

**Reall Limited**  
a company limited by guarantee

**Annual Report & Financial Statements**  
for the year ended 31 March 2022



**Sida**



**UKaid**  
from the British people



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

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## Charity and Company Information

<b>Name of Charity</b>	Reall Limited
<b>Charity Registration Numbers</b> England & Wales Scotland	1017255 SC041976
<b>Company Registration Number</b>	2713841
<b>Chief Executive</b>	Ian Shapiro
<b>Registered Office &amp; Principal Address of the Charity</b>	6th Floor, Friars House, Manor House Drive, Coventry, UK, CV1 2TE
<b>Auditors</b>	Crowe U.K. LLP – 4 <sup>th</sup> Floor, St James House, St James Square, Cheltenham, GL50 3PR
<b>Solicitors</b>	<i>Weil, Gotshal &amp; Manges</i> – 110 Fetter Ln, Holborn, London EC4A 1AY (pro bono) <i>Devonshires Solicitors</i> – 30 Finsbury Circus, Finsbury, London EC2M 7DT
<b>Bankers</b>	<i>The Royal Bank of Scotland plc</i> – 15 Little Park Street, Coventry, CV1 2RN

## Chair's Report for the year ended 31 March 2022

Welcome to our Annual Report and Financial Statements.

As many predicted, the global pandemic has had macro-economic, social, and political impacts. The unfolding humanitarian crisis in Ukraine, alongside the threat of widespread famine from global food shortages, most starkly symbolise the ongoing turmoil that we're facing as a connected global community.

As ever, Reall maintains that our greatest challenges – economic, climate, social, and political are connected, and affordable housing can impact them all. Reall, along with our partners, remains faithfully committed to our mission to build an affordable homes movement that improves the life chances of 100 million people in urban Africa and Asia by 2030. Climate considerations are now fully embedded in investment decisions and processes, and this strategic shift saw material results on the ground in Africa and Asia.

This year Reall has consolidated efforts to deliver our Country Strategies in our five priority markets – Pakistan, India, Nigeria, Kenya, and Uganda. We've focused on strengthening the capacity of partners, with an emphasis on promoting cross-network engagement. In Pakistan and Kenya in particular, partners are tapping into their respective market-wide networks and finding unparalleled value. New partnerships have also been developed and established, with a number of broker-based strategic partnerships formalised this year.

Our international network has also been enhanced by our ongoing data and research agenda. In particular, the Market Shaping Indicators project is providing unprecedented data points on which to base our investment decisions and partner development strategies. This knowledge is open and available to the wider affordable housing sector.

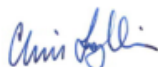
The challenges we and our partners face, particularly those partners with lower levels of resilience, are reflected in a higher level of impairment provision this year. To offset this there have been successes, including the completion of the housing projects in Burkina Faso and Ghana with 354 homes completed and sold to government affordable housing agencies and community-based organisations. £1 million proceeds were received in the year, with the balance of funds expected in the new financial year.

We thank the Swedish Government, through Sida, for the continued support in the third year of our contract and drew £2.9 million from them during the financial year. £3 million was also received from partners in loan repayments and cancelled projects, including the repatriation of a £1million from Zimbabwe.

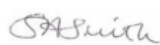
On behalf of the Board, I would like to express our gratitude to our long-term supporters, both individuals and organisations. I would also like to thank the Board and the staff for their quality work over the year in driving forward our mission. It was also pleasing that Steve Troop has agreed to serve for a further three-year term, and his contribution and expertise on a search for new funding will be immeasurable.

The Board and the management team are strongly focused on that need to secure new funding through grant applications and via a loan facility. A great deal of groundwork has been put in place and we look forward to achieving that funding pipeline in this financial year.

Finally, I would like to thank Kate Wareing, who left the Board after six years in June. Kate has been a constant presence and driving force as Reall has emerged as a stronger organisation in recent years. She will be missed, and we wish her every success in the future.



Christopher Loughlin  
Chair



Sarah Smith  
Chair of Audit Committee

Date: 20<sup>th</sup> September 2022

## Report of the trustees for the year ended 31 March 2022

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 2022, 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 socioeconomic 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 is an innovator and investor 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 multilateral 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 2022 (continued)

### Strategic report

This year's activities have focused on consolidating new partnerships, the fruition of several long-running endeavours, and the continued growth of our Build and Broker agenda in priority markets. Reall has continued to operate against our five strategic Country Strategies, ensuring efficient and effective delivery of outputs that meet our overarching goals.

Total investment this year was reduced considerably to a third of the initial forecast due to a combination of the continued impacts of COVID-19.

The Annual Operating Plan (AOP) and organisational objectives were focused on *Culture, Country Impact, Global Impact, and Fundraising*, and continue to be underpinned by the framework of the Corporate Strategy. The Board strategy day held in 2021 concluded that the Corporate Strategy 2020-2025 remains fundamental to impacting the life chances of 100 million people by 2030. We will be refreshing the corporate strategy this year.

Staff wellbeing has been central to our mission. The impact of Covid is still being felt, and with the impact of the cost-of-living crisis, we continue to try to support staff and improve our organisational culture and ways of working. Staff have been working on a hybrid basis and have been piloting a more extensive hybrid scheme in the last few months.

Reall remains focused on professional development. To deliver organisational goals, we began training initiatives to support staff in developing skills, introduced a leadership development programme, and continued the INSIGHTS programme to further upskill the leadership team.

Through an independent organisation, Great Place to Work, Reall rolled out a comprehensive staff survey and attained a 95% response rate. This provided valuable insights from all staff and identified key areas to build upon for our organisational culture. The results have been shared with the Board of Directors. We have developed an action plan against suggested actions that will be progressed by the Wellbeing Group and Leadership team. In addition, every three years Reall undertakes a remuneration benchmarking exercise to ensure that our organisational rewards are in line with the current market.

This year saw the implementation of a progressive new organisational phase at Reall. Changes in Executive responsibilities and whole-organisational structure have enhanced our ability to deliver against our corporate strategy and the relatively new commercial approach. To accompany this, we have developed systems that will ensure tighter accountability, clearer separation of duties, mainstreamed stronger leadership behaviours, and embedded cross-team working.

Plans for new capital investment are proceeding well, with good potential to secure a significant capital sum. To allow focus on this area, some duties were reassigned for a period through to 31 March 2023. Noel Grace, previously Finance Director, became Commercial and Governance Director, with Karen Birch, Head of Finance, reporting directly to Ian Shapiro, Chief Executive. Mark Atterton, previously Commercial Director, left Reall on 20 April 2022.

Additionally, after being selected as winner of the Zero Carbons stream for the Global Innovation Lab for Climate Finance, Reall has been working alongside the Lab Secretariat, the Climate Policy Initiative (CPI), to develop a proposed financial instrument which incorporates both supply and demand side finance to unlock capital for the delivery of EDGE-certified affordable housing.

In the following section, we look at the key elements of the programme, Partnerships, Investments and Transitions, and Policy and External Affairs.

## Report of the trustees for the year ended 31 March 2022 (continued)

### Achievements and Performance in the year

#### Partnerships, Investments, and Transitions

In the financial year ended 31 March 2022, we have continued to build on activities we started in FY 2020/21 to:

- i. Strengthen our network of partners
- ii. Support brokering initiatives, especially in our priority markets in Africa (Kenya, Nigeria, Uganda) and Asia (India, Pakistan).

We have relied on recycled funds and continued support from our main funder, Sida, to implement our country strategies in our priority markets. Investment in projects (*build*) and in initiatives (*broker*) that will transform local markets have remained the cornerstones of our approach in India, Kenya, Nigeria, Pakistan, and Uganda. During financial year 2021-22, we have accumulated market knowledge that will be used to adjust existing KPIs, and the way we implement country strategies and associated KPIs.

A total of 143 units were completed in the financial year ending 31<sup>st</sup> March 2022, spread across Africa and Asia. Smart Havens Africa (SHA), our partner in Uganda, delivered a scheme of housing units which not only provided job opportunities and training to women, but also helps women or female-headed households to acquire homes. MFF in Nigeria has also completed a new phase in the Grand Luvu site, bringing the total number of finished units to over 1,000 homes. Casa Real in Mozambique completed and sold the second phase (29 units) of the Inhamizua project and has started the development of the next phase. This is a particularly important milestone in the Mozambican context because Casa Real has succeeded in brokering relationships with a local financial institution and an innovative finance mechanism that will facilitate offtake as soon as construction phases are completed.

