan).

To drive our approach in these markets, we completed five country strategies with key performance indicators (KPIs) on *build* and *broker* targets that we aim to achieve by 2025 and by 2030.

Through our partner network and despite challenges created by Covid-19, we completed the construction of over 900 homes with associated energy, water, and sanitation systems. In line with our improved monitoring systems, we commissioned independent evaluation of completed homes to assess quality of these homes. Independent verification is now a key feature of the way we work with our in-country partners especially given the global travel restrictions.

Highlights of the year include Millard Fuller Foundation (MFF), our partner in Nigeria, which is delivering about 272 homes in phases. The first phase of 212 homes completed in 2020/21 contributed to the local economy through direct jobs of block moulders, carpenters, and plumbers. In addition, Enterprise Housing Development Uganda (EHDU), our partner in Uganda recently completed serviced plots and homes in Lira. The site was officially inaugurated in March 2021 by a Ugandan government minister, which indicates that affordable housing is becoming progressively important. We have increased further our footprint in our priority markets by onboarding partners such as BuildX (Kenya), Modulus Tech (Pakistan) and EPL (Pakistan). These new partners will enhance the ecosystem in these markets. For instance, BuildX has strong credentials in implementing climate smart solutions. In Pakistan, our new partner Modulus Tech is rolling out a construction technology that could support low-cost building at scale.

The Transition and Special Projects Unit has successfully completed the construction phase of the Ghana and Burkina Faso remedial projects. We are regularly reviewing our portfolio to find ways to maximise our impact in our countries of operation. As a result, we are exiting our partnerships with Development Workshop Angola (DWA), Angola and Kuyasa, South Africa. Over the years, these two organisations have delivered on their mission for the bottom 40% of the income pyramid. However, our assessment of the local context indicates limited opportunity for scaling. During the year, our broker activities focused on finance from the supply and demand side. On the *supply side*, we signed, in early 2021, a Memorandum of Understanding (MoU) with the Bank of Punjab in Pakistan to explore ways to facilitate access to local project financing for our partners in the country. We started market research activities in Pakistan to determine main market blockages and possible solutions. On the *demand side*, we are progressing our engagement with Financial Sector Deepening (FSD) Kenya on the best ways to implement credit assessment tools, such as Syntellect *RightProfile* for low-income people in the country. Once successful, this model could be expanded into other markets. Banks such as AG Mortgage Bank (Nigeria) and ABSA (Mozambique and pan Africa) have showed an increased interest in structuring end user mortgages for the bottom 40% of the income pyramid. All these initiatives will continue in the new financial year to strengthen the affordable housing ecosystem in countries where we operate.

Market Transformation

The Market Transformation department has made significant progress in 2020/21, with steps taken to deepen capacity for research and evidence dissemination, broker innovative new partnerships, and expand Reall's presence and influence within the affordable housing space. The Covid-19 crisis emphatically demonstrated the importance of affordable homes as a frontline defence against the health and economic impacts of pandemics, and the team has publicly positioned Reall's model as a recovery and future resilience solution by updating Reall's key messages, with increased focus on brokering, policy influencing and the climate agenda.

Report of the trustees for the year ended 31 March 2021 (continued)

Achievements and Performance in the year (continued)

2020/21 catalysed new focus and drive in addressing the climate crisis. A climate response-focused objective was enshrined as one of the seven organisational objectives for the year, and an action plan has been created that targets climate-related funding, develops a plan to reduce Reall's carbon footprint by at least 30% by 2022/23, and rolls out the International Finance Corporation's (IFC) EDGE (low carbon build accreditation) training for staff in Reall and partners. Reall has been working with leading international organisations on climate broker efforts, including the COP26 High-Level Climate Action Champions, the United Nations Environment Programme, the Global Innovation Lab for Climate Finance, and the Global Climate Partnership Fund.

Reall strengthened its partnership with the United Nations Human Settlements Programme (UN-Habitat), and is now a named implementing partner in a forthcoming European Union programme in Kenya, as part of an affordable housing pillar of activity led by UN-Habitat and the United Nations Office for Project Services (UNOPS). This programme will commence in 2022 and will play a key role in catalysing investment in global affordable housing as a post-Covid recovery and resilience driver. There have also been ongoing conversations with the Commonwealth built environment network, to engage and influence Commonwealth governments around strong, future-proof urban planning.

Fundraising has remained the primary focus for Market Transformation with important strides made in targeting a host of government entities. 2020/21 saw the conclusion of the Sida and FCDO funded CLIFF2B programme. To move forward with CLIFF 3, Reall has drawn up strategies to engage with Foundations, sources of climate funding and bilateral EU funders, targeting a mixture of financing packages. In December 2020, Reall launched the Sustainable Housing Futures (SHF) programme in partnership with Connected Places Catapult (CPC), a United Kingdom (UK) government funded organisation focused on growing UK innovation in the Built Environment. Through engagement with UK and international stakeholders, SHF is positioned as a pioneering force for good in scaling up climate smart infrastructure assets for people on low incomes in Kenya, Nigeria, Pakistan, and India. A financial model is now at an advanced level of development that will allow Reall to leverage scaled investment from impact investors. Through this vehicle Reall aims to provide loans to selected build partners in selected priority countries.

With participation, and key speaking slots across a wide number of virtually hosted events, the team has transformed Reall's profile to be an outward looking thought leader in the affordable housing space securing international media coverage, large panel presence, huge uplift in our digital impact and authoring many knowledge products. Of particular note, in August 2020 Reall hosted a webinar at Stockholm International Water Institute's (SIWI) World Water Week at Home, in collaboration with Sida and The World Bank, to discuss urban housing, water and resilience. Throughout the year data, learnings and analyses have been published in a wide range of formats, including articles, self-published reports, policy papers, blogs, newsletters, and platforms.

These publications have been accompanied with wide-ranging digital communications and dissemination activities to heighten impact and attract target audiences. A prize-winning research article, on financial innovation in urban Africa and Asia, was published in the respected journal *Housing Finance International* and presented at a World Bank webinar in October 2020.

2020/21 saw the development of a newly structured Global Policy & Influence team, within Market Transformation, which will play a fundamental role in driving non-build initiatives and monitoring Reall's impact.

Report of the trustees for the year ended 31 March 2021 (continued)

Achievements and Performance in the year (continued)

To deepen Reall's evidence base, a set of 13 literature reviews were produced, which synthesise the published scholarship and evidence base for the impact of housing in urban Africa and Asia. Externally, Reall has advanced its data agenda in Africa and Asia, with a phased roll-out of market shaping indicators (MSIs) that will allow for the tracking of changes and trends across affordable housing markets. March 2020 saw the launch of Reall's open source Data Dashboard which documents all past projects. In 2020/21 this was expanded to include the MSI work, transforming the Dashboard into a holistic data portal for the affordable housing sector.

Finally, significant progress has been made in disseminating knowledge and learnings. The Impact Study work, which assessed the impact of Reall's previous affordable housing projects in India, Pakistan, Nepal, and Kenya was finalised and subsequent knowledge products shared throughout Reall's network. Through 1,259 homeowner surveys, focus groups, interviews and site visits, this project has gathered a vast amount of quantitative and qualitative data for the transformative impact of moving into new Reall housing on low-income homeowners. Moving forward, Reall is now rolling out a new baseline survey tool to partners, that will collect client data at point of occupancy on areas including employment, household demographics, previous housing conditions and wellbeing. This new baseline survey is currently being piloted in Nigeria and Kenya.

Financial review

The Statement of Financial Activities on page 22 sets out Reall's income and expenditure for the year ended 31 March 2021.

The financial position at the end of the year is strong with a significant cash balance carried forward of £3.6 million. We have continued to support our partners with technical assistance and additional capacity funding to enable them to continue to operate. The year saw significant investment with partners and contractors of £10.3 million and the completion of over 900 homes. Accordingly reserves reduced by £1.7 million (2020: increase £2.9 million) with total reserves at the end of the year £34.7 million (2020: £36.4 million). Of the Investments made, £6.4 million were in loans, £1.4 million in grants and £2.5 million with contractors in Burkina Faso and Ghana.

Sida have continued their support in the second completed year of our four - year contract and made disbursements of £6.1 million to us. We also drew our final funding from FCDO of £1.3 million. Additionally, we received just over £3 million in repayments from partners.

Reall advances loans to partners in local currency, which means that our loan portfolio is always subject to exchange rates fluctuations. We made an exchange rate loss of £2.3m this year (2020: £0.6m loss).

The trustees recognise that Reall operates in high-risk areas where the certainty of achieving the outcomes expected when loans are advanced is far lower than if we were operating in more developed countries. This means that there is also a greater need to recognise significant levels of loan impairment which could be released when outcomes are achieved. The catalytic nature of Reall's work means that a very low level of impairment would probably indicate an insufficient level of innovation and risk in our operations.

Whilst maintaining innovation we also recognise the importance of balancing that with a commercial approach. Our intention continues to carefully exit from legacy projects after having achieved successful outcomes on the ground. This strategy is having an impact of reducing the level of impairment. Despite the challenges from the impact of Covid, the overall impairment provision now stands at £15.2 million being 36% of the portfolio (2020: £20.7 million and 44%).

Report of the trustees for the year ended 31 March 2021 (continued)

Financial Review (continued)

Last year we included an additional Covid-related provision of £2.7 million, recognising the impact on the timing and cost of projects, and whilst Covid remains a major problem, this year we have built the impact of Covid into the specific project and partner provisions.

In preparation for our next phase of growth, to support our drive to attract new funding and manage our careful exit from legacy projects we have invested further in our operational capacity. Overall support costs were £3 million (2020: £2.4 million) and average staff numbers 40 (2020:32).

We have by the date of this report successfully completed projects in Burkina Faso and Ghana where the original construction projects had stalled and are now the entering the next phase of the project to achieve the successful sale of the houses. As previously reported the building costs are shown on our balance sheet as being under construction. There was never expectation of full cost recovery, and this is reflected in the impairment provision shown in note 15 to the accounts.

In August 2020 we completed the sale of our old office premises at Harnall Row, Coventry, and discharged our mortgage liability with RBS, and also re-located to our new office premises at Friar’s House, Coventry.

We would like to thank our Housing Association partners who have supported us over many years with the Homeless International Fund. The Fund has been used successfully on a number of housing projects and poverty alleviation. During the financial year, the Fund was closed after agreement of the Housing Association partners to cancel their loan agreements and waive their right to future repayments. This removes a liability from Reall and increases our capacity for our future work.

Reserves and Liquidity Policies

The level of reserves and available liquidity is monitored through Reall’s planning, budgeting, and forecasting processes including through the approval of the annual budget before the beginning of the new financial year and monthly financial performance monitoring.

