

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

Reall Limited
a company limited by guarantee

Annual Report & Financial Statements
for the 18 month period ended 30 September 2023



REALL LIMITED

Charity and Company Information

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REALL LIMITED

Charity and Company Information

Name of Charity	Reall Limited
Charity Registration Numbers England & Wales Scotland	1017255 SC041976
Company Registration Number	2713841
Chief Executive	Ian Shapiro
Registered Office & Principal Address of the Charity	6th Floor, Friars House Manor House Drive Coventry CV1 2TE UK
Auditors	Crowe U.K. LLP 4 th Floor, St James House St James Square Cheltenham GL50 3PR
Solicitors	<i>Weil, Gotshal & Manges</i> 110 Fetter Ln, Holborn London EC4A 1AY (pro bono) <i>Devonshires Solicitors</i> 30 Finsbury Circus Finsbury London EC2M 7DT
Bankers	<i>The Royal Bank of Scotland plc</i> 144 New Street Birmingham B2 4NY

REALL LIMITED

Chair's Report for the 18 month period ended 30 September 2023

Welcome to our Annual Report and Financial Statements.

On behalf of the Board of Trustees, I am pleased to present the annual Trustees' Report and financial statements of Reall for the 18 month period ended 30 September 2023. These financial statements meet the requirements for both a Directors' Report and Accounts for Companies Act purposes.

It is important to note that the financial year ending March 2023 has been extended by six months, resulting in an 18 month period from April 2022 to 30 September 2023 following a reduction in contracted funding from the Swedish International Development Agency (Sida).

The report of the trustees provides an overview of Reall's objectives, vision, and mission as a UK-based international development organisation. It highlights the importance of green affordable housing in improving people's lives and achieving the Sustainable Development Goals. The report also addresses the challenges faced by Reall due to a reduction in contracted funding from the Swedish International Development Agency (Sida), outlines how Reall navigated through this period and established a solid sustainable position for the years ahead.

The Director's Duties and Board responsibilities in ensuring the ongoing viability of the organisation have been important during this period. On understanding the unanticipated reduction in contracted funding from Sida, the Board tasked the Executive with presenting strategies to protect the mission most effectively. The Board rigorously reviewed the strategies, agreed next steps and trigger points for alternative action. The Board adopted a biweekly cashflow review mechanism to closely monitor the financial position, making informed decisions, and ensuring compliance with the Reserves Policy. The Board oversaw cost control measures, restructuring, debt recovery efforts, and fundraising initiatives to provide assurance for Reall's long-term sustainability.

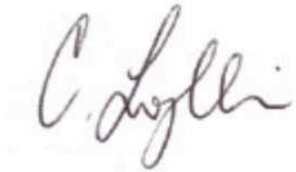
The Board is pleased to confirm that the key indicators have been met which greatly enhances our confidence in the next phase of Reall's crucial work. Transparency and communication with colleagues and partners continue to be paramount. The strengthening management of the outstanding loan book provides confidence that sufficient funds will revolve into Reall to be deployed for the organisational mission over the coming years. Invested funds from numerous jurisdictions have been repatriated successfully broadly as forecast. The organisational plan adopted is on track and there are strong grounds for optimism of the impact Reall can have in the years and decades to come. Inevitably, there is a level of material uncertainty when relying on repatriating funds from Reall's key markets. The pipeline of fund repatriation for the coming years looks healthy, although there are factors beyond Reall's control that could affect the timing. Reall works with impact-focused organisations delivering challenging green affordable homes against a backdrop of rising costs and volatility. The largest single uncertainty was with Pakistan, where the Government and State Bank halted all international payments (not a Reall-specific issue) for an extended period, delaying repayments by nearly two years. This obstacle has been overcome and funds are now flowing from Pakistan which further increases our levels of assurance. Reall remains exposed to a future shock and therefore, some material uncertainty remains with funds forecast to be repatriated to the UK from diverse jurisdictions over the next twelve months and beyond. The strengthening of Reall's portfolio management increases our confidence that these risks are mitigated, though not removed. Management have undertaken appropriate sensitivity analysis on the future cashflow which reinforces our confidence that the material uncertainty will be professionally navigated. Even if anticipated funds are unexpectedly delayed, there are alternative options available that can be exercised to accelerate funds from other parts of the portfolio (which sits at £17.5 million post impairment). In parallel, there are further cost control options which could be considered if necessary and the prospect of successful fundraising which could reduce our expenditure and boost our income.