The low number of units is essentially due to delays in completion of some projects in our key markets. The increased level of units completed will be reflected in FY 2022-23, with expected contributions from key markets such as India and Pakistan.

Furthermore, we have added new partners into our network, including Sa Dhan in India, The Affordable Housing Company (TAHC) in Nigeria, and Trellis Housing Finance Ltd in Pakistan. These additional partners will further increase our presence and credibility in these markets. For instance, Trellis is the first home loan institution in Pakistan focused on people on low incomes.

We have received first payments on schemes in Burkina Faso and Ghana. Demand for these units has been strong, reflecting the quality of construction work and addressable market in both countries. We have continued to monitor market conditions in countries of operation such as Nepal and Zimbabwe, with a view to potentially exiting these markets if we believe we are unable to implement a viable affordable housing model.

In the 2021-22 financial year, our broker activities have centred on working with other stakeholders to increase the available finance to our target clients. In Kenya, we have been working with the Kenya Mortgage Finance Company (KMFC) and local financial institutions, in an effort to promote take-up of tenant purchase schemes (TPS). As part of this effort, we have supported our partner Syntellect in expanding their footprint beyond their India base to roll out *RightProfile* – a credit assessment tool for the unbanked – in Kenya, and, potentially, other markets. In Pakistan, we have partnered with Trellis Housing Finance Ltd, a mortgage finance institution that offers home loan products for people on low incomes or in informal employment. This partnership could allow for direct investment into Trellis and joint market research initiatives to increase the amount of data and evidence on people in the bottom 40% of the income pyramid.

## Report of the trustees for the year ended 31 March 2022 (continued)

### Policy & External Affairs (formerly Market Transformation)

Influencing the global policy agenda to create more favourable environments in which to deliver affordable homes remains a key priority for Reall. In FY 21/22 we took further steps to deepen our market-level impacts both globally and in priority regions. We conducted and disseminated robust research and data projects, established new collaborations with innovative brokering partners, and further cemented Reall's position as sector leaders in the green affordable housing space.

### Climate

This year Reall continued to build momentum around mainstreaming climate mitigation and resilience across our work, with a number of milestone achievements reached in the process. Reall began the year by joining the UNFCCC's Race to Zero, committing to become a net-zero organisation by 2050 or sooner, with a target of 2030, and we produced our first greenhouse gas emissions report in September 2021. We reinforced this commitment by becoming members of the UK Green Building Council (UKGBC), Global Alliance for Buildings and Construction (GlobalABC), and Cities Climate Finance Leadership Alliance (CCFLA). Through these memberships and other relationships, Reall has begun to broker change across the wider sector, sharing the evidence that housing can be green and affordable.

The landmark event for this engagement was the international climate summit, COP26, which happened in November 2021. Reall was successful in having two of its partners (ModulusTech and BuildX Studio) featured within the UKGBC's Virtual Pavilion, profiling 17 of the best green building projects from around the world. In addition, Reall participated in two COP26 events, one through the UKGBC's Build Better Now events series, and one through the Race to Resilience platform.

Reall has bolstered its climate credentials across build projects through mainstreaming the IFC's EDGE certification in FY 21/22. In the final quarter of the year, Reall successfully completed the EDGE certification on two projects: the Tamale project in Ghana delivered by Afreh Group, and AMC's Sue Asal phase one site in Pakistan. Homes in these projects are achieving significant improvements compared with conventional local construction methods: 34% improvements in energy efficiency; 30-42% improvements in water efficiency; 35-56% improvements in embodied energy in materials. This is helping establish a path to a zero-carbon, climate-resilient affordable housing sector. Reall is working directly with IFC to promote partner projects registered for EDGE certification and demonstrate the viability of affordable homes that are also climate smart. Several more projects are currently working towards EDGE registration. Following EDGE Expert Training provided by Reall in March, employees of several partners have also successfully passed their EDGE Expert exams.

### Affordability

Recognising that the lack of quality accessible market data is a key barrier to affordable housing investment, Reall and the Centre for Affordable Housing Finance in Africa (CAHF) have been driving an initiative to resolve data gaps and improve understanding of housing markets. The Market Shaping Indicators (MSIs) capture data on over 100 indicators across the housing value chain and make it publicly available on Reall's dashboard – [www.reall.net/msi](http://www.reall.net/msi). This programme of work has since been expanded out to Reall's priority markets in Asia through the research consultancies Jana Urban Services for Transformation (JUST) in India, and Impetus Advisory Group (IAG) in Pakistan. As a result, this year has seen data published for 11 countries across Africa and Asia, with targeted engagements now being built to improve quality and influence policy by working with key data holders. For example, with the Kenya National Bureau of Statistics (KNBS) we are working to improve reporting on affordable housing and produce a digital dashboard focusing explicitly on Kenya's Affordable Housing Programme.

## Report of the trustees for the year ended 31 March 2022 (continued)

### Policy & External Affairs (formerly Market Transformation) (continued)

Building on the Impact Study work conducted in 2019 and 2020, Reall is rolling out a process of household surveys across all relevant projects – client baselining. These surveys cover household demographics, income and expenditure, jobs, transport, previous housing conditions, and satisfaction. This has now been embedded with partners in Kenya, Pakistan, and Nigeria, and over 130 households have been surveyed with a target of 500 by end of March 2023.

### Technology

Reall's pitch to the Global Innovation Lab's 2022 cycle was selected as the winner in the 'Zero Carbon Buildings' category. Our innovative project seeks to develop a financial instrument that links alternative credit assessment and green mortgages. Out of 158 applications, we were one of just seven winners. The Lab provides expert technical assistance to develop its winners' financial instruments, and is supported by major global institutional investors such as Bloomberg and Rockefeller, plus governments including Australia, Germany, Netherlands, and the UK. We will now work with our bespoke Lab team of experts (provided through the Climate Policy Initiative) to undertake instrument development, stress testing, and analysis, in advance of anticipated endorsement by the Lab members in September 2022.

Reall continues to work on Alternative Credit Assessment as a financial inclusion mechanism. Focusing on Kenya in 2021, Reall commissioned a feasibility study on 'Affordable Housing Finance and Digital Credit Assessment in Kenya'. The report addresses key opportunities and challenges around introducing a credit assessment tool into the Kenyan market, both generally and specifically to Syntellect's RightProfile tool. It considers legal and regulatory issues relevant to the affordable housing sector and identifies a number of financial institutions (banks and SACCOs) that have expressed an interest in RightProfile. On the back of Reall's Roundtable held in Kenya (on tenant-purchase schemes as a solution to the offtake challenge) and the Government of Kenya's Affordable Housing Finance Conference (both December 2021) we are advancing strong links with key stakeholders. This includes the Kenya Mortgage Refinance Company (KMRC).

### External affairs

This year saw the launch of the new [www.reall.net](http://www.reall.net) website, with an updated design that enables easier access to all content, facilitates external relationships with key staff, and effectively highlights Reall's model and impact. Reall continues to feature in international media, the most prominent being an interview with CEO Ian Shapiro on Radio5 Live.

Website engagement time has increased by 28%; LinkedIn followers are up by 883; we have had 34 event panel appearances; we have created 35 blogs and 27 vlogs.

Reall has had a full year securing 34 speaker slots at strategic events, successfully hosted a Partner Networking Event, and took part in two high-level events during COP26. We also created significant content pieces including 5 showcase videos, 4 policy papers (on climate, climate mitigation and resilience, Sustainable Development Goals, and mitigating fraud and corruption), contributed to 9 external publications and resources including blogs, journal articles, reports and case studies, developed 3 climate-smart partner profiles, and released an overview of Reall's evolution to mark our 30-year history.

### Financial review

The Statement of Financial Activities on page 22 sets out Reall's income and expenditure for the year ended 31 March 2022.

The financial position at the end of the year is strong with a significant cash balance carried forward of £5.3 million. Following the substantial investment in 2021, this year saw a lower level of investment with loans advanced of £0.8 million and grants to £0.4 million and 143 completed homes.

## Report of the trustees for the year ended 31 March 2022 (continued)

### Financial review (continued)

In respect of inflows, we received £3million from partners in respect of loans and cancelled projects. Sida has continued their support in the third completed year of our four-year contract and made disbursements of £2.9 million.

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 £1.4m this year (2021: £2.3m 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. This year we have increased our impairment provision by £3.8 million, reflecting concerns arising from site visits and a consultant's review of one of our partners.

Employment, overhead, and direct support costs increased from £3.8 million to £4.5 million, reflecting continued investment in capacity and a higher level of activities and engagement with partners following the relaxation in Covid restrictions.