All commitments under legally binding programme expenditure will only be entered into after confirmation that funds to meet that obligation are secured and available.

The policy statement and the calculation of reserves balances is disclosed in the statutory accounts and will be subject to audit.

The trustees formally review the reserve levels of the charity annually. The review encompasses the nature of the income and expenditure streams, the need to match income with commitments and the nature of the reserves. In the opinion of the trustees, the key reserves of the charity are the unrestricted reserves together with the restricted reserves.

Reserves are held to cover delays in the renewal of key funding streams as well as to provide a cushion for any unexpected emergencies in their operations.

To strengthen financial management, we have introduced a liquidity measurement where we will hold at all times a cash balance equivalent to six months of overheads and employment costs. All budgets and cash flow forecasts must show that being achieved for at least 12 months from the date of the forecast.

This supports the reserves policy to carry forward, from one year to the next, a sufficient amount in reserves that will cover the costs of continuing to operate for a period of 12 months, in the event of a material decrease or shortfall in Reall’s income arising from an end to agreed funding streams for the programme.

Report of the trustees for the year ended 31 March 2021 (continued)

Financial Review (continued)

On this basis, available reserves therefore amount to the following as at 31 March:

	2021
	£million
Total unrestricted reserves	0.9
Total restricted reserves	33.8
Total reserves	**34.7**
Total loan book	(27.7)
Available reserves	**7.0**

The budget for 2021/22 shows the following:

Financial Commitments - Contracted	**£million**
Operational and Programme Costs	3.2
Partner Investment	3.6
Total Contracted	**6.8**
Not contracted	
Operational and Programme Costs	2.1
Partner Investment	1.0
Total Not contracted	**3.1**

We comply with the policy and note these amounts are before consideration of amounts receivable from Sida under our contract through to March 2023 of £5.8 million per year and loan repayments budgeted at £4.9 million.

Donations and Fundraising

Reall is not dependent upon general fundraising and donations to enable it to carry out its core work. As such, it does not campaign for funds either directly or indirectly or use professional fundraisers, and therefore there is no non-conformity with any standards, nor activity to monitor. Based on there being no fundraising activities, Reall is satisfied that the public are not impacted by any fundraising approaches or pressures and has had no complaints. Reall still continues to receive nominal amounts of unsolicited donations raised by other organisations, who have chosen Reall as a beneficiary of their own charitable activities. These funds are treated as General Unrestricted funds within the Statement of Financial Activities.

Grants and Investment policy

Reall provides loans and grants to its international partner organisations for work that supports the objectives, vision, and mission of the charity. The investment policy provides a framework for grant giving and investment as well as informing our research, consultancy, and advocacy work. In particular, Reall will:

- Provide loans and grants to partners for initiatives that have the potential to scale up, attract other funding and influence policy and practice.
- Make loans available for partners' initiatives only where other sources of finance are not available or appropriate.
- Loans are converted to grants where there is no possibility of recovery of outstanding loan amounts but where there are completed projects of at least equivalent value to the original loan granted. These conversions are approved by Reall's Board and reported to funders.
- Make grants and loans to partners for initiatives within the context of a broader strategic partnership between Reall and the partner.

Report of the trustees for the year ended 31 March 2021 (continued)

Financial Review (continued)

- Provide grants where a partner is affected by a disaster or emergency which affects the ongoing work of the partner.

Future Plans

The Board in March 2021 approved a full year budget for the year ending 31 March 2022 and cash flow projections through to 31 March 2023.

A prudent budget has been set with Sida contributing £5.8m in the third year of our four-year agreement, other income from partner loan repayments and remedial projects of £4.9 million, with programme investment at £4.7 million. Although the central focus of Reall is to raise new funding and we have a number of initiatives in progress, we have not assumed any significant new funding up to 31 March 2022 in our budget and therefore limited projected investments to our contractual commitments. Our cash flow position beyond this to 31 March 2023 gets stronger with recoveries from an improved loan book and achievement of new funding sources. Again, we have limited expenditure to contractual commitments but will expand that investment as new funds are secured.

In 2020 we launched our 5-year corporate strategy for 2020–2025 and this sets out Reall's goal to build an affordable homes movement that improves the life chances of 100 million people in urban Africa and Asia, by 2030. This ambitious target represents a small proportion of the need with urbanisation increasing across Africa and Asia.

We have also set out our Operating Plan for the year ending 31 March 2022 and this has the following key objectives and projects:

- Reall to be a £20m business in FY21/22 with funding agreements in place to be a £30m business in FY22/23.
- Country strategies deliver at least 1,000 new homes completed for the bottom 40% with a pipeline to be able to scale up to 1,500 homes if funding is secured by the end of the first quarter; climate conscious pipeline to realise 2025 target; brokering initiated in all priority countries.
- Global brokering strategy supports the ambition of sustainable and commercially viable affordable homes
- Embedding psychological safety and learning behaviours to strengthen collaboration, prioritisation, creativity, innovation, inclusion and high-performance professionalism.

Pensions

The charity participates in three schemes under the Social Housing Pension Scheme ("SHPS") that are managed by The Pensions Trust. The SHPS is a multi-employer scheme which provides benefits to some 500 non-associated employers. Two schemes are Defined Contribution Schemes; Reall's designated Auto-Enrolment Scheme and Reall's Higher Rate Defined Contribution Scheme and the other scheme is a closed Defined Benefit Scheme.

The charity was advised on 18 June 2018 that, following the annual financial risk assessment of members of the SHPS Defined Benefit ("DB") Scheme, Reall had been classed as a "Higher Risk" employer. This means that Reall was required to cease DB accrual and transfer all members of the DB scheme to an alternative Defined Contribution ("DC") scheme with effect from 1 October 2018. Reall already had a DC scheme within the SHPS arrangement, and the affected members transferred to a new section of that scheme maintaining the same contribution as the DB scheme. The Reall DB scheme was therefore closed as at 30 September 2018.

Report of the trustees for the year ended 31 March 2021 (continued)

Financial Review (continued)

The charity continues to be responsible for the deficit within the DB scheme in relation to the 7 affected current employees and the 39 deferred members and pensioners. This means that deficit contributions will continue to be paid for as long as they remain due.

For financial years ending on or after 31 March 2019, it is now possible to obtain sufficient information to enable the charity to separately identify the liabilities of the defined benefit scheme. An actuarial valuation of the scheme was carried out as at 30 September 2020 to inform the liabilities for accounting year ends from 31 March 2021 to 28 February 2022 inclusive.

The deficit in the scheme has increased to £929,000 (2020: £404,000). The increase this year is a reversal of the reduction in 2020 resulting from the Covid Pandemic, where inflation assumptions were low and discount rates used to calculate liabilities were higher. This position is reversed at 31 March 2021 where assumptions are based on economic recovery post Covid.

Further details of the change are set out within Accounting Policies on page 30 and note 20 to these accounts.

Principal Risks and Uncertainty

Reall has continued to improve its risk management policies and practices to ensure that we continue to successfully manage the challenging political and economic environments in the regions in which we operate.

The Corporate Risk Register is the key risk management tool used by Reall for risk management. The Reall Executive Management team review the register monthly and the Audit Committee and Board review it at each of their meetings. We have updated the Corporate Risk Register to separate out partner and corporate risks to give more clarity on our risk profile and our mitigations against those risks. We have also updated our risk appetite assessment which has been integrated alongside our risk register, again to increase focus.

We also introduced a fraud risk register where we assessed potential fraud threats and our internal controls and systems for fraud prevention. Again, due to our overseas markets, we identified potential fraud threats at partner level, but mitigated by strong partner development processes, the assurance programme itself and the introduction of third-party construction surveys, all of which established that we have a range of measures to manage these risks. Partners and colleagues also attended a fraud prevention workshop led by KPMG.

The key risk for Reall is in respect of securing future funding

Reall now has one major donor being, the Swedish International Development Agency (Sida). Reall has a 4-year funding agreement from May 2019 with Sida amounting to £23 million. Reall recognises the risks of having a small number of donors and has strengthened the resources within the Fundraising team and also developed an investment proposal based on commercial principles with the objective of securing additional sources of long-term funding. A number of ongoing discussions and proposals for significant funding are underway.

The only other risk that lies outside our risk appetite is Environmental. We see the addressing of environmental concerns as a key element of our business strategy. We have invested resources and are making good progress on our environmental offer to potential funders. Although we are ambitious and categorising this risk as outside our appetite, it is a reflection of our ambition and prudence rather than any fundamental failing.

Report of the trustees for the year ended 31 March 2021 (continued)

Financial Review (continued)

Other key risks set out in the Corporate Risk Register are as follows:

Financial risk – Reall performs its work of building houses for the “bottom 40%” through a network of delivery partners in Africa and Asia. Reall provides loan funding to these organisations with an agreement that repayments to Reall will be made once the partners have built and sold the houses. Reall has an extensive due diligence and partner management framework including a dedicated Investment Committee to review all proposals before seeking Board approval. In addition, all partner investments are subject to legal agreements and regular credit control on loan repayments.

Foreign exchange risk – Our loan portfolio is denominated in a range of currencies across a wide range of countries throughout our operating areas. Reall bears the foreign exchange risk on most of these loans, where in many cases the exchange rates can be very volatile – this means that the impact can be either positive or negative. This is an area under constant review. Previously, hedging arrangements have proved cost-prohibitive. Our intention in FY22 is to revisit the hedging market and determine if there are any cost effective mitigations we could put in place.

Health and Safety risk – Due to our areas of operation, visits to international partner organisations and their sites present risks to Reall staff that are above regular business travel risk. Reall has a range of bespoke safety arrangements that are in place and all staff required to travel receive full guidance on their induction which is updated subsequently as required.

Reputational risk – Actions taken by Reall’s international partners have the potential to damage the reputation of Reall UK. In response Reall has developed and improved several key policies. These policies included risk management, safeguarding, modern slavery, fraud and whistleblowing and anti-terrorist funding, etc. Relevant training has also been provided to employees and partner organisations.

Assurance and Control systems

Reall has a dedicated internal assurance team that works closely alongside KPMG our co-assurance partner. The activities and controls of all our significant partners and our contractual works in Burkina Faso and Ghana were subject to assurance visits.

The results of the assurance reviews showed that some partners had weaknesses in internal control systems and required significant support from Reall, although all engaged well with the process and are keen to improve. These outcomes are not surprising, and as recognised through our internal evaluations a significant element of the partner network would not meet our current investment criteria. Our new operating approach and introduction of higher quality partners will take time to feed through into better results from assurance reviews.