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Chair's Report for the 18 month period ended 30 September 2023

Alongside navigating the challenges faced by Reall in 2023, the Board was pleased to report numerous achievements during this period. These include the successful selection of Reall to support the Government of Kenya with their housing programme, placing them on a pre-approved panel and allowing the government to select them for work. The embedding of Reall's international credibility as a leading player in green affordable homes that was manifest in the visit from US impact investor Development Finance Corporation (DFC) in February 2023 and winning highly competitive grant funding from The Convergence team managing the SDG Impact Finance Initiative (SIFI). These examples provide energy and momentum to our innovative work and a new strategic source of funding with opportunities to open doors to other funders. This allied to other new contracts, together with the development of new financial instruments and an adapted grant fundraising approach provides encouraging signs of success and confidence that the adapted business model will be a genuine success in 2024 and beyond.

Overall, the report highlights Reall's significant achievements in overcoming the challenges faced and the potential to continue making a positive impact in promoting green affordable housing in urban Africa and Asia. An issue that is crucial if the planet is to tackle poverty, inequality, urbanisation and the climate crisis.



Chris Loughlin

Chair

Date: 1st May 2024

REALL LIMITED

Trustees Report (including Directors Report)

For the 18 month period ended 30 September 2023

Introduction

We present Reall's annual Trustees' Report and financial statements for the period ending 30 September 2023, meeting the Directors' Report and Accounts requirements. The financial year covers an 18 month period from April 2022 to 30 September 2023.

The report outlines Reall's mission as a UK-based international development organisation focused on green affordable homes to impact lives, achieve the SDGs, and address the climate crisis. Despite challenges from reduced funding from Sida, Reall has implemented measures for long-term sustainability and impact. The report showcases achievements in climate-smart affordable housing and highlights successful initiatives, collaborations, and advocacy efforts in sustainable urbanisation.

Reall continues to pursue alternative capital-raising strategies and remains committed to its mission in urban Africa and Asia through a sustainable business model.

Vision and Mission

Reall is a UK-based international development organisation focused on building an affordable housing movement in urban Africa and Asia. Since 1992, Reall has worked to make affordable housing accessible to lower income groups and has recently expanded to include climate solutions for zero carbon housing.

Affordable homes are seen as essential for human potential, gender equality, and addressing climate challenges. The global housing crisis affects over 1.2 billion people living in substandard conditions. Reall aims to tackle this crisis and create sustainable housing solutions. The organisation introduced new organisational values to support its mission during the reporting period.

Accountability: We hold ourselves accountable for our actions and outcomes, ensuring that we deliver on our promises and uphold the trust placed in us by our partners and stakeholders

Enterprising: We approach our work with a spirit of entrepreneurship, constantly seeking innovative solutions and pursuing opportunities for growth and improvement.

Curiosity: We foster a culture of curiosity, encouraging questioning and learning to ensure that we stay at the forefront of the affordable housing sector, adapting to evolving challenges and opportunities

Respect: We treat every individual with respect, valuing diversity, and fostering inclusive partnerships. We believe that collaboration and mutual respect are essential for achieving meaningful and sustainable impact.