We have successfully completed the projects in Burkina Faso and Ghana, the homes have been sold, and will realise a contribution of £1.7million from the purchasing parties. During the financial year we received £1 million, the majority of which was into our account in Burkina Faso.

The total number of homes completed was 100 in Ghana and 254 in Burkina Faso.

Reall's closed final salary scheme saw an improvement in its funding position with a reduction in the liability from £929,000 to £353,000.

Accordingly reserves reduced by £6.6 million (2021: reduction £1.7 million) with total reserves at the end of the year £28 million (2021: £34.6 million).

### Reserves and Liquidity Policies

The trustees review the reserves policy 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.

The level of reserves 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. We will include a statement of the reserves position in our quarterly financial reporting.

In the opinion of the trustees, the reserves of the charity are the unrestricted reserves together with the restricted reserves, excluding those reserves represented by fixed assets, programme related investments, or any designated reserves. These are known as available reserves.

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

It is the Board's policy to carry forward, from one year to the next, a sufficient amount in the available reserves at an amount which, in the opinion of the Trustees, will cover the contracted operational costs and programme expenditure for a period of twelve 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 2022 (continued)

### Financial review (continued)

These “available reserves” will also include any unspent funds carried forward as at the year end.

This basis will be reviewed throughout the year and where our risk profile or significant event arises that could impact on our financial outlook, then the amount to be held will be reviewed.

We will also always hold 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.

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

On this basis the available reserves are calculated as follows:

<b>Reserves</b>	<b>Restricted £ million</b>	<b>Unrestricted £ million</b>	<b>Total £ million</b>
Total	27.2	0.8	28
Less:			
Tangible and intangible assets		(0.5)	(0.5)
Programme related investments	(21.1)	-	(21.1)
<b>Available reserves</b>	<b>6.1</b>	<b>0.3</b>	<b>6.4</b>

The approved budget for 22/23 has contracted and non-contracted and contracted expenditure as follows

	<b>Total £ million</b>	<b>Non-Contracted £ million</b>	<b>Contracted £ million</b>
Retentions	0.1		0.1
Remedial Partner works	0.4	0.4	
Remedial consultancy	0.1	0.1	
Partner Investments Funding	4.7	2.4	2.3
Partner Grants	0.9	0.9	
SPV investment	1.8	1.8	
Pensions Recovery payments	0.1		0.1
Running and programme costs	5.3	2.0	3.3
	<b>13.4</b>	<b>7.6</b>	<b>5.8</b>

### Fundraising

Reall has a dedicated Fundraising Team within its staff complement and raises the majority of its funds from large institutional investors and donors, and not from the public. As such, Reall does not have anyone who fundraises or campaigns for funds on its behalf. Reall receives nominal amounts of unsolicited donations raised by other organisations and friends of Reall, 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.

We work closely with our funders and investors to ensure that we are meeting the requirements of our funding agreements with them, and that we are reporting to them as needed on the progress of projects.

## **Report of the trustees for the year ended 31 March 2022 (continued)**

### **Financial review (continued)**

We have not received any complaints in the year about our fundraising activity.

We do not sell our supporters' details to anyone else, and all information on funders and investors is held securely and only accessed and managed by those staff who need to for their role. We work diligently to ensure that we are compliant with relevant legislation and codes of practice.

The Trustees consider that the activities of Reall meet the requirements of the public benefit requirements under the Charities Act 2011. Reall's activities and objectives are focused on the alleviation of poverty in Africa and Asia through the provision of affordable housing, clean water supplies, and improved sanitation to the poorest 40% of people in those economies. Thereby, increasing the life opportunities of the poorest in those societies. Since its formation in 1992, and supported by grants from the UK and Swedish Governments, Reall has worked with partners, contractors, governments, and finance institutions to build networks, advocate, and change policies, alongside the delivery of many thousands of affordable homes.

### **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.
- 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 2022, approved a full-year budget for the year ending 31 March 2023 and cash flow projections through to 31 March 2024.

The budget was set against the background of the latest discussions with Sida in respect of life after our current contract ends on 31 March 2023. There is general agreement with Sida that the final payment on the contract of approximately £2.8 million will be made in financial year 2023/24, however that is subject to confirmation. We have tested our cash flow projections to 31 March 2024 and remain viable without further grant funding but noting there would be a significant impact on our operations. We are expecting £4 million from loan repayments, cancelled projects, and our sale of shares in IPL in Pakistan, and recovery of these amounts is a continued focus.

Total investment expenditure is budgeted at £5.5 million to March 2023 with £2.2 million committed at 31 March 2022. Any further amounts budgeted for are only approved after consideration of our liquidity and reserves policy.

We have a comprehensive operating plan and objectives, the key focus being the securing of additional funding either in the form of grants, through a new Sida contract, from another body, or loan finance.

## **Report of the trustees for the year ended 31 March 2022 (continued)**

### **Financial review (continued)**

These funding streams are to support our brokering mission and our partner network in the delivery of new affordable homes. In respect of loan finance, discussions have advanced with a number of financial institutions, from international governments and private sectors. The work Reall does, and its core mission, has proved very attractive to these funders. The current workstreams are focused on turning that into a financial offering that is affordable and fits within our risk appetite. During the autumn of 2022 we expect to have a proposal that we can assess with the trustees to determine whether this can move to the next stage of contractual agreement.

### **Pensions**

Reall 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.

Reall 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 of 30 September 2018.

Reall continues to be responsible for the deficit within the DB scheme in relation to the 6 affected current employees and the 35 deferred members and 5 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. The latest accounting valuation was carried out with an effective date of 30 September 2021. The liability figures from this valuation were rolled forward for accounting year ends from 31 March 2022 to 28 February 2023 inclusive.

The deficit in the scheme has reduced to £353,000 (2021: £929,000) resulting from improved investment returns, the recovery plan payments, and some significant transfers out of the scheme.

Further details of the change are set out within Accounting Policies on page 25 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 along with an assessment of our risk appetite and the alignment to our risk scoring.

We also maintain fraud risk and ICT cyber risk registers.

The key risk for Reall is in respect of securing future funding and this sits outside our risk appetite along with two other risk areas.

## Report of the trustees for the year ended 31 March 2022 (continued)

### Financial review (continued)

Reall 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. These proposals have advanced, and detailed discussions are underway with a number of funders. It is planned to present a proposal to the Trustees in the autumn of 2022 and consider whether this can be moved towards a contractual arrangement.

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.

We are also on a process of further embedding policies on safeguarding and modern-day slavery with our partners. Our network is not yet at a position where those policies are fully developed and therefore have assessed the risk score as being outside our appetite.

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.

We also have Reall liquidity and reserves management policies, supported by comprehensive financial reporting and forecasting to assess our financial position and take appropriate mitigations where necessary.

**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. We have reviewed our arrangements and reported to Audit Committee that significant mitigation through hedging or changing our lending model are currently either too expensive or not appropriate. However, Reall will continue to review hedging as a potential future strategy in case the market’s appetite changes. We note that managing this risk will be fundamental to the success of our commercial loan funding. Any investment proposal will consider this risk before any recommendations are made.

**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 include risk management, safeguarding, modern slavery, fraud, whistleblowing, and anti-terrorist funding, etc. Relevant training has also been provided to employees and partner organisations.

## **Report of the trustees for the year ended 31 March 2022 (continued)**

### **Financial review (continued)**

#### **Assurance and Control systems**

Reall has a dedicated internal assurance team that works closely alongside KPMG, our co-assurance partner. During the year we have engaged a number of in-country audit firms to support our assurance programme for 2023.

The assurance work is reported to the Audit Committee each quarter, with an annual review and new programme approved each year. Weaknesses in internal control systems and policy areas continue to be an area where further improvement is needed for some of our longer standing partners. Our new operating approach and introduction of higher quality partners will take time to feed through.

In respect of Reall corporate control systems, we have revisited and updated our policy framework, including procurement and our anti-fraud policies, carried out an updated fraud risk review, and a cyber controls assessment. We have also carried out an updated compliance review on legislative requirements on Reall, including management of conflicts of interest and sanctions compliance. We have assessed controls as being effective through the operation of our assurance framework.

#### **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 22 February 2022.

The revision of the Articles of Association that was completed in February 2022 amended the maximum period a trustee can serve from two terms to three terms of three years.