On Internal controls, additionally, external assurance reviews by KPMG were carried out on cyber threats, procurement, and fraud prevention systems. We also introduced updated procurement, investment, and cyber policies alongside a review of financial regulations. We were also pleased to receive cyber essentials accreditation on our ICT systems.

Report of the trustees for the year ended 31 March 2021 (continued)

Structure, Governance, and Management

Governing Document

Reall was incorporated as a company limited by guarantee on 12 May 1992. It is governed by its Articles of Association, as amended by special resolutions, most recently on 5 December 2018.

The revision of the Articles of Association that was completed in December 2018 made a number of changes to the way trustees are appointed and can be removed, but the primary change was to close down our existing membership scheme as it no longer reflected the way in which Reall was operating. Those members (both corporate and individual) that wished to maintain links to Reall have become "Friends of Reall" and they continue to receive regular news updates about our work with our partners overseas, but this has no legal status. Our Trustees, who automatically become Members of Reall on appointment are now our only Members.

Appointment of Trustees

Reall is governed by a Board who are directors of the company for the purposes of the Companies Act and trustees in charity law ("the Board" or "trustees"). Under the revised Articles of Association, the Board is formed from the trustees, who are independently appointed and consists of no less than 3 members with but no maximum number. Trustees are each appointed for a maximum of 6 years in 3-year terms, with the exception of the Chair, who can serve a maximum of 7 years. They may not then return to the Board for a period of 3 years. The Board are empowered to co-opt further members taking account of the skills needed up to the maximum of 5 Board members. The Chair is then elected by the Board.

Board

The Board currently meets quarterly and also sets aside a day for strategic review. They also attend sub-groups and Committees as required. At Board meetings, the trustees receive reports on areas of operation, a report back from Audit Committee, agree the corporate strategy and business plans. The strategy review is carried out each autumn with the Board and the Executive. Outcomes from this exercise feed into business planning and staff development processes as well as the annual operating plan and budget, which is approved by the Board in March. The Board retain responsibility for the approval of the audited financial statements, the appointment of the Chief Executive, Equity Investments, the management of risk and the internal controls framework.

The Board carry out a self- assessment each year of how the Board has been operating and to identify any gaps in the governance framework.

The Chief Executive is appointed by the trustees to manage the day-to-day operations of Reall, subject to the direction of the Board and any restrictions set out within the Articles of Association. To facilitate effective operations, the Chief Executive has delegated authority, as set out in the Schedule of Delegated Authority, for all operational matters including finance, employment, and operations.

Audit Committee

In May 2020, the Board approved the formation of an Audit Committee consisting of non-executive members. The Audit Committee met twice in the year to 31 March 2021 and has enhanced the governance oversight of finance, assurance and risk management and reports the work of the Committee to the Board in accordance with the governance timetable of meetings.

Report of the trustees for the year ended 31 March 2021 (continued)

Directors' Report

Directors and Trustees since 1 April 2020:

Name	Specialism	
Chris Loughlin (Chair)	Organisational leadership, regulation and investor relations, government and policy	Chair from 1 November 2019
Steven Troop	Treasury management, investment and banking	
Kate Wareing	Organisational leadership, strategy development, housing and international development	
Diana Mitlin	Urban housing development and governance, academia, research, emerging markets	
Paul Hackett	Construction, organisational leadership and governance, investment and housing	
Andrea Marmolejo	Emerging and frontier financial markets Asia and Africa, impact investment	
Sarah Smith	Finance, Audit, Regulation, Governance and Business Planning in UK Social Housing	Appointed 20 September 2020
Aqualine Suliali	Construction, Investment and Project Management in Social Housing in emerging overseas markets	Appointed 20 September 2020

Trustee Induction and Training

All newly appointed trustees follow a standard induction process that includes an initial meeting with the Chief Executive as well as the completion of a skills analysis to establish the specialism that the new member brings to the Board. A formal induction pack provides information on Reall's background and aims, its legal and governance structure and staffing structure. Members receive briefings from staff on relevant changes to legislation and the impact that this has on the activities of the organisation or the way in which they carry out their role.

Board members play an active role in attending forums and events including with key donors and other stakeholders. Training is provided to Board members as required and the governance system Diligent has a reading room where articles and research material are stored for access by the Board.

Third Party Indemnity Provision for Directors

Qualifying third party indemnity provision is in place for the benefit of all trustees of Reall.

Remuneration

None of the trustees receives any remuneration or other benefit from their work with Reall. They are entitled to receive expenses to reimburse them for the costs of carrying out their role as trustees.

Report of the trustees for the year ended 31 March 2021 (continued)

Directors' Report (continued)

Pay Policy for Senior Staff

The directors consider that the Board, who are the trustees of Reall, and the senior management team (as set out in the table below) comprise the key management personnel in charge of directing and controlling, running, and operating Reall on a day-to-day basis.

The pay of the senior staff is reviewed regularly following a formal review carried out by external consultants, considering benchmarking against similar organisations and the salary market more generally. The remuneration of the senior management team is detailed in note 8 to these accounts.

Senior Management Team

Ian Shapiro	Chief Executive
Patrick Domingos-Tembwa	Asia & Africa Partnerships Director
Lucy Livesley	Policy & External Affairs Director
Mark Atterton	Commercial Director
Noel Grace	Finance Director

Relationships with Other Organisations

Although, as indicated above, Reall is committed to achieving its objectives through partnership with other organisations, other than through its investments in certain companies as set out in note 12, it is not directly connected with any other charities or similar organisations.

Donations in Kind

Reall is not dependent upon the services of unpaid volunteers. It has benefited from certain voluntary services, primarily uncharged professional advice, and assistance from supporting organisations and individuals. Such donations in kind are not included in the Statement of Financial Activities as they cannot be easily quantified and are not considered to be significant in the context of expenditure generally.

Trustees' Responsibilities in Relation to the Financial Statements

The trustees, who are also the directors of the company for the purposes of company law are responsible for preparing a Trustees' Annual Report including Directors' Report, Strategic Report, and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the company and of the incoming resources and application of resources, including income and expenditure, of the 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 of 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 assume that the charity will continue in business.

Report of the trustees for the year ended 31 March 2021 (continued)

Directors' Report (continued)

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

Statement as to Disclosure to our Auditors

In so far as the trustees are aware at the time of approving our Trustees' Annual Report:

- There is no relevant information, being information needed by the auditor in connection with preparing their report, of which the auditor is unaware, and
- The trustees, having made enquiries of fellow directors that they ought to have individually taken, have each taken all steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of the information.

The Report of the Trustees prepared under the Charities Act 2011, which also contains all information required in a Directors' Report by the Companies Act 2006, and the incorporated Strategic Report prepared under the Companies Act 2006, were approved by the Board of Trustees on 7th September 2021 and signed on behalf of the Trustees by:

Chris Loughlin

Christopher Loughlin
Chair

27th September 2021

Independent Auditor's Report to the Trustees and Members of Reall Limited

Opinion

We have audited the financial statements of Reall Limited (the 'charitable company') for the year ended 31 March 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows, 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 2021 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, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

We have been appointed auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report to you in accordance with regulations made under those Acts.

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 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.

Independent Auditor's Report to the Trustees and Members of Reall Limited (continued)

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 directors' report and the strategic report prepared for the purposes of company law and included within the trustees' annual report, 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' annual 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' annual report.

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- adequate and proper 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 page 17, 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.

Independent Auditor's Report to the Trustees and Members of Reall Limited (continued)

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 framework that the charitable company operates in and how the charitable company is complying with the legal and regulatory framework;
- 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, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended) 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, remaining alert to new or unusual transactions which may not be in accordance with the governing documents, inspecting correspondence with local tax authorities and evaluating advice received from internal/external advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to General Data Protection Regulation (GDPR) and Health and Safety. We performed audit procedures to inquire of management and those charged with governance whether the charity is in compliance with these law and regulations and read minutes of trustee meetings.

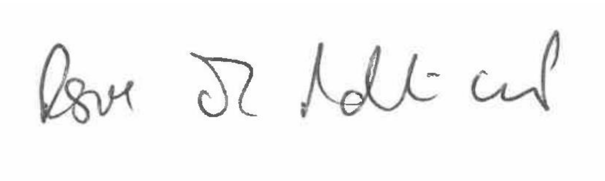
The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating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

Independent Auditor's Report to the Trustees and Members of Reall Limited (continued)

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 exclusively to the members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charity's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the members and the charity's trustees 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 charity, its members as a body, and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.



PAUL OXTOBY (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
St Philips Point,
Temple Row,
Birmingham,
B2 5AF
Date

RSM UK Audit LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

28th September 2021

Statement of Financial Activities (including Income and Expenditure Account)

For the year ended 31 March 2021

	Notes	Unrestricted Funds General £	Restricted Funds £	2021 Total £	2020 Total £
INCOME FROM:					
Donations and legacies	1	14,395	-	14,395	84,101
Charitable activities	1	425,568	7,396,346	7,821,914	9,302,023
Investments	1	484	8,155	8,639	62,929
TOTAL INCOME		440,447	7,404,501	7,844,948	9,449,053
EXPENDITURE ON:					
Raising funds	5	8,576	-	8,576	6,472
Charitable activities	6	33,983	8,953,589	8,987,572	6,915,210
TOTAL EXPENDITURE		42,559	8,953,589	8,996,148	6,921,682
Net income/(expenditure) for the year		397,888	(1,549,088)	(1,151,200)	2,527,371
Transfers between funds	22	-	-	-	-
		397,888	(1,549,088)	(1,151,200)	2,527,371
Other recognised gains/(losses)					
Actuarial gains/(losses) in respect of pension scheme	20	(8,028)	(577,972)	(586,000)	360,000
NET MOVEMENT IN FUNDS		389,860	(2,127,060)	(1,737,200)	2,887,371
RECONCILIATION OF FUNDS:					
Balance brought forward at 1 April 2020		458,058	35,940,449	36,398,507	33,511,136
BALANCE CARRIED FORWARD AT 31 MARCH 2021	21/22	847,918	33,813,389	34,661,307	36,398,507

All income and expenditure are derived from continuing activities.