A Period of Challenge and Change

Reall faced challenges due to a reduction in contracted funding from Sida following the Swedish elections in October 2022. In February 2023 Sida informed Reall that the final two instalments of 45m SEK (£3.45m) would not be distributed. The contract remains live until 2027, though no further funding is anticipated. After more than 15 years of support, this was significant, and the organisation explored diverse scenarios to navigate through this unanticipated change.

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After considering the options, the Board decided to proceed with a Restructure & Refocus Plan. This plan involved restructuring, redundancies, program cost reductions, and streamlining running costs. The plan aimed to ensure financial sustainability while maintaining the mission of green affordable homes. The plan reduced the cost base by restructuring and redundancies (44 to 29 posts, saving £60k monthly), consolidating programme costs (reduction of £115k per month) and streamlining running costs. Cost control savings totalling 34% were achieved. Alongside these savings focus on debt recovery and exploring new fundraising. The Board closely monitored cashflow and regularly reviewed the plan to ensure sustainability.

In September 2023, a Serious Incident Report was submitted to the Charity Commission to explain the financial situation. The Charity Commission did not require any further actions unless the anticipated circumstances significantly deteriorated.

Governance: Governance remained robust throughout. Reall updated the Articles of Association and the Terms of Reference for the Audit Committee. Five Board members departed during this 18 month period and five new members joined.

Impact of Build Investment

During the reporting period, our investments led to the completion of 273 green affordable homes. These green homes benefited approximately 1,300 individuals with essential amenities and creating an estimated 1,300 jobs. Efforts were made to prioritise women's access to title deeds and ensure accessible house designs. Challenges such as government approval delays and land complexities were addressed in Burkina Faso, Ghana, and Nigeria to facilitate the sale and occupation of new homes.

Notable successes in construction during the period include the launch of The Affordable Housing Company (TAHC) in Nigeria, completion of The Millard Fuller Foundation's Grand Luvu 3B project in Nigeria, and the success of Smart Havens Africa's Wololo project in Uganda, which secured further funding from Ezrah Charitable Trust.

Projects received International Finance Corporation (IFC) green EDGE certification, highlighting the benefits of building green and affordably compared to conventional construction methods. For example,

65 homes at Safiya Homes Lahore, Pakistan

- 34% improvements in energy efficiency.
- 42% improvements in water efficiency.
- 35% improvements in embodied energy in materials.

184 homes at Grand Luvu 3B Phase 1, Nigeria

- 54% improvements in energy efficiency.
- 33% improvements in water efficiency.
- 60% improvements in embodied energy in materials.

Reall continues to work with the IFC to promote these projects and demonstrate the viability of green affordable homes. EDGE certification of several other projects is ongoing.

Reflecting global challenges, including high inflation, loan repayments across parts of Reall's investment portfolio, especially in Pakistan and the Philippines, have been delayed. Elsewhere, extra impetus by the team on repayments and finding solutions to potential delays, are bearing

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For the 18 month period ended 30 September 2023

fruit with strong confidence of repayments. The reduction in contracted funding has inevitably caused a reduction or pause in fresh investment into housing projects.

Reall continues to work closely with partners to support their business continuity and future pipeline in readiness for further investment as portfolio repayments come in and fresh funding is secured. Four new partnerships were formed during the period with green affordable housing developers and related companies working across the housing value chain, enabling Reall to deepen our impact and address market blockages.

Innovation and engagement to catalyse the market

Reall has enhanced its global presence by participating in conferences and events, garnering support from funders and governments to elevate the importance of green affordable housing. Initiatives included collaborations with UN-Habitat at the World Urban Forum 11 in Poland and presentations at the Climate Conference of the Parties in Sharm El-Sheikh (COP 27). Reall also engaged in workshops targeting local and national governments and financial institutions to promote solutions like mortgage finance and rent-to-own options.

The organisation remains active in networks such as Cities Alliance, Cities Climate Finance Leadership Alliance, and the Global Alliance for Buildings and Construction, fostering partnerships with organisations like UN-Habitat and Habitat for Humanity to drive impactful change in the housing sector. Progress was made in market data initiatives in Africa alongside partners like the Center for Affordable Housing Finance in Africa.