The objects of the Charity are:

- to provide financial and technical support (including without prejudice to the generality of the foregoing, entering into guarantees, contracts of indemnity and suretyships of all kinds) to charitable organisations and groups working to improve the shelter conditions of poor people in developing countries and elsewhere.
- to support the international exchange of information and experience on homelessness and related matters by facilitating linkage between groups and organisations worldwide.
- to make grants and loans to appropriate projects and to promote research into homelessness and related subjects in developing countries and elsewhere.
- to act as a centre for exchange of information on homelessness and related matters between organisations in the United Kingdom and throughout the world and in particular to encourage "linking" between charitable groups concerned with housing and homelessness in the UK and similar groups elsewhere.

#### **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 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 9 years with the exception of the Chair, who can serve for an additional year. They may not then return to the Board for a period of 3 years. The Board is empowered to co-opt further members, taking account of the skills needed, up to a maximum of 5 Board members. The Chair is elected by the Board.

## Report of the trustees for the year ended 31 March 2022 (continued)

### Financial review (continued)

Trustees are recruited through open advertising on job boards and promotion on our website. We actively encourage applications from all sectors of society regardless of ethnicity, gender or other protected characteristic.

### Board

The Board 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, and 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 carries out a self- assessment each year of how the Board has been operating and to identify any gaps in the governance framework or where additional skills are required.

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

The Audit Committee meets quarterly and provides 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.

### Directors' Report

#### Directors and Trustees since 1 April 2021:

Name	Specialism	
Chris Loughlin (Chair)	Organisational leadership, regulation and investor relations, government, and policy	
Steven Troop	Treasury management, investment, and banking	Reappointed 22 February 2022
Kate Wareing	Organisational leadership, strategy development, housing, international development	Resigned 7 June 2022
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	
Aqualine Suliali	Construction, Investment and Project Management in Social Housing in emerging overseas markets	

## Report of the trustees for the year ended 31 March 2022 (continued)

### Directors' Report (continued)

#### 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.

A review of Trustee performance is carried out by the Chair every year.

#### Third Party Indemnity Provision for Directors

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

#### 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.

#### 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.

#### Senior Management Team

Ian Shapiro	Chief Executive
Patrick Domingos-Tembwa	Asia & Africa Partnerships Director
Lucy Livesley	Policy & External Affairs Director
Mark Atterton	Commercial Director to 20 April 2022
Noel Grace	Finance Director to 20 April 2022 Commercial and Governance Director from 21 April 2022

#### 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.

## Report of the trustees for the year ended 31 March 2022 (continued)

### Directors' Report (continued)

#### 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.

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.

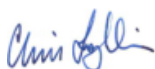
The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

#### 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 20<sup>th</sup> September 2022 and signed on behalf of the Trustees by:



Christopher Loughlin  
Chair

20<sup>th</sup> September 2022

## **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 2022 ended which comprise Statement of Financial Activities, Balance Sheet, 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 Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

give a true and fair view of the state of the charitable company's affairs as at 31 March 2022 and of income and expenditure, for the 31 March 2022 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 and the Charities and Trustee Investment (Scotland) Act 2005 and Regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (amended).

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

## **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 our audit

the information given in the trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and

the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In light of the knowledge and understanding of the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

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

- adequate and proper accounting records have not been kept; 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 trustees' responsibilities statement 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**

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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

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

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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and The Charities and Trustee Investment (Scotland) Act 2005 together with the Charities SORP (FRS102) 2019. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company for fraud. The laws and regulations we considered in this context for the UK operations were Anti-fraud, bribery and corruption legislation and taxation legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, internal audit and the Audit Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, designing audit procedures over income, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

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

In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

### Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Tara Westcott  
Senior Statutory Auditor  
For and on behalf of  
Crowe U.K. LLP  
Statutory Auditor  
4<sup>th</sup> Floor  
St James House  
St James Square  
Cheltenham  
GL50 3PR  
23rd September 2022

## Statement of Financial Activities (including Income and Expenditure Account)

For the year ended 31 March 2022

	Notes	Unrestricted Funds £	Restricted Funds £	2022 Total £	2021 Total £
<b>INCOME FROM:</b>					
Donations and legacies	1	11,167	-	11,167	14,395
Other trading activities	1	-	263,598	263,598	-
Charitable activities	1	-	3,468,709	3,468,709	7,821,914
Investments	1	106	331	437	8,639
<b>TOTAL INCOME</b>		<b>11,273</b>	<b>3,732,638</b>	<b>3,743,911</b>	<b>7,844,948</b>
<b>EXPENDITURE ON:</b>					
Raising funds	5	9,284	-	9,284	8,576
Charitable activities	6	31,213	10,878,538	10,909,751	8,987,572
<b>TOTAL EXPENDITURE</b>		<b>40,497</b>	<b>10,878,538</b>	<b>10,919,035</b>	<b>8,996,148</b>
<b>Net (expenditure) for the year</b>		<b>(29,224)</b>	<b>(7,145,900)</b>	<b>(7,175,124)</b>	<b>(1,151,200)</b>
Transfers between funds	21	-	-	-	-
		<b>(29,224)</b>	<b>(7,145,900)</b>	<b>(7,175,124)</b>	<b>(1,151,200)</b>
<b>Other recognised gains/(losses)</b>					
Actuarial gains/(losses) in respect of pension scheme	20	6,649	519,851	526,500	(586,000)
<b>NET MOVEMENT IN FUNDS</b>		<b>(22,575)</b>	<b>(6,626,049)</b>	<b>(6,648,624)</b>	<b>(1,737,200)</b>
<b>RECONCILIATION OF FUNDS:</b>					
Balance brought forward at 1 April 2021		847,918	33,813,389	34,661,307	36,398,507
<b>BALANCE CARRIED FORWARD AT 31 MARCH 2022</b>	21/22	<b>825,343</b>	<b>27,187,340</b>	<b>28,012,683</b>	<b>34,661,307</b>

The income and expenditure all relate to continuing operations.


## Balance Sheet as at 31 March 2022

Company registration Number: 2713841

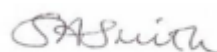
		2022		2021	
Note	£	£	£	£	£
<b>Fixed assets:</b>					
Intangible assets	10		76,105		68,163
Tangible assets	11		422,741		459,913
<b>Investments:</b>					
Subsidiary companies	12		178,830		1,244,242
Programme Related Investments	13		21,065,082		29,178,203
<b>Total fixed assets</b>			<b>21,742,758</b>		<b>30,950,521</b>
<b>Current Assets</b>					
Debtors falling due within one year	14	2,110,529		147,689	
Remedial Projects	15	-		1,564,691	
Cash at bank and in hand	19	5,295,093		3,558,856	
<b>Total Current Assets</b>		<b>7,405,622</b>		<b>5,271,236</b>	
<b>LIABILITIES:</b>					
Creditors falling due within one year	16	(633,741)		(517,326)	
<b>Net current assets</b>			<b>6,771,881</b>		<b>4,753,910</b>
<b>Total assets less current liabilities</b>			<b>28,514,639</b>		<b>35,704,431</b>
Creditors falling due after more than one year	17		(148,956)		(113,629)
<b>Net Assets excluding pension liability</b>			<b>28,365,683</b>		<b>35,590,802</b>
Net defined benefit pension scheme obligation	20		(353,000)		(929,495)
<b>TOTAL NET ASSETS</b>			<b>28,012,683</b>		<b>34,661,307</b>
<b>FUNDS:</b>					
Restricted funds	22		27,187,340		33,813,389
Unrestricted income funds	21		825,343		847,918
<b>TOTAL CHARITY FUNDS</b>			<b>28,012,683</b>		<b>34,661,307</b>

The accounting policies and notes on pages 25 to 52 form part of these accounts.

The financial statements were approved by the Board of Trustees and authorised for issue on 20<sup>th</sup> September 2022 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 2022

	Note	2022 £	2021 £
<b>Cash flows from operating activities:</b>			
Net cash generated by operating activities	18	(816,223)	2,620,663
<b>Cash flow from Housing Investment:</b>			
Loans to Partners		(761,641)	(6,378,902)
Direct construction of homes		(478,680)	(2,523,010)
Disposal proceeds received as at year end for houses in Remedial Projects		971,209	-
Loans repaid by partners		2,952,283	3,064,358
		<u>2,683,171</u>	<u>(5,837,554)</u>
<b>Cash flows from other investing activities:</b>			
Bank interest received		437	8,639
Purchase of tangible fixed assets		(34,455)	(133,931)
Purchase of intangible assets		(46,964)	(74,441)
Sale of office premises		-	870,000
		<u>(80,982)</u>	<u>670,267</u>
<b>Cash flows from financing activities:</b>			
Mortgage repayments		-	(492,644)
Mortgage interest paid		-	(41,989)
Repayment of HI Fund loans		-	(36,025)
		<u>-</u>	<u>(570,658)</u>
<b>Change in cash and cash equivalents in the year</b>		1,785,966	(3,117,282)
<b>Cash and cash equivalents at the beginning of the year</b>	19	3,558,856	6,723,208
Change in cash and cash equivalents due to exchange rate movements		(49,729)	(47,070)
<b>Total cash and cash equivalents at the end of the reporting period</b>	19	<u>5,295,093</u>	<u>3,558,856</u>

## 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 (registered number 1017255) and the Scottish Charity Regulator (OSCR) in Scotland (registered number SC041976). 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.