Balance Sheet as at 31 March 2021

Company registration Number: 2713841

		2021		2020	
	Note	**£**	**£**	**£**	**£**
Fixed assets					
Intangible assets	10		68,163		-
Tangible assets	11		459,913		1,197,779
Investments:					
Joint ventures and associates	12		1,244,242		1,244,242
Programme Related Investments	13		29,178,203		28,573,947
Total fixed assets			**30,950,521**		**31,015,968**
Current Assets					
Debtors falling due within one year	14	147,689		82,907	
Remedial Projects	15	1,564,691		386,936	
Cash at bank and in hand	19	3,558,856		6,723,208	
Total Current Assets		**5,271,236**		**7,193,051**	
LIABILITIES					
Creditors falling due within one year	16	(517,326)		(902,275)	
Net current assets			4,753,910		6,290,776
Total assets less current liabilities			**35,704,431**		**37,306,744**
Creditors falling due after more than one year	17		(113,629)		(504,911)
Net Assets excluding pension liability			35,590,802		36,801,833
Net defined benefit pension scheme obligation	20		(929,495)		(403,326)
TOTAL NET ASSETS			**34,661,307**		**36,398,507**
FUNDS:					
Restricted funds	22		33,813,389		35,940,449
Unrestricted income funds	21		847,918		458,058
TOTAL CHARITY FUNDS			**34,661,307**		**36,398,507**

The notes and accounting policies on pages 25 to 56 form part of these accounts.
The financial statements were approved by the Board of Trustees and authorised for issue on 27th September 2021 and are signed on its behalf by:

Christopher Loughlin, Chair

Sarah Smith, Chair of Audit Committee

Statement of Cash Flows

For the year ended 31 March 2021

	Note	2021 £	2020 £
Cash flows from operating activities:			
Net cash generated by operating activities	18	2,620,663	5,306,726
Cash flow from Housing Investment:			
Loans to Partners		(6,378,902)	(1,603,886)
Direct construction of homes		(2,523,010)	(849,523)
Loans repaid by partners		3,064,358	-
		(5,837,554)	(2,453,409)
Cash flows from other investing activities:			
Bank interest received		8,639	65,028
Purchase of tangible fixed assets		(133,931)	(365,721)
Purchase of intangible assets		(74,441)	-
Sale of office premises		870,000	-
Sale of other assets		-	1,364
		670,267	(299,329)
Cash flows from financing activities:			
Mortgage repayments		(492,644)	(50,617)
Mortgage interest paid		(41,989)	(11,749)
Repayment of HI Fund loans		(36,025)	(40,000)
Payment of Reall Bond interest		-	(2,712)
		(570,658)	(105,078)
Change in cash and cash equivalents in the year		(3,117,282)	2,448,910
Cash and cash equivalents at the beginning of the year	19	6,723,208	4,272,918
Change in cash and cash equivalents due to exchange rate movements		(47,070)	1,380
Total cash and cash equivalents at the end of the year	19	3,558,856	6,723,208

Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are as follows:

General information

The charity is a company limited by guarantee and therefore has no share capital. It is a registered charity at the Charity Commission in England & Wales and the Scottish Charity Regulator (OSCR) in Scotland. The liability of each member in the event of a winding up is limited to £1. The address of the Charity's registered office and principal place of business is 6th Floor, Friars House, Manor House Drive, Coventry, UK, CV1 2TE.

Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) – Charities SORP (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Consolidated accounts incorporating the results of the entities in which Reall has an equity stake have not been prepared for the reasons outlined in note 12. The accounts presented are therefore the accounts of Reall Limited as a separate entity.

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 £.

Reall meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

Going concern

Reall's business activities, its current financial position, and factors likely to affect its future development are set out within the Report of the Trustees. Reall has in place sufficient financial resources to finance committed investment programmes, alongside the day-to-day operations. Reall has also carried out stress tests of its current investment programme and has demonstrated that Reall is in a financially sound position and achieves the internal reserves policy requirements.

On this basis, the Board has a reasonable expectation that Reall has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

Income

Income is recognised when the charity has entitlement to the funds, any conditions of receipt have been met, it is probable that the income will be received, and the amount can be measured reliably.

- Voluntary donations are accounted for in the period in which they are received, or when deemed receivable through prior knowledge.
- Legacies are accounted for as soon as entitlement, probability of receipt and the amount can be measured reliably.
- Investment income is recognised on a receivable basis.
- Grants are recognised when there is a formal agreement in place with the relevant funding organisations and the conditions of the grant have been complied with. Any unutilised grants are reflected in restricted funds carried forward.

Accounting Policies (continued)

Expenditure

Expenditure is recognised as soon as there is a legal or constructive obligation committing the charity to the expenditure. The charity is not registered for VAT and consequently all costs are inclusive of VAT where applicable. Expenditure is classified under the following activity headings:

- Raising funds – include specific campaign and event costs and promotional material.
- Charitable activities – include grants made to international partner organisations to carry out work in line with our objectives. Grants paid in respect of the programme relate to expenses paid on behalf of partner organisations in relation to stakeholder events, low-value capital projects (where the partner is not sufficiently developed to be able to make loan repayments) and capacity building and project support. All other funds advanced to partners under the programme are made in the form of loans, which are referred to as Programme Related Investments for the purposes of these accounts.
- Charitable activities also include the direct costs of the investment programme. These direct costs include, for example, monitoring and evaluation (including our internal assurance programme), travel, consultancy fees, documentation production and legal fees. Our disbursements of funds in the form of loans to international partner organisations, whilst being for charitable purposes, do not appear under Charitable Activities in the Statement of Financial Activities. These disbursements appear on our Balance Sheet as Programme Related Investments and are further broken down in note 13.
- Support costs include staff and general overhead costs as well as direct governance costs. They are apportioned across the various areas of activity both restricted and unrestricted in the following manner:
  - Salary and related costs (pension, national insurance, etc.) are allocated on a percentage basis according to the amount of time spent in each area.
  - General overhead costs are allocated according to the total proportion of staff time spent in that area.
  - Governance costs include the costs associated with meeting constitutional and statutory requirements. This includes the costs of the annual audit as well as Board meetings and other Trustees' expenses.

Fund accounting

General Unrestricted Funds are available for use at the Trustees' discretion in furtherance of the charity's objectives. Restricted Funds are those donated and restricted for use in a particular area or for specific purposes.

Operating leases

All leases are "operating leases" and the annual rentals are charged to the Statement of Financial Activities on a straight-line basis over the lease term.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense. The holiday pay year for the charity ends on 31 December each year and employees are entitled to carry forward up to 10 days of any unused entitlement at the end of the calendar year. The cost of any unused entitlement is recognised in the period when the employee's services are received.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the Balance Sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the Statement of Financial Activities.

Accounting Policies (continued)

Taxation

Tax recovered from voluntary income received under gift aid is recognised when the related income is receivable and is allocated to the income category to which the income relates. Reall was temporarily VAT registered between 13th July and 8th August 2020 to facilitate the sale of our former office at Harnall Row, Coventry.

Tangible fixed assets

Tangible fixed assets are capitalised at cost and are depreciated over their useful economic lives as follows:

Land	Not depreciated
Buildings	- over 60 years (straight-line)
Computer equipment	- over 2 years (straight-line)
Furniture and fixtures	- 10% reducing balance

Intangible Assets

Intangible assets are capitalised at cost and depreciated over their useful economic lives of 3 years.

Joint ventures and associates

Joint ventures and associates comprise equity shareholdings in international partner organisations in furtherance of our aims. These shareholdings are generally made in sterling and disclosed at cost although the underlying shares are denominated in the relevant local currency.

Investments in these entities are reviewed on an annual basis to ensure that their carrying value reflects the underlying assets and liabilities of each entity. Provisions for impairment are made where necessary and are taken to the Statement of Financial Activities. It is the opinion of the trustees that cost less provision for impairment represents the best estimate of the carrying value of the investments as at the Balance Sheet date.

Remedial Projects

These represent the value of building projects under construction by third party contractors at the lower of cost or realisable value after consideration of any impairment on the value of the work in progress.

Programme Related Investments

Programme Related Investments comprise loans issued to, and equity stakes in, international partner organisations for projects in furtherance of our aims. The majority of these loans or equity stakes are disbursed in the usual functional currency for the relevant partner.

Payments of the principal and any repayments of either principal or interest are initially disclosed in the Balance Sheet at cost using the exchange rate ruling at the date of the transaction. Exchange rate differences arising at the time of any repayment are taken to Charitable Activities in the Statement of Financial Activities.

Outstanding balances at the year-end are re-translated at the prevailing exchange rate at the Balance Sheet date, with any further exchange rate gains or losses also taken to the Statement of Financial Activities.

Due to the breadth of our loan portfolio across numerous countries there is the potential for material exchange rate fluctuations which could impact the total valuation of Programme Related Investments both positively and negatively. We monitor this on a cyclical basis throughout the year.

Accounting Policies (continued)

Programme Related Investments (continued)

Each year, the Trustees consider the recoverable amount of each outstanding loan and make provisions for impairment based on a formal assessment carried out by management. Provisions for impairment are taken to the Statement of Financial Activities.

It is the opinion of the trustees that cost less provision for impairment represents the best estimate of the carrying value of the loans as at the Balance Sheet date.

Debtors

Other debtors and prepayments are recognised at the settlement amount.

Cash and cash equivalents

Cash and cash equivalents include cash and short-term liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Creditors and provisions

Creditors and provisions are recognised when the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount.

Financial instruments

The charity only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Pension costs

The charity participates in the Social Housing Pension Scheme (SHPS) which is a multi-employer scheme which provides benefits to some 500 non-associated employers in the UK. The charity participates in two separate active defined contribution schemes and one closed defined benefit scheme within SHPS as follows:

Defined Contribution Scheme
This scheme acts as the auto-enrolment scheme and all employees are automatically enrolled in the scheme when they join unless they opt to join the Higher Rate Defined Contribution Scheme. Contributions are charged to the Statement of Financial Activities in the year they are payable.

Higher Rate Defined Contribution Scheme
This scheme replaced the Defined Benefit Scheme that Reall had been a member of for many years and is open to any employees who wish to join it instead of the auto-enrolment scheme. Contributions are charged to the Statement of Financial Activities in the year they are payable.

Defined Benefit Scheme
This scheme was open to any employees who wished to join it until 1 October 2018 when the scheme was closed to new accrual. The closure took place following the outcomes from the autumn 2017 employer risk assessment, which indicated that Reall did not have a strong enough covenant to maintain an active Defined Benefit scheme under the scheme provider’s rules.

Accounting Policies (continued)

Pension costs (continued)

For the first time in the year to 31 March 2019, it was possible to obtain sufficient information to enable the charity to account fully for the scheme as a defined benefit scheme. The deficit on the scheme is reported as a Defined Benefit Pension Scheme obligation on the Balance Sheet.

The net defined benefit asset/obligation represents the present value of the defined benefit obligation minus the fair value of scheme assets out of which obligations are to be settled.