In 2022, Reall was recognised by the Global Innovation Lab for Climate Finance for its Green Affordable Housing Finance (GAHF) product, aimed at incentivising green housing construction and mortgages for low/middle-income clients. The innovative instrument was endorsed at New York Climate Week and secured seed financing for a pilot project in Kenya. Further fundraising efforts are underway to scale the impact of the initiative.

Business Development

To demonstrate the viability of green and affordable homes as impactful and commercially feasible ventures, construction projects are crucial. Reall established Green City Homes International Limited (GCHI) to construct over 3,000 green affordable homes across multiple countries, guided by financial, social, and climate considerations. GCHI has secured deal terms for the senior debt financing and is pursuing the requisite junior debt funding. A functional Board of Directors comprising Reall Trustees is in place.

Regarding new funding, Reall received grants from The Happold Foundation, Karandaaz, and the SDG Impact Finance Initiative. Progress was made in building out Reall's Global Advisory Services offering, leveraging its expertise to provide support in urban development, affordable housing, and related areas. Early achievements include participation in a framework agreement with the Government of Kenya for affordable housing.

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Trustees Report (including Directors Report)

For the 18 month period ended 30 September 2023

Financial review

The financial position at the end of the year is solid with a significant cash balance carried forward of £1.6 million. This year saw a lower level of investment with loans advanced of £3 million and 273 completed homes.

In respect of inflows, we received £1 million from partners in respect of loans and cancelled projects.

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 £4.5 million this year (2022: £1.4 million 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.

Reall continues to be responsible for the deficit within the Defined Benefit 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 2023.

The deficit in the scheme is now £421K (2021: £929,000; 2022: £353,000) 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.

Accordingly reserves reduced by £7.4 million (2022: reduction £6.6 million) with total reserves at the end of the year £21 million (2022: £28 million). Loan assets reduced from £21 million to £17 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. Available reserves usually exclude restricted funds. In Reall's situation the restricted funds must be used to further the organisation's mission, which is equivalent to the unrestricted reserves and therefore considered in the broader available reserves' categorisation.

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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, in the event of a material decrease or shortfall in Reall's income arising from an end to agreed funding streams.

These "available reserves" will also include any unspent funds carried forward as at the year end. The available reserves are restricted £1.9m and unrestricted £0.4m, providing sufficient reserves to remain compliant with our Reserves Policy of six months operational expenditure.

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 aim to hold a cash balance equivalent to six months of overheads and employment costs.

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:

Reserves	Restricted	Unrestricted	Total
£ million	£ million	£ million	
Total	19.8	0.8	20.6
Less:			
Tangible and intangible assets		(0.4)	(0.4)
Programme related investments	(17.5)	-	(17.5)
Available reserves	1.9	0.4	2.3

The approved budget for 23/24 has contracted and non-contracted expenditure as set out below. The contracted funds are predominantly focused on the people required to further Reall's mission and the supporting resources to deliver a fit-for-purpose organisation. The resources allocated are targeted at portfolio management, debt recovery, fund raising and impact providing assurance on the ability to continue to deliver the mission for the medium to long term.

	Non Contracted	Contracted	Total
	£ million	£ million	£ million
Retentions	0.0	0.1	0.1
Partner Investments Funding	0.3	0.0	0.3
Partner Grants	0.2	0.0	0.2
SPV investment	0.1	0.0	0.1
Pensions Recovery payments	0.0	0.1	0.1
Running and programme costs	0.2	1.7	1.9
	0.8	1.9	2.7

In consideration of the Board's stated Reserves policy and referencing to the two tables above, the planned actions on robust debt recovery from programme related investments, should provide

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Trustees Report (including Directors Report)

For the 18 month period ended 30 September 2023

additional available and unrestricted reserves. In addition to the executive management actively monitoring contracted running and programme costs, via up to date cash flow forecasts and the six months buffer mentioned previously, to ensure Reserves and Commitments do not significantly diverge without additional actions being considered.