Reall is taking exemption under FRS102 not to prepare consolidated accounts for incorporating the results on the entities in which Reall has an equity stake. This is under the grounds of non-control over the subsidiaries, and this is reviewed on an annual basis. The basis of non-control is further elaborated in note 12, therefore the accounts presented are for 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

The Board, in March 2022, approved a full-year budget for the year ending 31 March 2023 and cash flow projections through to 31 March 2024.

The budget was set against the background of the latest discussions with Sida in respect of life after our current contract ends on 31 March 2023. There is general agreement with Sida that the final payment on the contract of approximately £2.8 million will be made in financial year 2023/24, however that is subject to confirmation. We have tested our cash flow projections to 31 March 2024 and remain viable without further grant funding but noting there would be a significant impact on our operations. We are expecting £4 million from loan repayments, cancelled projects, and our sale of shares in IPL in Pakistan, and recovery of these amounts is a continued focus.

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.

## Accounting Policies (continued)

### 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.
- Legacies are accounted for as soon as the cash is received, or on an estate accounts basis when as soon as entitlement, probability of receipt and the amount can be measured reliably is known.
- Investment income is recognised on a receivable basis.
- Grants receivable income, where related to performance and specific deliverables, is accounted for as the Charity earns the right to consideration by its performance. Where income is received in advance of performance, its recognition is deferred and included in creditors. Where entitlement occurs before income is received, the income is accrued.

### 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.

## **Accounting Policies (continued)**

### **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.

### **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.

### **Tangible & Intangible fixed assets**

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

Computer equipment	- over 2 years (straight-line)
Furniture and fixtures	- over 10 years (straight-line)
Intangible assets	- over 3 years (straight-line)

### **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.

## **Accounting Policies (continued)**

### **Programme Related Investments (continued)**

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.

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.

## Accounting Policies (continued)

### Pension costs (continued)

#### *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.

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.

## Accounting Policies (continued)

### Critical Accounting Estimates and Areas of Judgement (continued)

- 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 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 2022 is set out in note 20 to these accounts.

## Notes to the Financial Statements for the year ended 31 March 2022

## 1 INCOME

	Unrestricted Funds £	Restricted Funds £	2022 Total £	2021 Total £
<b>Income from donations and legacies:</b>				
General Donations	11,167	-	11,167	14,396
	<u>11,167</u>	<u>-</u>	<u>11,167</u>	<u>14,396</u>
<b>Income from other trading activities:</b>				
Profit on sale of IPL shares	-	230,857	230,857	-
Profit on sale of Oakleaf assets	-	32,741	32,741	-
	<u>-</u>	<u>263,598</u>	<u>263,598</u>	<u>-</u>
<b>Investment income (note 4)</b>				
Interest on deposit accounts	106	331	437	8,639
	<u>106</u>	<u>331</u>	<u>437</u>	<u>8,639</u>
<b>Income from charitable activities:</b>				
Grants receivable:				
Statutory sources (note 2)	-	2,892,009	2,892,009	7,424,807
Trusts and foundations (note 3)	-	390,281	390,281	-
Other Donors (note 3)	-	-	-	425,568
Interest on loans	-	186,419	186,419	(28,462)
	<u>-</u>	<u>3,468,709</u>	<u>3,468,709</u>	<u>7,821,913</u>
<b>TOTAL INCOME</b>	<u>11,273</u>	<u>3,732,638</u>	<u>3,743,911</u>	<u>7,844,948</u>

## 2 STATUTORY GRANTS RECEIVABLE

	2022 £	2021 £
<b>Communities Fund:</b>		
Foreign, Commonwealth and Development Office – Private Sector Department	-	1,291,595
Foreign, Commonwealth and Development Office - IMPACT	-	22,599
Swedish International Development Co-operative Agency	2,892,009	6,110,613
	<u>2,892,009</u>	<u>7,424,807</u>

## 3 TRUSTS, FOUNDATIONS, AND OTHER GRANTS RECEIVABLE

	2022 £	2021 £
New Story Inc.	384,464	-
Contribution to office move	-	50,000
Homeless International Grants	-	375,568
Karandaaz Pakistan	5,817	-
	<u>390,281</u>	<u>425,568</u>

## Notes to the Financial Statements for the year ended 31 March 2022 (continued)

### 4 INVESTMENT INCOME

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

	Unrestricted Funds £	Restricted Funds £	2022 Total £	2021 Total £
<b>Interest on deposit accounts:</b>				
Investment Fund	-	-	-	8,155
HI Fund	106	-	106	418
Other	-	331	331	66
	<u>106</u>	<u>331</u>	<u>437</u>	<u>8,639</u>
<b>Interest on partner loans:</b>			186,419	(28,462)
			<u>186,419</u>	<u>(28,462)</u>

### 5 EXPENDITURE ON RAISING FUNDS

	Unrestricted Funds £	Restricted Funds £	2022 Total £	2021 Total £
Other fundraising costs	-	-	-	-
Support costs	9,284	-	9,284	8,576
<b>Total cost of raising funds</b>	<u>9,284</u>	<u>-</u>	<u>9,284</u>	<u>8,576</u>

## Notes to the Financial Statements for the year ended 31 March 2022 (continued)

## 6 CHARITABLE EXPENDITURE

	Unrestricted Funds	Restricted Funds	2022 Total £	2021 Total £
	£	£	£	£
<b>Investment Programme</b>				
Capital and Capacity Grants (note 7)	-	389,612	389,612	1,386,951
	-	<b>389,612</b>	<b>389,612</b>	<b>1,386,951</b>
Loans and equity converted to grant (note 7)	-	872,502	872,502	4,262,713
Loans and equity written off	-	-	-	977,519
Provisions released on loan conversions and write-offs	-	(414,844)	(414,844)	(5,166,229)
Impairment provision movement on loans	-	3,785,769	3,785,769	83,852
Impairment provision movement on remedial projects	-	278,925	278,925	1,345,255
Exchange losses	-	1,449,994	1,449,994	2,263,782
	-	<b>5,972,346</b>	<b>5,972,346</b>	<b>3,766,892</b>
Support costs (Employees & Overheads)	-	3,194,217	3,194,217	2,924,588
Direct Operational Costs	-	1,322,363	1,322,363	875,158
	-	<b>4,516,560</b>	<b>4,516,580</b>	<b>3,799,746</b>
<b>Other</b>				
Direct – Interest payable on Reall Bond	-	-	-	1,482
Direct – Governance costs	-	-	-	463
Support costs (note 8)	31,213	-	31,213	32,038
	<b>31,213</b>	-	<b>31,213</b>	<b>33,983</b>
<b>Total</b>	<b>31,213</b>	<b>10,878,538</b>	<b>10,909,751</b>	<b>8,987,572</b>

## Notes to the Financial Statements for the year ended 31 March 2022 (continued)

### 7 INVESTMENT PROGRAMME GRANTS

	2022	2021
	£	£
<b>Grants Paid:</b>		
Affordable Housing Solutions (Tanzania)	-	5,000
Ansaar Management Company (Pakistan)	-	574,974
BXS Group Limited (Kenya)	60,861	50,497
Casa Real (Mozambique)	9,648	260,093
Centrum Real Estate Limited (Kenya)	-	150
Enterprise for Housing Development/Uganda Co-operative Alliance (Uganda)	-	11,451
Entertainment Pakistan Limited (Pakistan)	-	150
Janaadhar (India)	28,580	224
Kwangu Kwako Limited (Kenya)	82,340	60,171
Linkbuild/Philippine Action for Community-Led Shelter Initiatives, Inc. (Philippines)	-	150
Millard Fuller Foundation (Nigeria)	57,202	53,375
Modulus Tech (Private) Limited (Pakistan)	101,085	140,459
National Association of Co-operative Housing Unions (Kenya)	-	99,995
Oakleaf/Kuyasa Fund (South Africa)	34,897	257
Sheltersol (Zimbabwe)	-	(79)
Smart Havens Africa Limited (Uganda)	14,999	130,084
<b>Total grants paid in year</b>	<b><u>389,612</u></b>	<b><u>1,386,951</u></b>

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 which relate principally to capacity building grants totalled £293,201 (to 6 partners), these include grants to new partners & grants towards projects achieving EDGE accreditation (Excellence in Design for Greater Efficiencies). Other partners were awarded grants for research into topics which include: climate & green building, affordable housing solutions, gender dimensions in affordable housing, as well as sponsoring of travel & training for employees, this totalled £61,515 (to 3 partners). Oakleaf was awarded a grant to cover the cost of the retrenchment of two employees.