The rate used to discount the benefit obligations to their present value is based on market yields for high quality corporate bonds with terms consistent with those of the benefit obligations. The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost. Net interest on the net defined benefit liability comprises the interest cost on the defined benefit obligations and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. These amounts are recognised within net income/expenses. Actuarial gains and losses and the difference between the interest income on scheme assets and the actual return on scheme assets are recognised in other recognised gains and losses.

Critical Accounting Estimates and Areas of Judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.
The charity makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The Trustees have identified that the estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year are as follows:

- Programme Related Investments – provisions for impairment

  Provisions for impairment as set out in note 13 are made based on a formal review carried out by management which focuses on a range of factors including compliance with loan repayment terms, delays in project implementation and the organisational and financial stability of the partner as well as external factors such as policy change or political interference. This is also informed by the assessment carried out by the internal assurance team, supported by KPMG, and regular reviews of the expected outcomes of the project against the initial business case. All our partners are relatively new organisations, and their operations are generally reliant on a small number of key individuals. In general, the Trustees consider that Programme Related Investments have limited realisable value if they are not repaid in accordance with the terms on which the investment was made.

- Equity stakes in partners – non-consolidation

  The charity has several equity stakes in partners as set out in note 12 – Joint Ventures and Associates. The charity considers the substance of each of these investments where the shareholding would generally require that the results and net assets of the partners to be consolidated into the accounts of the UK charity. Note 12 sets out the rationale for the non-consolidation of each of the relevant partner entities, with the trustees regularly review to confirm the position, and, as a result, has not produced consolidated accounts.

- Equity stakes in partners – Nepal

  The charity has taken equity stakes in its partner in Nepal because the legislation in that country does not allow the partner to receive loans from the charity. Loans advanced by Reall to this partner are therefore recognised as equity in the accounts of our Nepalese

Accounting Policies (continued)

Critical Accounting Estimates and Areas of Judgement (continued)

partner. The Trustees consider that the substance of these transactions remains that of a loan investment rather than an equity investment for the reasons disclosed in note 12. The equity stake has therefore been assessed and subjected to impairment using the same accounting policies as other Programme Related Investments.

- Equity stakes in partners and joint ventures and associates – provisions for impairment

  Provisions for impairment as set out in note 12 are made based on a formal review carried out by management, which focuses on the net assets underlying the investment as well as the general financial stability of the partner. In general, the Trustees consider that these equity stakes have limited resale value on the open market if they do not continue to operate in accordance with the basis on which the investment was made.

- Defined Benefit Pension Scheme liabilities

  The charity, in conjunction with the scheme actuary, assesses the assets and liabilities of the scheme, and hence the net liability at each year-end using a number of key assumptions including mortality rates, discount rates, inflation and salary growth in order to establish the fair value of the assets and liabilities at the Balance Sheet date. Further information in relation to the assumptions used to evaluate the deficit as of 31 March 2021 is set out in note 20 to these accounts.

Notes to the Financial Statements for the year ended 31 March 2021

1 INCOME

	Unrestricted Funds £	Restricted Funds £	2021 Total	2020 Total £
Income from donations and legacies				
Membership fees	6,776	-	6,776	4,176
General Donations	7,007	-	7,007	20,958
Legacies	612	-	612	58,967
	14,395	-	14,395	84,101
Investment income (note 4)				
Interest on deposit accounts	484	8,155	8,639	62,929
	484	8,155	8,639	62,929
Income from charitable activities				
Grants receivable				
Statutory sources **(note 2)**	-	7,424,807	7,424,807	8,902,576
Trusts and foundations **(note 3)**	-	-	-	3,500
Other Donors **(note 3)**	425,568	-	425,568	141,962
Interest on loans	-	(28,462)	(28,462)	253,985
	425,568	7,396,345	7,821,913	9,302,023
TOTAL INCOME	**440,447**	**7,404,501**	**7,844,948**	**9,449,053**

2 STATUTORY GRANTS RECEIVABLE

	2021 £	2020 £
Investment Fund:		
Foreign, Commonwealth and Development Office – Private Sector Department	1,291,595	3,516,680
Foreign, Commonwealth and Development Office - IMPACT	22,599	-
Swedish International Development Co-operative Agency	6,110,613	5,385,896
	7,424,807	**8,902,576**

3 TRUSTS, FOUNDATIONS AND OTHER GRANTS RECEIVABLE

	2021 £	2020 £
Other trusts and foundations	-	3,500
Contribution to office move	50,000	-
Other Programme Donations	-	141,962
Homeless International Grants	375,568	-
	425,568	**145,462**

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

4 INVESTMENT INCOME

Investment income consists of interest received and accrued on deposits with UK banks

	Unrestricted Funds	Restricted Funds	2021 Total	2020 Total
	£	£	£	£
Interest on deposit accounts				
Investment Fund	-	8,155	8,155	61,149
HI Fund	418	-	418	1,212
Other	66	-	66	568
	484	**8,155**	**8,639**	**62,929**
Interest on partner loans				
CLIFF	-	(28,462)	(28,462)	253,985
	-	**(28,462)**	**(28,462)**	**253,985**

5 EXPENDITURE ON RAISING FUNDS

	Unrestricted Funds	Restricted Funds	2021 Total	2020 Total
	£	£	£	£
Other fundraising costs	-	-	-	370
Support costs (note 8)	8,576	-	8,576	6,102
Total cost of raising funds	**8,576**	**-**	**8,576**	**6,472**

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

6 CHARITABLE EXPENDITURE

	Unrestricted Funds £	Restricted Funds £	2021 Total £	2020 Total £
Investment Programme				
Capital and Capacity Grants (note 7)	-	1,386,951	1,386,951	886,393
	-	**1,386,951**	**1,386,951**	**886,393**
Loans and equity converted to grant (note 7)	-	4,262,713	4,262,713	-
Loans and equity written off	-	977,519	977,519	-
Provisions released on loan conversions and write-offs	-	(5,166,229)	(5,166,229)	-
Impairment provision movement on loans		83,852	83,852	1,707,239
Impairment provision movement on remedial projects	-	1,345,255	1,345,255	462,587
Exchange losses	-	2,263,782	2,263,782	579,101
	-	**3,766,892**	**3,766,892**	**2,748,927**
Support costs	-	2,924,588	2,924,588	2,365,810
Operational costs	-	875,158	875,158	888,176
	-	**3,799,746**	**3,799,746**	**3,253,986**
Other				
Interest payable on Reall Bond	1,482	-	1,482	1,054
Governance costs	463	-	463	67
Support costs (note 8)	32,038	-	32,038	24,783
	33,983	**-**	**33,983**	**25,904**
Total	**33,983**	**8,953,589**	**8,987,572**	**6,915,120**

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

7 INVESTMENT PROGRAMME EXPENDITURE

	2021	2020
	£	£
Investment Programme Grants:		
Ansaar Management Company (Pakistan)	574,974	51,617
Casa Real (Mozambique)	260,093	219,339
Modulus Tech (Private) Limited (Pakistan)	140,459	-
Smart Havens Africa Limited (Uganda)	130,084	-
National Association of Co-operative Housing Unions (Kenya)	99,995	9,578
Kwangu Kwako Limited (Kenya)	60,171	-
Millard Fuller Foundation (Nigeria)	53,375	3,713
BXS Group Limited (Kenya)	50,497	-
Enterprise for Housing Development/Uganda Co-operative Alliance (Uganda)	11,451	22,233
Affordable Housing Solutions (Tanzania)	5,000	-
Oakleaf/Kuyasa Fund (South Africa)	257	355,454
Janaadhar (India)	224	1,331
Centrum Real Estate Limited (Kenya)	150	-
Entertainment Pakistan Limited (Pakistan)	150	-
Linkbuild/Philippine Action for Community-Led Shelter Initiatives, Inc. (Philippines)	150	79,879
Sheltersol (Zimbabwe)	(79)	3,157
Afreh Group Limited	-	1,368
C.A.S.T.O.R Ingenierie Expertise (Burkina Faso)	-	2,194
Development Workshop Angola/Habiterra (Angola)	-	4,704
Enterprise Development Holdings (Malawi)	-	3,597
Lumanti (Nepal)	-	4,709
SEWA Nirman Private Limited (Nepal)	-	2,970
SPARC Samudaya Nirman Sahayak, Mumbai (India)	-	3,392
Syntellect (India)	-	2,203
Women Advancement Trust (Tanzania)	-	37,018
Total grants paid in year	**1,386,951**	**808,456**

Capital funds are generally given to partners as loans rather than grants and these amounts appear as Programme Related Investments on the balance sheet (note 13). Grants therefore relate principally to capacity building grants totalling £1,004,250 (to 6 partners) and project grants for new partners and new initiatives totalling £380,613 (to 4 partners), as well as expenses paid on behalf of partner organisations in relation to EDGE (Excellence in Design for Greater Efficiencies) exams totalling £2,088 (13 partners).

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

7. INVESTMENT PROGRAMME EXPENDITURE (continued)

	2021 £	2020 £
Loans and equity converted to grants:		
Affordable Housing Solutions (Tanzania)	140,921	-
Development Workshop Angola/Habiterra (Angola)	1,601,110	-
Linkbuild/Philippine Action for Community-Led Shelter Initiatives Inc. (Philippines)	78,757	-
Millard Fuller Foundation (Nigeria)	-	77,937
Water Sanitation for Africa (Burkina Faso and Ghana)	494,439	-
Oakleaf/Kuyasa Fund (South Africa)	1,947,486	-
Total capacity loans converted to grants in year	**4,262,713**	**77,937**

	2021 £	2020 £
Loans written off		
Water Sanitation for Africa (Burkina Faso and Ghana)	977,519	-
Total loans written off	**977,519**	**-**

8 SUPPORT COSTS

The total support costs incurred during the year may be analysed as follows:

	Personnel Costs	Office Costs & Depreciation	2021 Total	2020 Total
	£	£	£	
Charitable expenditure (note 6)				
Programme support costs	2,244,289	680,299	2,924,588	2,365,810
Other unrestricted	24,577	7,461	32,038	24,783
	2,268,866	687,760	2,956,626	2,390,593
Raising funds (note 5)				
Support costs	6,579	1,997	8,576	6,102
Total support costs	**2,275,446**	**689,757**	**2,965,202**	**2,396,695**

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

8. SUPPORT COSTS (continued)

Personnel costs include the following:

	2021	2020
	£	£
Salaries and wages	1,930,276	1,593,952
Employer's social security	210,170	169,929
Pension costs (note 20)	85,426	72,710
Life assurance premium	5,474	3,225
	2,231,346	1,839,817
Consultants and short-term personnel	44,100	78,430
	2,275,446	**1,918,247**

Key Management Personnel are those having authority and responsibility, delegated to them by the trustees, for planning, directing, and controlling the activities of the charity. Remuneration for key management personnel, including employers' national insurance contributions and contributions to the pension scheme, amounted to £572,101 (2020: £605,103). During the year, termination payments amounting to £17,500 (2020: £39,700) were paid.