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 individuals, 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.

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 people on low incomes in those economies. Thereby, increasing the life opportunities of low income people 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.

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Going concern

The Board, in September 2023, reviewed a full-year budget for the year ending 30 September 2024 and cash flow projections through to 31 December 2024, requesting continual monthly cash flow submissions. The Board have been actively engaged with monthly meetings and reviews since then. The cash flow projections are now more detailed to September 2025 and headline numbers into future Financial Years.

The budget was set against the background of there being no funding from Sida despite their contract remaining live until 2027 and was underpinned by Partner loan repayments and asset sales. We have tested our latest cash flow projections to 30 September 2025 and remain viable without further grant funding. Noting there has already had to be a significant impact on our operations, with headcount being reduced by approximately 50%. During this 18 month period, we are expecting in excess of £8 million from loan repayments, cancelled projects, and recovery of these amounts is a continued focus.

Efforts to repatriate invested funds from diverse jurisdictions have yielded positive results in line with projections over recent months. Despite inevitable uncertainties associated with fund repatriation, the current outlook for the coming years appears promising, albeit subject to external factors beyond our control. While Reall continues to navigate challenges, particularly in delivering green affordable housing amid escalating costs and market volatility, significant strides have been made. Addressing a major hurdle, the resolution of payment restrictions by the central bank in Pakistan allowing fund repatriation to the UK has unlocked funds, further bolstering our assurance.

Recognizing the potential for future shocks akin to the Pakistan situation, the trustees have determined there is a material uncertainty regarding funds earmarked for repatriation, particularly in relation to the exact timing of repayments. The strengthening of Reall's portfolio management strategies including firm and fair negotiations with debtors serves to mitigate these risks as demonstrated in funds received, though we cannot entirely eliminate the risks. Management has conducted appropriate sensitivity analysis on future cash flows, reinforcing our confidence in navigating material uncertainties. Contingency plans are also in place to expedite funds from alternative parts of the portfolio, if necessary, alongside potential cost-saving measures and fundraising initiatives to fortify our financial position.

Reall has in place sufficient financial resources to finance the much-reduced 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 aims to continually achieve the internal reserves policy requirements. We have a comprehensive operating plan and objectives, the key focus being the securing of additional funding either in the form of grants or appropriate investment finance

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, the Board adopts the going concern basis with a material uncertainty in the financial statements. Based on the timing of pipeline repayments and the alternative options at Reall's disposal the Board believe it is appropriate to continue to prepare the financial statements on a going concern basis.

Having assessed the circumstances, the Trustees have determined there is a material uncertainty as to the ability of the charitable company to continue as a going concern for the foreseeable future. The Trustees believe it is appropriate to prepare the financial statements on a going concern basis.

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Trustees Report (including Directors Report)

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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 presently sits outside our risk appetite.

Reall had one major donor, the Swedish International Development Agency (Sida). The multi-year funding agreement signed in May 2019 amounted to £23 million. This report explains that not all of those funds are now expected to be provided to Reall. Reall has always recognised 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.

Reall performs its work of building houses for the people on low incomes through a network of delivery partners in Africa and Asia. Reall provides 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 – 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 – 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 – 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.

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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.

Assurance - Reall works closely with co-assurance partners in-country to provide additional scrutiny. This includes more regular site visits by professionals to enhance the value-for-money of Reall's assurance work. We have engaged a number of in-country audit and professional service firms to support our assurance programme. 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 newer 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 in October 2023.

The revision of the Articles of Association that was completed 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 usually each appointed for a maximum of 9 years with the exception of the Chair, who can serve for an additional year. This can be extended in exceptional circumstances. After their term, former Trustees may not then return to the Board for a period of 3 years. The Board is empowered to co-opt further members, taking

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account of the skills needed, up to a maximum of 5 Board members. The Chair is elected by the Board.