## Notes to the Financial Statements for the year ended 31 March 2022 (continued)

### 7 INVESTMENT PROGRAMME GRANTS (continued)

	2022 £	2021 £
<b>Loans and equity converted to grants:</b>		
Affordable Housing Solutions (Tanzania)	-	140,921
Development Workshop Angola/Habiterra (Angola)	-	1,601,110
Enterprise for Housing Development / Uganda Co-operative Alliance (Uganda)	40,280	-
Linkbuild/Philippine Action for Community-Led Shelter Initiatives Inc. (Philippines)	-	78,757
Oakleaf/Kuyasa Fund (South Africa)	-	1,947,486
SPARC Samudaya Nirman Sahayak, Mumbai (India)	832,222	-
Water Sanitation for Africa (Burkina Faso and Ghana)	-	494,439
<b>Total capacity loans converted to grants in year</b>	<b>872,502</b>	<b>4,262,713</b>
<b>Loans written off:</b>		
Water Sanitation for Africa (Burkina Faso and Ghana)	-	977,519
<b>Total loans written off</b>	<b>-</b>	<b>977,519</b>

### 8 SUPPORT COSTS

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

	Personnel Costs £	Office Costs & Depreciation £	2022 Total £	2021 Total £
<b>Charitable expenditure (note 6)</b>				
Programme support costs	2,350,890	843,327	3,194,217	2,924,588
Other unrestricted	23,160	8,053	31,213	32,038
	<u>2,374,050</u>	<u>851,380</u>	<u>3,225,430</u>	<u>2,956,626</u>
<b>Raising funds (note 5)</b>				
Support costs	6,974	2,310	9,284	8,576
<b>Total support costs</b>	<b>2,381,024</b>	<b>853,690</b>	<b>3,234,714</b>	<b>2,965,202</b>

Personnel costs include the following:

	2022 £	2021 £
Salaries and wages	2,013,773	1,930,276
Employer's social security	208,793	210,170
Pension costs (note 20)	96,531	85,426
Life assurance premium	6,367	5,474
	<b>2,325,464</b>	<b>2,231,346</b>
Consultants	55,560	44,100
	<b>2,381,024</b>	<b>2,275,446</b>

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 £568,385 (2021: £572,101).

## Notes to the Financial Statements for the year ended 31 March 2022 (continued)

### 8 SUPPORT COSTS (continued)

The highest paid employees are as follows:

Band (excluding pension contributions and NI)	Number 2022	Number 2021
£150,000-£159,999		1
£140,000-£149,999	1	-
£90,000-£99,999	1	1
£80,000-£89,999	2	2
£70,000-£79,999	1	
£60,000-£69,999	6	3

The average number of employees during the year was 44 (2021: 40).

All directors give of their time freely and no director (or person connected to any director) received remuneration in the year. Expenses have been paid to five (2021: two) directors totalling £459 (2021: £263) 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 £1,871 (2021: £838).

### 9 EXPENDITURE

	2022 £	2021 £
Net expenditure includes charges/(credits) for:		
Interest payable on Reall bond	-	1,482
Interest payable on mortgage	-	41,989
Defined Benefit Scheme – net interest expense	20,000	9,000
Auditor's remuneration – audit services	27,600	24,000
Auditor's remuneration – other services	-	-
Depreciation	100,081	61,666
Profit/(loss) on disposal of tangible fixed assets	10,569	(54,532)
Rent on office accommodation	113,617	127,624
Operating leases – plant and machinery	2,167	2,923

### 10 INTANGIBLE ASSETS

	Software £	Total £
<b>Cost</b>		
As at 1 April 2021	74,441	74,441
Additions	46,964	46,964
Disposals	-	-
Reclassification	12,336	12,336
As at 31 March 2022	<b>133,741</b>	<b>133,741</b>
<b>Depreciation</b>		
As at 1 April 2021	6,278	6,278
Charge for the year	39,022	39,022
Disposals	-	-
Reclassification	12,336	12,336
As at 31 March 2022	<b>57,636</b>	<b>57,636</b>
<b>Net Book Value</b>		
As at 31 March 2022	<b>76,105</b>	<b>76,105</b>
As at 31 March 2021	<b>68,163</b>	<b>68,163</b>

## Notes to the Financial Statements for the year ended 31 March 2022 (continued)

### 11 TANGIBLE FIXED ASSETS

	<b>Computer Equipment</b>	<b>Furniture, Fixtures &amp; general equipment</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>			
As at 1 April 2021	78,459	501,685	580,144
Additions	29,387	5,068	34,455
Disposals	-	(17,126)	(17,126)
Reclassification	(12,336)	-	(12,336)
As at 31 March 2022	<u><b>95,510</b></u>	<u><b>489,627</b></u>	<u><b>585,137</b></u>
<b>Depreciation</b>			
As at 1 April 2021	61,561	58,669	120,230
Charge for the year	18,703	42,356	61,059
Disposals	-	(6,557)	(6,557)
Reclassification	(12,336)	-	(12,336)
As at 31 March 2022	<u><b>67,928</b></u>	<u><b>94,468</b></u>	<u><b>162,396</b></u>
<b>Net Book Value</b>			
As at 31 March 2022	<u>27,582</u>	<u>395,159</u>	<u>422,741</u>
As at 31 March 2021	<u>16,898</u>	<u>443,016</u>	<u>459,914</u>

These assets are used for administration and for the direct charitable purposes of the charity. Individual assets are not allocated to specific purposes.

## Notes to the Financial Statements for the year ended 31 March 2022 (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%	3,375,592	(43,871)	Investment
Sheltersol Holdings (incorporated in Zimbabwe)	Limited	-	49%	(1,543,241)	(435,652)	Investment
Ansaar Management Company (Private) Limited (incorporated in Pakistan)	Limited	178,830	25%	2,185,654	(751,296)	Investment
Oakleaf investment cost fully converted to grant in FY21	Limited	1,403,893 (1,403,893)	100%	-	-	Investment
		178,830				

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 2022. Apart from Oakleaf where they are no Financial Statements available.

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). Reall was able to dispose of its shareholding in Immersion Private (PVT) Limited (IPL) in November 2021.

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.

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.

## Notes to the Financial Statements for the year ended 31 March 2022 (continued)

### 12 JOINT VENTURES AND ASSOCIATES (continued)

Reall invested funds in Oakleaf following the administration of its previous South African partner, The Kuyasa Fund. Reall is currently still a 100% shareholder of Oakleaf with plans to conclude the winding up of Oakleaf in FY23.

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:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Balance at 1 April	1,244,242	1,244,242
Additions in the year	-	-
Disposals in the year	(1,065,412)	-
At 31 <sup>st</sup> March	<u>178,830</u>	<u>1,244,242</u>
Impairment at 1 April	-	-
Impairment provisions in the year	-	-
At 31 <sup>st</sup> March	<u>-</u>	<u>-</u>
Net Book Value at 31 March	<u><u>178,830</u></u>	<u><u>1,244,242</u></u>

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 is 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 proceeds amounts to record in FY22.