8 SUPPORT COSTS (continued)

The highest paid employees are as follows:

Band (excluding pension contributions)	Number 2021	Number 2020	Pension contributions 2021	Pension contributions 2020
			£	£
£150,000-£159,999	1	-	11,090	-
£140,000-£149,999	-	1	-	9,940
£90,000-£99,999	1	-	6,645	-
£80,000-£89,999	2	2	8,322	8,080
£60,000-£69,999	3	2	9,092	7,644
			35,149	**25,664**

The average number of employees during the year was 40 (2020: 32).

All directors give of their time freely and no director (or person connected to any trustee) received remuneration in the year. Expenses have been paid to two (2020: eight) directors totalling £263 (2020: £1,802) during the year. This was to cover their travelling expenses incurred in attending meetings of the charity. Directors' Liability Insurance has been paid on behalf of the directors amounting to £838 (2019: £779).

9 TOTAL EXPENDITURE

	2021	2020
	£	£
Includes charges/(credits) for:		
Interest payable on Reall bond	1,482	1,054
Interest payable on mortgage	41,989	11,749
Interest expense – Defined Benefit Pension liability	9,000	19,000
Auditor's remuneration – audit services	24,000	21,300
Auditor's remuneration – other services	-	4,500
Depreciation	61,666	39,568
(Profit)/loss on disposal of tangible fixed assets	(54,532)	(1,185)
Rent on office accommodation	127,624	-
Operating leases – Equipment	2,923	15,734

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

10 INTANGIBLE ASSETS

	Software	Total
	£	£
Cost		
As at 1 April 2020	-	-
Additions	74,441	74,441
Disposals	-	-
Reclassification	-	-
As at 31 March 2021	74,441	74,441
Depreciation		
As at 1 April 2020	-	-
Charge for the year	6,278	6,278
Disposals	-	-
Reclassification	-	-
As at 31 March 2021	68,163	68,163
Net Book Value		
As at 31 March 2021	**68,163**	**68,163**
As at 31 March 2020	**-**	-

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

11 TANGIBLE FIXED ASSETS

	Land	Buildings	Computer Equipment	Furniture & Fixtures	Total
	£	£	£	£	£
Cost					
As at 1 April 2020	240,000	490,000	78,208	562,444	1,370,652
Additions	-	-	15,185	118,746	133,931
Disposals	(240,000)	(490,000)	(14,493)	(179,947)	(924,440)
Reclassification	-	-	(442)	442	-
As at 31 March 2021	-	-	78,458	501,685	580,143
Depreciation					
As at 1 April 2020	-	32,667	57,478	82,728	172,873
Charge for the year	-	(0)	18,127	37,262	55,389
Disposals	-	(32,667)	(13,653)	(61,712)	(108,031)
Reclassification			(391)	391	-
As at 31 March 2021	-	0	61,561	58,669	120,230
Net Book Value					
As at 31 March 2021	**-**	**0**	**16,897**	**443,016**	**459,913**
As at 31 March 2020	240,000	457,333	20,730	479,716	1,197,779

These assets are used for administration and for the direct charitable purposes of the charity. Individual assets are not allocated to specific purposes. The land and buildings relate to our office premises, which were sold in August 2020. No depreciation was charged on the value allocated to land.

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

12 JOINT VENTURES AND ASSOCIATES

	Class of holding	Cost of investment	Proportion held	Aggregate capital and reserves	Results for the period	Nature of business
		£		£	£	
Sewa Nirman Private (incorporated in Nepal)	Limited	-	95%	3,468,955	(42,691)	Investment
Sheltersol Holdings (incorporated in Zimbabwe)	Limited	-	49%	(3,716,877)	491,055	Investment
Ansaar Management Company (Private) Limited (incorporated in Pakistan)	Limited	178,830	25%	1,826,595	(295,318)	Investment
Oakleaf	Limited	1,403,893	100%	71	(54)	Investment
Immersion Private (PVT) Limited	Limited	1,065,412	68%	1,914,147	1,406,919	Special purpose development
Enterprise for Housing Development Uganda Limited (incorporated in Uganda)	Limited	-	49%	(5,948)	(952)	Investment
		2,648,135				

Reall has made loans or grants to these companies, and these are recorded in Charitable Expenditure within the Statement of Financial Activities (grants) or in Programme Related Investments (note 13) (loans). We also hold shares in Lendco and AHS at nil value.

The figures for aggregate capital and reserves and results for the period set out in the table in this note have been extracted from the most recent unaudited management information available at the date of signing these financial statements – this is as at 31 March 2021 except for Oakleaf Investment Holdings (February 2020) Enterprise for Housing Development Uganda Limited (December 2019) and Immersion Private (PVT) Limited (June 2020).

On 5 February 2021 the Reall Board approved a resolution confirming the sale of all the shares held by Reall in Immersion Private (PVT) Limited (IPL). At the same time, the land held by IPL, its only asset, is being sold. As soon as the land sale is completed, Reall will be able to dispose of its equity holding.

In the case of Sewa, Nepalese law does not allow a Nepali entity to receive repayable loans (as is the usual practice for Reall) from a non-Nepali entity. In order to continue to invest in the Nepali partner, the funds advanced to Sewa have therefore been made in the form of part paid share capital and recorded as such in the books of Sewa. This means that Reall has a 95% equity stake in Sewa and as such it would be expected that the results of Sewa should be consolidated within the accounts of Reall. However, it is the opinion of the trustees, that there are substantial restrictions on our ability to do business in Nepal under our normal terms. It is their view that the substance of the relationship between Reall and Sewa is still one of loan provider/receiver and not one of parent and subsidiary.

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

12 JOINT VENTURES AND ASSOCIATES (continued)

The basis for non-consolidation is that Reall doesn't have control over the entity. The results of Sewa have not therefore been consolidated into the accounts of Reall and the amounts advanced have been separately shown as equity investments within Programme Related Investments. No other cost has been attributed to Reall's holdings in Sewa.

Reall invested funds in Oakleaf following the administration of its previous South African partner, The Kuyasa Fund. Reall is concluding the sale of its 100% shareholding to a newly established non-profit entity in South Africa. As at 31 March 2021 this transaction has not been completed, though is expected to do so in financial year 2021/22 and Reall remains the sole shareholder. The total shareholding will be donated to the non-profit entity. The funds invested in Oakleaf were fully utilised for public benefit, with Kuyasa having issued 6,300 home improvement loans since 2014, which have improved the housing conditions for over 30,000 people. In spite of the impressive impact of Oakleaf and Kuyasa, there is no prospect of any financial recovery of the initial investment, and the equity holding was converted to grant in March 2021.

The movement in the carrying value of joint ventures and associates over the year is as follows:

	2021	**2020**
Carrying value	£	£
Gross investments:		
At 1 April	2,648,135	2,648,135
Conversions to grant	1,403,893	-
At 31 March	1,244,242	2,648,135
Impairment provisions:		
At 1 April	1,403,893	1,403,893
Conversions to grant	(1,403,893)	
At 31 March	-	1,403,893
Net book value as at 31 March	1,244,242	1,244,242

At the end of the financial year, we have carried out an impairment review in respect of the carrying value of these investments. The review did not indicate the need for an additional impairment provision in respect of other investments in joint ventures and associates, except for Sewa where an impairment provision amounting to £ 2,518,387 has been made within Programme Related Investments (note 13).

In accordance with the provisions of the Sida grant agreement, equity investments through the purchase of share capital in third party organisations is not permitted. There have been no equity investments using Sida funds since FY 2018. Reall are working on the exit from previous investments which have been financed through pooled donor funds. All proceeds from sales of equity investments that could be attributed to Sida funding will be accounted for through the provisions of the grant agreement, disclosed in the statutory accounts and subject to audit. There are no amounts to record in FY21.

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

12 JOINT VENTURES AND ASSOCIATES (continued)

The registered addresses of these joint ventures and associates are as follows:

Sewa Nirman Private	Ward No 3, Lalitpur Sub-Metropolitan City of Lalitpur District, Nepal
Sheltersol Holdings	50 Bradfield Road, Hillside, Harare, Zimbabwe
Ansaar Management Company	31/10-A, Abu Bakr Block, New Garden Town, Lahore, Pakistan
Immersion Private (PVT) Limited	31/10-A, Abu Bakr Block, New Garden Town, Lahore, Pakistan
Oakleaf Investment Holdings	3 Wrensch Road, Observatory, Cape Town, Western Cape, 7925, South Africa
Enterprise for Housing Development	Uganda Co-operative Alliance Building, Plot 47/49 Nkrumah Road, Kampala, Uganda

13 PROGRAMME RELATED INVESTMENTS

	2021	2020
	£	£
Loans	27,749,536	26,810,013
Accrued interest on loans	1,428,667	1,763,934
	29,178,203	28,573,947

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

13 PROGRAMME RELATED INVESTMENTS (continued)

LOANS	**HI Fund**	**Loan Fund**	**Equity Investments**	**Total**
	£	£	£	£
Gross investments – loans:				
As at 1 April 2020	140,921	41,824,502	5,494,301	47,459,724
New loans advanced during the year	-	6,378,902	-	6,378,902
Loans converted to grant	(140,921)	(2,717,902)	-	(2,858,823)
Loans written off	-	(977,520)		(977,520)
Loans repaid in cash	-	(3,064,358)		(3,064,358)
Exchange rate loss on retranslation	-	(3,519,806)	(376,734)	(3,896,542)
As at 31 March 2021	-	37,923,818	5,117,567	43,041,383
Impairment provisions:				
As at 1 April 2020	140,921	17,990,402	2,518,388	20,649,711
Movement on provisions during the year	-	(1,113,176)	1,197,028	83,852
Release of impairment provisions on loans converted to grant or written off	(140,921)	(3,621,415)	-	(3,762,336)
Exchange rate (losses)/gains on revaluation	-	(1,506,699)	(172,681)	(1,679,380)
As at 31 March 2021	-	11,749,113	3,542,735	15,291,848
Net investments as at 31 March 2021	**-**	**26,174,704**	**1,574,832**	**27,749,536**
Net investments as at 31 March 2020	-	**23,834,100**	**2,975,913**	**26,810,013**

All loans are concessionary loans, with a typical term of 5-7 years. Loans advanced since the end of 2014 have generally been interest bearing at varying rates (generally between 5% and 6%). As at 31 March 2021, 60% (2020: 52%) of the current loan portfolio is interest bearing.

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

13 PROGRAMME RELATED INVESTMENTS (continued)

Reall's loans are largely denominated in local currency and all exchange gains and losses are absorbed into/by the HI/CLIFF funding portfolio respectively. We operate in a number of countries with volatile currencies and as such the valuation of our loan portfolio can vary significantly over relatively short time periods.

These recoverable amounts are subject to loan impairment (shown above).

Analysis of gross loans by debt maturity:	2021	2020
	£	£
Amounts payable:		
In one year or less or on demand	19,045,671	27,621,778
In more than one year but not more than two years	4,373,234	6,854,697
In more than two years but not more than five years	14,288,601	5,654,260
In five years or more	5,333,878	7,328,989
	43,041,383	**47,459,724**

The debt maturity and expected recoverability over the next year is £1.4 million loan repayment and £2.9 million from exiting partners and equity disposals. For the year after these amounts are £4.55million and £1.78 million respectively. Many loan repayments are recycled into future projects respectively rather than being repaid in cash. When this occurs, the amounts are shown as a repayment and a new loan is recorded to reflect the change in purpose of the loan. £1,002,583 of loans were recycled in this way during the current financial year (2020: £nil).

As at 31 March 2021 we recognised an impairment provision of £15.3m (2020: £20.6m) against the recoverability of loans advanced to partner organisations through a formal assessment of the recoverability of our loan portfolio. Determining the amount of provision, which reflects the trustees' best estimate of the recoverability of these amounts requires significant judgement.

It is necessary therefore to form a view on matters which are inherently uncertain, such as the progress of the individual programmes, the receipts likely to be generated from future sales and increases in future costs incurred in the projects by partners.

The key drivers relating to the provision at 31 March 2021 and the work undertaken to assess them is set out below:

- Political and economic issues within each territory which impact the partners ability to deliver the project in line with the plan agreed or recycle funds back to the charity.
- Movements in income and expenditure which impact the expected return on the project.
- The ability of the project to deliver the planned number of units and revenue.
- The impact of Covid-19, causing delays to projects and causing increases in project costs.

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

13 PROGRAMME RELATED INVESTMENTS (continued)

ACCRUED INTEREST ON LOANS

	HI Fund £	Loans Fund £	Total £
Gross accrued loan interest:			
As at 1 April 2020	18,513	2,973,306	2,991,819
Interest repaid in cash	-	(306,806)	(306,806)
Loans converted to grant in year	(18,513)	-	(18,513)
Net impact of loan interest recycled	-	-	-
New accrued interest in year	-	417,356	417,356
As at 31 March 2021	-	3,083,856	3,083,856
Loan Interest Impairment provisions:			
As at 1 April 2020	18,513	1,209,372	1,227,885
New provisions during the year	-	445,818	445,818
Release of impairment provisions on loans converted to grant	(18,513)	-	(18,513)
As at 31 March 2021	-	1,655,190	1,673,703
Net accrued interest as at 31 March 2021	-	**1,428,666**	**1,428,666**
Net accrued interest as at 31 March 2020	-	**1,763,934**	**1,763,934**

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

14 DEBTORS

	2021	2020
	£	£
Prepayments and accrued income	132,045	82,212
Other	15,644	695
	147,689	**82,907**

15 REMEDIAL PROJECTS

	2021	2020
	£	£
Balance as at 1 April 2020	849,523	-
Additions in year	2,523,010	849,523
Disposals in year	-	-
Balance at 31 March 2021	**3,372,533**	**849,523**
Impairment Provisions		
Balance as at 1 April 2020	462,587	-
Impairment in year	1,345,255	462,587
Balance as at 31 March 2021	1,807,842	462,587
Net balance as at 31 March 2021	1,564,691	386,936

16 CREDITORS - amounts falling due within one year

	2021	2020
	£	£
Unpaid supplier invoices	183,500	331,187
Taxation and pension costs outstanding	8,727	22,672
HI Fund loans repayable	-	320,500
Reall Bond loans repayable	-	40,000
Interest on Reall Bond loans	-	2,471
Accruals	311,321	134,828
Deferred Rent	7,997	-
Mortgage liability	-	50,617
Other Creditors	5,782	-
	517,326	**902,275**

17 CREDITORS: Amounts falling due after more than one year

	2021	2020
	£	£
Mortgage Liability	-	442,027
Deferred Rent	113,629	15,734
HI Fund loans	-	36,000
REALL Bond loans – loans + interest on loans with maturity dates greater than1 year.	-	11,150
	113,629	504,911

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

17 CREDITORS: Amounts falling due after more than one year (continued)

Movement on HI loans during the year was as follows:

	2021	2020
	£	£
Balance as at 1 April 2020:		
Falling due within less than one year	362,971	198,000
Falling due after one year	47,150	248,500
Interest accrued in the year	1,482	3,621
Loans repaid	(36,024)	(40,000)
Loans converted to grant	(375,579)	
Balance as at 31 March 2021	-	410,121

During the financial year, the majority of lenders agreed to convert their loans to grants, and any remaining amounts outstanding were settled, and the Homeless International Fund closed.

Analysis of debt maturity	2021	2020
	£	£
Amounts liability payable:	-	
In one year or less or on demand	-	362,971
In more than one year but not more than two years	-	32,150
In more than two years but not more than five years	-	15,000
In five years or more	-	-
	-	410,121

Movement on Mortgage during the year was as follows:

	2021	2020
	£	£
Balance as at 1 April 2020:		
Falling due within less than one year	50,617	50,617
Falling due after one year	442,027	492,644
Capital repaid	(492,644)	(50,516)
Balance as at 31 March 2021	**-**	**492,745**

The mortgage taken out in August 2016 was to purchase our office accommodation and secured on that building. This was sold in August 2020, the mortgage repaid, and the charge on the building released.

Movement on Deferred Rent during the year was as follows:

	2021	2020
	£	£
At 1 April 2020	15,734	
Rent accrued during the year	105,891	15,734
Accrued rent utilised during the year	-	-
At 31 March 2021	121,626	15,734

The deferred rent period will end on September 2021, from which point the benefit from this will be released in the accounts over the remaining life of the lease.

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

17 CREDITORS: Amounts falling due after more than one year (continued)

Analysis of debt maturity	2021	2020
	£	£
Amounts payable:		
In one year or less or on demand	7,997	-
In more than one year but not more than two years	113,629	15,734
In more than two years but not more than five years	-	-
	121,626	**15,734**

Reall has entered into a lease for new premises which began on 14 February 2020 for a period of 10 years. The lease allows for a reduced rent period of 20 months, the benefit of which is being spread over the life of the lease. The analysis of which is shown above.

18 CASH FROM OPERATING ACTIVITIES

	2021	2020
	£	£
Net (expenditure)/income for the year	(1,737,200)	2,887,371
Adjustments for:		
Amortisation of intangible assets	6,278	-
Depreciation of tangible fixed assets	55,389	39,586
(Profit) on disposal of fixed assets	(53,592)	(1,185)
Movement in pension provision	526,169	(408,486)
(Increase) in debtors	(64,782)	(25,971)
Increase in creditors	126,535	292,591
Interest receivable	(8,639)	(316,914)
Interest payable	-	1,054
Mortgage interest payable	41,989	11,749
Homeless International grants	(374,097)	-
Unrealised exchange rate losses on Programme Related Investments	2,217,162	580,549
Exchange rate (gains) on cash and cash equivalents due to exchange rate movements	47,070	(1,380)
Loans converted to grant or written off	3,836,343	-
Release of impairment provision	(3,678,484)	2,247,762
Impairment of assets under construction	1,345,255	462,587
Movement on accrued interest on loans	335,268	-
Net cash generated by operating activities	**2,620,663**	**5,306,726**

19 ANALYSIS OF CASH AND CASH EQUIVALENTS

	2021	2020
	£	£
Cash in hand and at bank	3,558,856	6,723,208
	3,558,856	**6,723,208**

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

20 PENSION COMMITMENTS

	2021	2020
	£	£
Net defined benefit pension obligation	929,495	403,326

Reall participates in three schemes under the Social Housing Pension Scheme (“SHPS”) that are managed by The Pensions Trust. Two schemes are Defined Contribution Schemes being a designated auto-enrolment scheme and a Higher Rate Defined Contribution Scheme.

Defined Contribution Scheme

This scheme was set up to enable Reall to meet its obligations with regard to auto-enrolment. The assets of this scheme are held separately from those of Reall and are administered separately from the assets of the Reall Defined Benefit Scheme. The pension charge represents contributions payable by Reall to the fund during the year and amounted to £20,632 (2020: £13,359). Contributions totalling £nil (in relation to the March 2021 payroll deductions) were due to the fund as at 31 March 2021 (2020: £3,567).

Higher Rate Defined Contribution Scheme

This scheme was set up to replace the closed Defined Benefit Scheme that the charity had been a member of for many years and is open to any employees who wish to join it instead of the auto-enrolment scheme. The assets of this scheme are held separately from those of Reall and are administered separately from the assets of the Reall Defined Benefit Scheme. The pension charge represents contributions payable by Reall to the fund during the year and amounted to £64,794 (2020: £59,351). Contributions totalling £2,004 (in relation to the March 2021 payroll deductions) were due to the fund as at 31 March 2021 (2020: £12,650).

Defined Benefit Scheme

Reall also participates in the Social Housing Pension Scheme (SHPS), a multi-employer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK. The scheme is closed to new members and to further defined benefit accrual and all members transferred to a defined contribution scheme. Reall remains responsible for the deficit within the scheme in relation to the 7 affected current employees and the 39 deferred members and pensioners.

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

The last completed triennial valuation of the scheme for funding purposes was carried out as at 30 September 2017. This valuation revealed a deficit of £1.522m. A recovery plan has been put in place with the aim of removing this deficit by 30 September 2026.

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

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

20 PENSION COMMITMENTS (continued)

The assets of this scheme are held separately from those of Reall and are administered separately from the assets of the two Reall Defined Contribution Schemes. Contributions totalling £nil (in relation to the March 2021 deficit contributions) were due to the fund as at 31 March 2021 (2020: £5,607).

For financial years ending on or before 28 February 2019, it had not been possible for the charity to obtain sufficient information to enable it to account for this scheme as a Defined Benefit Scheme. Therefore, it accounted for the scheme as a Defined Contribution Scheme.

For financial years ending on or after 31 March 2019, it is now possible to obtain sufficient information to enable the charity to account for the scheme as a Defined Benefit Scheme.

For accounting purposes, a valuation of the scheme was carried out with an effective date of 30 September 2018. The liability figures from this valuation were rolled forward for accounting year-ends from 31 March 2019 to 29 February 2020 inclusive.