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
Oakleaf Investment Holdings	3 Wrensch Road, Observatory, Cape Town, Western Cape, 7925, South Africa

## Notes to the Financial Statements for the year ended 31 March 2022 (continued)

## 13 PROGRAMME RELATED INVESTMENTS

	2022 £	2021 £
Loans	19,967,970	27,749,536
Accrued interest on loans	1,097,112	1,428,667
	<u>21,065,082</u>	<u>29,178,203</u>

## 13 PROGRAMME RELATED INVESTMENTS (continued)

LOANS	Loan Fund £	Equity Investments £	Total £
Gross investments – loans:			
As at 1 April 2021	37,923,818	5,117,567	43,041,385
New loans advanced during the year	761,641	-	761,641
Loans converted to grant	(858,055)	-	(858,055)
Loans written off	-	-	-
Loans repaid in cash from cancelled projects	(1,590,434)	-	(1,590,434)
Loan repayments made	(1,361,849)	-	(1,361,849)
Exchange rate losses on translation	(1,136,761)	(88,821)	(1,225,582)
As at 31 March 2022	<u>33,738,360</u>	<u>5,028,746</u>	<u>38,767,106</u>
Impairment provisions:			
As at 1 April 2021	11,749,113	3,542,735	15,291,848
Impairment movement in the year	3,814,055	-	3,814,055
Release of impairment against Oakleaf	(28,286)	-	(28,286)
Release of impairment provisions on loans converted to grant	(407,329)	-	(407,329)
Exchange rate (losses)/gains on revaluation	190,335	(61,488)	128,847
As at 31 March 2022	<u>15,317,889</u>	<u>3,481,247</u>	<u>18,799,136</u>
Net investments as at 31 March 2022	<u>18,420,471</u>	<u>1,547,499</u>	<u>19,967,970</u>
Net investments as at 31 March 2021	<u>26,174,704</u>	<u>1,574,832</u>	<u>27,749,536</u>

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 2022, 55% (2021: 60%) of the current loan portfolio is interest-bearing.

## Notes to the Financial Statements for the year ended 31 March 2022 (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 funding portfolio. 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:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Amounts payable:		
In one year or less or on demand	12,985,213	19,045,672
In more than one year but not more than two years	6,525,705	4,373,234
In more than two years but not more than five years	13,123,040	14,288,601
In five years or more	6,133,148	5,333,878
	<b><u>38,767,106</u></b>	<b><u>43,041,385</u></b>

### 13 PROGRAMME RELATED INVESTMENTS (continued) ACCRUED INTEREST ON LOANS

	<b>Loan Funds</b>
	<b>£</b>
Gross accrued loan interest:	
As at 1 April 2021	3,083,856
Interest repaid in cash in the year	(308,098)
Loans converted to grant in year	(589)
New accrued interest in year	173,345
As at 31 March 2022	<b><u>2,948,514</u></b>
Loan Interest Impairment provisions:	
As at 1 April 2021	1,655,190
New provisions during the year	196,801
Release of impairment provisions on loans converted to grant	(589)
As at 31 March 2022	<b><u>1,851,402</u></b>
Net accrued interest as at 31 March 2022	<b><u>1,097,112</u></b>
Net accrued interest as at 31 March 2021	<b><u>1,428,667</u></b>

## Notes to the Financial Statements for the year ended 31 March 2022 (continued)

### 14 DEBTORS

	2022 £	2021 £
Debtors due within one year:		
Prepayments and accrued income	109,863	132,045
Other	2,000,666	15,644
	<u>2,110,529</u>	<u>147,689</u>

### 15 REMEDIAL PROJECTS

	2022 £	2021 £
Gross Investment – Remedial Projects:		
Balance as at 1 April	3,372,533	849,523
Additions in year	478,680	2,523,010
Disposals in year	(3,851,213)	-
Balance as at 31 March	<u>-</u>	<u>3,372,533</u>
Impairment Provisions:		
Balance as at 1 April	1,807,842	462,587
Impairment in year (inc. FX unrealised loss)	324,761	1,345,255
Impairment reversed out due to sale of asset	(2,132,603)	-
Balance as at 31 March	<u>-</u>	<u>1,807,842</u>
Net Remedial Projects as at 31 March	<u>-</u>	<u>1,564,691</u>

### 16 CREDITORS - amounts falling due within one year

	2022 £	2021 £
Creditors due within one year:		
Unpaid supplier invoices	240,505	183,500
Taxation and pension costs outstanding	-	8,726
Accruals	298,463	220,228
Deferred rent	14,047	7,997
Holiday pay accrual	80,726	91,093
Other Creditors	-	5,782
	<u>633,741</u>	<u>517,326</u>

### 17 CREDITORS - amounts falling due after more than one year

	2022 £	2021 £
Creditors due after more than one year:		
Deferred rent	148,956	113,629
	<u>148,956</u>	<u>113,629</u>

## Notes to the Financial Statements for the year ended 31 March 2022 (continued)

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

Movement on HI / Reall loans during the year was as follows:

	<b>2022</b>	<b>2021</b>
	£	£
Balance as at 1 April:		
Falling due within less than one year	-	362,971
Falling due after one year	-	47,150
Interest accrued in the year	-	1,482
Loans repaid	-	(36,024)
Loans converted to grant	-	(375,579)
Balance as at 31 March	<u>-</u>	<u>-</u>

Movement on Mortgage during the year was as follows:

	<b>2022</b>	<b>2021</b>
	£	£
Balance as at 1 April:	-	
Falling due within less than one year	-	50,617
Falling due after one year	-	442,027
Capital repaid	-	(492,644)
Balance as at 31 March	<u>-</u>	<u>-</u>

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:

	<b>2022</b>	<b>2021</b>
	£	£
Balance as at 1 April	121,626	15,734
Rent accrued during the year	41,377	105,892
Accrued rent utilised during the year	-	-
At 31 March	<u><b>163,003</b></u>	<u><b>121,626</b></u>

Analysis of debt maturity:

In one year or less or on demand	14,047	7,997
In more than one year but not more than two years	148,956	113,629
In more than two years but not more than five years	-	-
In five years or more	-	-
	<u><b>163,003</b></u>	<u><b>121,626</b></u>

Reall has entered into a lease for new premises which began on 14 February 2020 for a period of ten 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 this is shown above.

## Notes to the Financial Statements for the year ended 31 March 2022 (continued)

### 18 CASH FROM OPERATING ACTIVITIES

	2022 £	2021 £
Net expenditure for the year (as per the Statement of Financial Activities)	(6,648,624)	(1,737,200)
<b>Adjustments for:</b>		
Amortisation of intangible assets	39,022	6,278
Depreciation	61,059	55,389
Profit / (Loss) on disposal of fixed assets	10,569	(53,592)
Movement in pension provision	(576,495)	526,169
(Increase) in debtors	(1,962,840)	(64,782)
Increase in creditors	151,742	126,535
Transfer of remedial projects to Debtors	747,401	-
Transfer of investment to Debtors	1,065,412	-
Interest receivable	(437)	(8,639)
Mortgage interest payable	-	41,989
Homeless International grants	-	(374,097)
Unrealised exchange rate losses on loans	1,354,429	2,217,162
Exchange rate losses / (gains) on cash and cash equivalents due to exchange rate movements	49,729	47,070
Loans converted to grant or written off	858,055	3,836,343
Impairment movement	3,378,440	(3,678,484)
Impairment of Remedial Projects	324,761	1,345,255
Movement on accrued interest on loans	331,554	335,268
<b>Net cash generated by operating activities</b>	<b>(816,223)</b>	<b>2,620,663</b>

### 19 ANALYSIS OF CASH AND CASH EQUIVALENTS

	2022 £	2021 £
Cash in hand and at bank	5,295,093	3,558,856
Overdraft	-	-
	<b>5,295,093</b>	<b>3,558,856</b>

### 20 PENSION COMMITMENTS

	2022 £	2021 £
Defined benefit liability	<b>353,000</b>	<b>929,495</b>

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 £26,648 (2021: £20,632). Contributions totalling £nil (in relation to the March 2022 payroll deductions) were due to the fund as at 31 March 2022 (2021: £nil).

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## Notes to the Financial Statements for the year ended 31 March 2022 (continued)

### 20 PENSION COMMITMENTS (continued)

#### *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 £69,983 (2021: £64,794). Contributions totalling £nil (in relation to the March 2022 payroll deductions) were due to the fund as at 31 March 2022 (2021: £2,004).

#### *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 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 2020. This valuation revealed a deficit of £1.560m. A recovery plan has been put in place with the aim of removing this deficit by 30 September 2028.

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.

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

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

For accounting purposes, a valuation of the scheme is carried out with an effective date of 30 September each year. The liability figures from this valuation are rolled forward for accounting year-ends from the following 31 March to 28 February inclusive.

The latest accounting valuation was carried out with an effective date of 30 September 2021. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2022 to 28 February 2023 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.