Similarly, actuarial valuations of the scheme were carried out as at 30 September 2019 to inform the liabilities for accounting year ends from 31 March 2020 to 28 February 2021 inclusive, and as at 30 September 2020 to inform the liabilities for accounting year ends from 31 March 2021 to 28 February 2022 inclusive.

The liabilities are compared, at the relevant accounting date, with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus.

Fair value of plan assets, present value of defined benefit obligation and defined benefit (liability)

	2021	**2020**
	£'000	**£'000**
Fair value of scheme assets	2,656	2,299
Present value of defined benefit obligation	3,586	2,703
Deficit in scheme	**(930)**	**(404)**

Reconciliation of opening and closing balances of the defined benefit obligation

Defined benefit obligation	**2021**
	£'000
At start of year	2,703
Current service cost	-
Expenses	6
Interest expense	63
Contributions by scheme participants	-
Actuarial losses (gains) due to scheme experience	16
Actuarial losses (gains) due to changes in demographic assumptions	12
Actuarial losses (gains) due to changes in financial assumptions	818
Benefits paid and expenses	(32)
At end of year	**3,586**

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

20 PENSION COMMITMENTS (continued)

Reconciliation of opening and closing balances of the fair value of scheme assets

Scheme assets	**2021**
	£'000
At start of year	2,299
Interest income	54
Experience on scheme assets (excluding amounts included in interest income – gain (loss)	255
Employer contributions	80
Member contributions	-
Benefits paid and expenses	(31)
At end of year	**2,656**

Defined benefit costs recognised in Statement of Comprehensive Income

	2021
	£'000
Expenses	6
Net interest expense	9
Total	**15**

Defined benefit costs recognised in Other Comprehensive Income

	2021
	£'000
Experience on plan assets income – gain (loss)	260
Experience gains and losses on plan liabilities – gain (loss)	(16)
Effect of changes in demographic assumptions underlying the present value of the defined benefit obligation – gain (loss)	(12)
Effect of changes in financial assumptions underlying the present value of the defined benefit obligation – gain (loss)	(818)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable)-gain (loss)	**(586)**
Effect of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost)	**-**
Total amount recognised in Other Comprehensive Income - gain/(loss)	**(586)**

Assets

	31 March 2021 £'000	**31 March 2020 £'000**
Global Equity	423	336
Absolute Return	147	120
Distressed Opportunities	77	44
Credit Relative Value	84	63
Alternative Risk Premia	100	161
Fund of Hedge Funds	-	1
Emerging Markets Debt	107	70
Risk Sharing	97	78
Insurance-Linked Securities	64	71
Property	55	51
Infrastructure	177	171

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

20 PENSION COMMITMENTS (continued)

Private Debt	63	46
Opportunistic Illiquid Credit	67	56
High Yield	80	-
Opportunistic Credit	73	-
Cash	-	-
Corporate Bond Fund	157	131
Liquid Credit	32	1
Long Lease Property	52	40
Secured Income	110	87
Over 15 Year Gilts	-	-
Index Linked All Stock Gilts	-	-
Liability Driven Investment	675	762
Net Current Assets	16	10
Total Assets	2,656	2,299

None of the fair values of the assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

Assumptions

	2021	**2020**
	% per annum	**% per annum**
Discount rate	2.22	2.33
Inflation (RPI)	3.20	2.51
Inflation (CPI)	2.87	1.51
Salary growth	3.87	2.51
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2021 imply the following life expectancies

	Life expectancy at age 65
	Years
Male retiring in 2021	21.6
Female retiring in 2021	23.5
Male retiring in 2041	22.9
Female retiring in 2041	25.1

21 UNRESTRICTED FUNDS

	2021	**2020**
	£	**£**
The unrestricted funds are made up as follows:		
General Unrestricted Funds	847,918	458,058

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

22 RESTRICTED FUNDS

Restricted Funds are those donated and restricted for use in a particular area or for specific purposes:

	As at 31 March 2020	Other recognised gains/(losses)	Income	Expenditure	Transfers between funds	As at 31 March 2021
	£	£	£	£	£	£
HI Fund	(280,030)	-	-	-	280,030	-
Programme Funds	35,699,859	(577,972)	7,404,501	(8,953,589)	(1,243,550)	32,329,249
Recycled Funds	520,620	-	-	-	963,520	1,484,140
	35,940,449	**(577,972)**	**7,404,501**	**(8,953,589)**	**-**	**33,813,389**

	As at 1 April 2019	Other recognised losses	Income	Expenditure	Transfers between funds	As at 31 March 2020
	£	£	£	£	£	£
HI Fund	(281,242)	-	1,212	-	-	(280,030)
Programme Funds	32,924,154	355,361	9,359,672	(6,889,306)	(50,022)	35,699,859
Recycled Funds	470,598	-	-	-	50,022	520,620
	33,113,510	**355,361**	**9,360,884**	**(6,889,306)**	**-**	**35,940,449**

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

22 RESTRICTED FUNDS (continued)

The Homeless International Fund was established in 2012 and the funds raised from the UK Housing Association movement were successfully used for a number of housing and poverty reduction programmes. In the last financial year, we were grateful to receive the support of the Housing Association participants who agreed to cancel their loans.

The investment programme is funded by FCDO & Sida with some limited contributions from General Unrestricted reserves. Reall co-ordinates the investment programme at the global/central level and development partners co-ordinate investment programme at the local level in the countries detailed in note 7.

During the year we did not receive investment programme loan repayments whilst we worked with partners to reschedule loans. Repayments are recycled back into achieving Reall's objectives and mission. These are presented separately in the table above under the heading recycled funds. This separation demonstrates the process by which donor funds previously disbursed as loans to projects are received back from partner organisations through loan repayments and which are then available for subsequent use by Reall. Whilst the recycled funds are to be used to deliver Reall's objectives and mission we have presently identified these as restricted funds, although this may be revisited in future years.

23 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted Funds £	Unrestricted Funds £	Total Funds £
As at 31 March 2021			
Intangible assets	-	68,163	68,163
Tangible assets	-	459,913	459,913
Programme related investments	29,178,203	-	29,178,203
Investments in Joint Ventures and Associates	1,244,242	-	1,244,242
Net Current Assets	4,406,561	347,349	4,753,910
Creditors: amounts falling due after more than one year	(113,629)	-	(113,629)
Net Defined Benefit Scheme obligation	(901,978)	(27,517)	(929,495)
Net assets at 31 March 2021	33,813,389	847,918	34,661,307
As at 31 March 2020			
Tangible Fixed Assets	-	1,197,779	1,197,779
Programme Related Investments	28,573,947	-	28,573,947
Investments in Joint Ventures and Associates	1,244,242	-	1,244,242
Net Current Assets	6,568,161	(277,386)	6,290,776
Creditors: amounts falling due after more than one year	(62,884)	(442,027)	(504,911)
Net defined benefit scheme obligation	(383,018)	(20,308)	(403,326)
Net assets as at 31 March 2020	35,940,448	458,058	36,398,507

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

24 MEMBERS OF THE COMPANY

The company is limited by guarantee and thus does not have any issued share capital. Each member guarantees during their membership and for one year after membership ceases, the sum of £1 to the company in the event of a winding up order. Details of members as at 31 March 2021 are included within the Directors Report. Any surplus on winding up is to go to a charity whose objects are of a similar nature.

25 FINANCIAL COMMITMENTS

As at 31 March 2021, the charity had total future minimum lease payments due as follows:

	2021	2020
	£	£
Payable:		
In less than one year	129,791	127,624
In two to five years	517,537	510,496
After 5 years	494,762	622,386
	1,142,090	1,260,506

Reall has entered into a lease for new premises which began on 14 February 2020 for a period of 10 years. The lease allows for a reduced rent period of 20 months, the benefit of which is being spread over the life of the lease. Moreover, Reall has entered into a lease for two printer / copiers, which began on 2 July 2020 for 60 months. The value of the lease payments is reflected above.

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

26 RELATED PARTY TRANSACTIONS

The following transactions with joint ventures and associates as detailed in note 12 have taken place as set out below:

	Affordable Housing Solutions	Sheltersol Holdings	SEWA Nirman Private	Ansaar Management Company (Private)	Oakleaf Investment Holdings 149 Proprietary	Enterprise for Housing Development Uganda
	£	£	£	£	£	£
2021						
Programme related Investments						
Gross interest-free loans	-	1,473,539	-	508,308	-	-
Gross interest-bearing loans	-	4,746,311	-	9,452,963	240,181	55,260
Gross equity investments	-	-	5,117,567	-	-	-
Impairment provision	-	(3,733,388)	(3,542,734)	-	(28,286)	(35,240)
Net loans as at 31 March 2021	-	2,486,462	1,574,833	9,961,271	211,895	20,020
Interest rate payable	-	*0-5%*	*0%*	*0-6%*	*7%*	*5-6%*
Grants						
Capacity loans converted to non-repayable grant	-					
Non-repayable grants	5,000	79	-	574,974	257	11,451
Total grants year ended 31 March 2021	**5,000**	**79**	**-**	**574,974**	**257**	**11,451**
2020						
Programme related Investments						
Gross interest-bearing loans	140,921	6,920,010	-	11,520,894	723,429	41,293
Gross equity investments	-	-	5,494,301	-	-	-
Impairment provision	(140,921)	(4,046,586)	(2,518,387)	(920,273)	(543,566)	(23,275)
Net loans as at 31 March 2020	-	2,873,424	2,975,914	10,600,621	179,863	18,018
Interest rate payable	*5%*	*0-5%*	*4/5%*	*0-5%*	*0/7%*	*0-6%*
Grants						
New grants	-	3,157	2,970	51,617	355,454	3,597
Total grants year ended 31 March 2020	**-**	**3,157**	**2,970**	**51,617**	**355,454**	**3,597**

Notes to the Financial Statements for the year ended 31 March 2021 (continued)

27 FINANCIAL INSTRUMENTS

The carrying amount of the charity's financial instruments at 31 March was:

	2021	2020
	£	£
Financial assets:		
Cash	3,558,856	6,723,208
Loans measured at cost less impairment plus accrued interest	29,178,203	28,573,947
Total	32,737,059	35,297,155
Financial liabilities:		
Concessionary loans measured at cost plus accrued interest	-	356,500
Bonds measured at cost plus accrued interest	-	53,621
Mortgage Liability	-	492,644
Other measured at amortised cost	503,548	488,686
Total	503,548	1,391,451

28 CAPITAL COMMITMENTS

As at 31 March Reall had the following capital commitments:

	2021	2020
	£	£
Contracts for future capital expenditure not provided in the financial statements – fixed assets	-	52,134