#### **Contingent Liability Disclosure**

We have been notified by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme’s benefits over the years, and the result is that there is uncertainty surrounding some of these changes. The Trustee has been advised to seek clarification from the Court on these items. This process is ongoing, and the matter is unlikely to be resolved before the end of 2024 at the earliest. It is recognised that this could potentially impact the value of Scheme

## Notes to the Financial Statements for the year ended 31 March 2022 (continued)

### 20 PENSION COMMITMENTS (continued)

liabilities, but until Court directions are received, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time. No adjustment has been made in these financial statements in respect of this potential issue.

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

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Fair value of scheme assets	3,122	2,656
Present value of defined benefit obligation	3,475	3,586
<b>Deficit in scheme</b>	<b>(353)</b>	<b>(930)</b>

### Reconciliation of opening and closing balances of the defined benefit obligation

<b>Defined benefit obligation</b>	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
At start of year	3,586	2,703
Current service cost	-	-
Expenses	5	6
Interest expense	79	63
Member contributions	-	-
Actuarial losses (gains) due to scheme experience	234	16
Actuarial losses (gains) due to changes in demographic assumptions	(50)	12
Actuarial losses (gains) due to changes in financial assumptions	(348)	818
Benefits paid and expenses	(31)	(32)
<b>Defined benefit obligation at end of year</b>	<b>3,475</b>	<b>3,586</b>

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

<b>Scheme assets</b>	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
At start of year	2,656	2,299
Interest income	59	54
Experience on plan assets (excluding amounts included in interest income – gain (loss))	363	255
Employer contributions	75	80
Member contributions	-	-
Benefits paid and expenses	(31)	(31)
<b>Fair value of plan assets at end of year</b>	<b>3,122</b>	<b>2,656</b>

### Defined benefit costs recognised in Statement of Financial Activities

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
Expenses	5	6
Net interest expense	20	9
<b>Defined benefit costs recognised in SOFA</b>	<b>25</b>	<b>15</b>

## Notes to the Financial Statements for the year ended 31 March 2022 (continued)

### 20 PENSION COMMITMENTS (continued)

#### Defined benefit costs recognised in Other Recognised Gains & Losses

	2022	2021
	£'000	£'000
Experience on plan assets (excluding amounts included in net interest cost) – gain (loss)	363	260
Experience gains and losses arising on plan liabilities – gain (loss)	(234)	(16)
Effect of changes in demographic assumptions underlying the present value of the defined benefit obligation – gain (loss)	50	(12)
Effect of changes in financial assumptions underlying the present value of the defined benefit obligation – gain (loss)	348	(818)
<b>Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable)-gain (loss)</b>	<b>527</b>	<b>(586)</b>
Effect of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost)	-	-
<b>Total amount recognised in Other Recognised Gains &amp; Losses</b>	<b>527</b>	<b>(586)</b>

#### Assets

	31 March 2022 £'000	31 March 2021 £'000
Global Equity	599	423
Absolute Return	125	147
Distressed Opportunities	112	77
Credit Relative Value	104	84
Alternative Risk Premia	103	100
Fund of Hedge Funds	-	-
Emerging Markets Debt	91	107
Risk Sharing	103	97
Insurance-Linked Securities	73	64
Property	84	55
Infrastructure	222	177
Private Debt	80	63
Opportunistic Illiquid Credit	105	67
High Yield	27	80
Opportunistic Credit	11	73
Cash	11	-
Corporate Bond Fund	208	157
Liquid Credit	-	32
Long Lease Property	80	52
Secured Income	116	110
Liability Driven Investment	871	675
Currency hedging	(12)	-
Net Current Assets	9	16
<b>Total Assets</b>	<b>3,122</b>	<b>2,656</b>

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.

## Notes to the Financial Statements for the year ended 31 March 2022 (continued)

### 20 PENSION COMMITMENTS (continued)

#### Assumptions

	<b>2022</b>	<b>2021</b>
	<b>% per annum</b>	<b>% per annum</b>
Discount rate	2.77	2.22
Inflation (RPI)	3.42	3.20
Inflation (CPI)	3.12	2.87
Salary growth	4.12	3.87
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2022 imply the following life expectancies

	<b>Life expectancy at age 65</b>
	<b>Years</b>
Male retiring in 2022	21.1
Female retiring in 2022	23.7
Male retiring in 2042	22.4
Female retiring in 2042	25.2

### 21 UNRESTRICTED FUNDS

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
General Unrestricted Funds:		
Balance as at 1 April 2021	847,918	458,058
Other recognised gains / (losses)	6,649	(8,028)
Income	11,273	440,447
Expenditure	(40,497)	(42,559)
Transfers between funds	-	-
Balance as at 31 March 2022	<b>825,343</b>	<b>847,918</b>

## Notes to the Financial Statements for the year ended 31 March 2022 (continued)

### 22 RESTRICTED FUNDS

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

	As at 1 April 2021	Other recognised gains/(losses)	Income	Expenditure	Transfers between funds	As at 31 March 2022
	£	£	£	£	£	£
Programme Funds	32,329,249	519,851	3,732,638	(10,878,538)	(1,453,024)	24,250,176
Recycled Funds	1,484,140	-	-	-	1,453,024	2,937,164
	<b>33,813,389</b>	<b>519,851</b>	<b>3,732,638</b>	<b>(10,878,538)</b>	<b>-</b>	<b>27,187,340</b>
	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
	<b>35,940,449</b>	<b>(577,972)</b>	<b>7,404,501</b>	<b>(8,953,589)</b>	<b>-</b>	<b>33,813,389</b>

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 previous 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 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.

## Notes to the Financial Statements for the year ended 31 March 2022 (continued)

### 23 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted Funds £	Unrestricted Funds £	Total Funds £
<b>As at 31 March 2022:</b>			
Intangible assets	-	76,105	76,105
Tangible assets	-	422,741	422,741
Investments	21,065,082	-	21,065,082
Investments in subsidiaries	178,830	-	178,830
Net Current Assets	6,424,516	347,365	6,771,881
Creditors: amounts falling due after more than one year	(148,956)	-	(148,956)
Net Defined Benefit Scheme obligation	(332,132)	(20,868)	(353,000)
<b>Net assets at 31 March 2022</b>	<b><u>27,187,340</u></b>	<b><u>825,343</u></b>	<b><u>28,012,683</u></b>
<b>As at 31 March 2021:</b>			
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)
<b>Net assets at 31 March 2021</b>	<b><u>33,813,389</u></b>	<b><u>847,918</u></b>	<b><u>34,661,307</u></b>

### 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 2022 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 2022, the company had commitments under non-cancellable operating leases as set out below:

	2022 £	2021 £
<b>Payable:</b>		
In less than one year	119,848	129,791
In two to five years	582,687	517,537
In more than 5 years	415,378	494,762
	<b><u>1,117,913</u></b>	<b><u>1,142,090</u></b>

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 2022 (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:

	Sheltersol Holdings	SEWA Nirman Private	Ansaar Management Company (Private)	Oakleaf Investment Holdings 149 Proprietary	Housing Development Uganda
<b>2022</b>					
<b>Programme related Investments:</b>					
Gross interest-free loans	1,544,529	-	501,692	-	-
Gross interest-bearing loans	3,832,879	-	6,831,867	-	-
Gross equity investments	-	5,028,745	-	-	-
Impairment provision	(4,037,378)	(3,481,246)	-	-	-
Net loans as at 31 March 2022	<u>1,340,030</u>	<u>1,547,499</u>	<u>7,333,559</u>	<u>-</u>	<u>-</u>
<i>Interest rate payable</i>	<i>0-5%</i>	<i>0%</i>	<i>0-6%</i>	<i>7%</i>	<i>5-6%</i>
<b>Grants:</b>					
Capacity loans converted to non-repayable grant	-	-	-	-	40,280
Non-repayable grants	-	-	-	34,897	-
<b>Total grants year ended 31 March 2021</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,897</u>	<u>40,280</u>
Invoiced to Reall for services	-	-	(6,872)	-	-
Profit on Sale of Oakleaf Assets that Reall has received	-	-	-	32,741	-
Sale of shares of Immersion Private (PVT) Limited to AMC	-	-	1,481,769	-	-

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**Notes to the Financial Statements for the year ended 31 March 2022  
(continued)**
**27 FINANCIAL INSTRUMENTS**

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

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Financial assets:</b>		
Cash	5,295,093	3,558,856
Loans measured at cost less impairment plus accrued interest	21,065,082	29,178,203
<b>Total</b>	<b><u>26,360,175</u></b>	<b><u>32,737,059</u></b>
<b>Financial liabilities:</b>		
Other measured at amortised cost	619,694	503,548
<b>Total</b>	<b><u>619,694</u></b>	<b><u>503,548</u></b>