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. Through this period of uncertainty following Sida's funding withdrawal, the Board has met monthly. 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 plan and budget, which is approved by the Board. 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.

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For the 18 month period ended 30 September 2023

DIRECTORS REPORT

Directors and Trustees since 1st April 2022:

Name	Specialism	
Chris Loughlin (Chair)	Organisational leadership, regulation and investor relations, government, and policy	
Steven Troop	Treasury management, investment, and banking	
Diana Mitlin	Urban housing development and governance, academia, research, emerging markets	
Sarah Smith	Finance, Audit, Regulation, Governance and Business Planning in UK Social Housing	
Dhaval Monani	Housing policy, Financial inclusion, Urban sustainability, Affordable housing solutions, Urbanization strategies and Self build homes 7. Advisory roles in the field of housing and infrastructure development.	Appointed September 2022
Hakeem Ogunniran	Property development, Investment, Fundraising, Housing finance and expertise on housing development and infrastructure related issues in Africa	Appointed September 2022
Victoria Jardine	Charity and third sector governance, Contractual and constitutional matters, Regulatory matters, strategic initiatives, structural changes, and diversification within the social housing sector, Group structures and mergers, Urban regeneration projects, Major property developments and Joint ventures and collaborative working arrangements.	Appointed November 2023
Ranil De Silva	Finance and accounting, Commercial and Charity sector, risk management, Complex reporting and operational structures	Appointed November 2023
Friedemann Roy	Strategist and Advisor - Investment, Consulting, Emerging Markets, Real Estate	Appointed January 2024

Resignations:

Kate Wareing	UK and international Housing, Leadership, organisational development	Resigned June 2022
Aqualine Suliali	Construction, Investment and Project Management in Social Housing in emerging overseas markets	Resigned September 2022
Andrea Marmolejo	Emerging and frontier financial markets Asia and Africa, impact investment	Resigned June 2023
Sana Malik	Urban and real estate planning in developing countries, Advocacy,	Resigned September 2023
Paul Hackett	Construction, organisational leadership and governance, investment, and housing	Resigned December 2023

REALL LIMITED

Trustees Report (including Directors Report)

For the 18 month period ended 30 September 2023

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 trustees have access to articles and research material stored for access on a restricted SharePoint site.

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

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.

Executive Team

Ian Shapiro	Chief Executive
Patrick Domingos-Tembwa	Commercial Build & Transitions Director (from 1 st July 2023)
Lucy Livesley	Governance & External Affairs Director (from 1 st July 2023)
Mewahib Mohammed	Programme & Business Development Director (from 1 st July 2023)
Noel Grace	Governance & Commercial Director to 21 st 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.

New dormant subsidiary

Reall established Green City Homes International (GCHI) as a wholly owned subsidiary for future potential utilisation. GCHI was incorporated on 14 March 2023. GCHI was dormant throughout this period and did not trade.

REALL LIMITED

Trustees Report (including Directors Report)

For the 18 month period ended 30 September 2023

Donations in Kind

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

Trustees' Responsibilities in Relation to the Financial Statements

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

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

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

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:

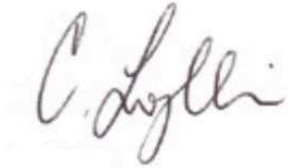
- There is no relevant information, being information needed by the auditor in connection with preparing their report, of which the auditor is unaware, and
- The trustees, having made enquiries of fellow directors that they ought to have individually taken, have each taken all steps that he/she is obliged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

REALL LIMITED

Trustees Report (including Directors Report)

For the 18 month period ended 30 September 2023

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 18th March 2024 and signed on behalf of the Trustees by:



Chris Loughlin

Chair

1st May 2024

REALL LIMITED

INDEPENDENT AUDITORS REPORT TO THE TRUSTEES AND MEMBERS OF REALL LIMITED

Opinion

We have audited the financial statements of Reall Limited for the year ended 30 September 2023 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows, and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 30 September 2023 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to the going concern accounting policy on page 26 in the financial statements, which indicates that there is uncertainty in respect of the timing of repayments of loans from partners. As stated in the accounting policy on page 26, these events or conditions, along with the other matters indicate that a material uncertainty exists that may cast significant doubt on the charitable company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

Our responsibilities and the responsibilities of the directors 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.

REALL LIMITED

INDEPENDENT AUDITORS REPORT TO THE TRUSTEES AND MEMBERS OF REALL LIMITED

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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 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 directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 16, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

We obtained an understanding of the legal and regulatory frameworks within which the company

REALL LIMITED

INDEPENDENT AUDITORS REPORT TO THE TRUSTEES AND MEMBERS OF REALL LIMITED

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.

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 the override of controls by management, programme related investments and the timing of recognition of grant income. We refer you to the basis of qualified opinion section of our audit report. Our audit procedures to respond to these risks included enquiries of management and those charged with governance about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for biases, reviewing correspondence with the Charity Commission, reading minutes of those charged with governance, obtain confirmations of programme related investments and perform testing on the impairment balances, and sample testing of grant income.

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. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

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

Use of our report

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

REALL LIMITED

INDEPENDENT AUDITORS REPORT TO THE TRUSTEES AND MEMBERS OF REALL LIMITED



Tara Westcott
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
4th Floor
St James House
St James Square
Cheltenham
GL50 3PR

Date: 08 May 2024

REALL LIMITED

Statement of Financial Activities (including Income and Expenditure Account)

For the 18 month period ended 30 September 2023

		Unrestricted Funds	Restricted Funds	2023	2022
	Notes	£	£	Total £ (18 month period)	Total £ (12 month period)
INCOME FROM:					
Donations and legacies	1	11,634		11,634	11,167
Other trading activities	1		152	152	263,598
Charitable activities	1	-	5,429,481	5,429,481	3,468,709
Investments	1	25	4,402	4,427	437
TOTAL INCOME		11,659	5,434,035	5,445,694	3,743,911
EXPENDITURE ON:					
Raising funds	5	6,586		6,586	9,284
Charitable activities	6	63,825	12,616,841	12,680,666	10,909,751
TOTAL EXPENDITURE		70,411	12,616,841	12,687,252	10,919,035
Net (expenditure) for the year		(58,752)	(7,182,806)	(7,241,558)	(7,175,124)
Transfers between funds	21	-	-	-	-
		(58,752)	(7,182,806)	(7,241,558)	(7,175,124)
Other recognised gains/(losses)					
Actuarial gains/(losses) in respect of pension scheme	20	(3,036)	(204,522)	(207,558)	526,500
NET MOVEMENT IN FUNDS		(61,788)	(7,387,328)	(7,449,116)	(6,648,624)
RECONCILIATION OF FUNDS:					
Balance brought forward at 1 April 2022		825,343	27,187,340	28,012,683	34,661,307
BALANCE CARRIED FORWARD AT 30 SEPTEMBER 2023	21/22	763,555	19,800,012	20,563,567	28,012,683

The income and expenditure all relates to continuing operations. There are no gains or losses other than the net income for the year. The notes on pages 28 to 51 form part of these accounts.

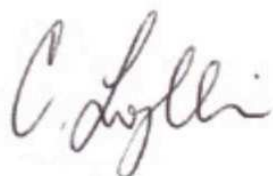
REALL LIMITED**Balance Sheet as at 30 September 2023**

Company registration Number: 2713841

		30 Sept 2023		31 March 2022	
	Note	£	£	£	£
Fixed assets:					
Intangible assets	10		68,227		76,105
Tangible assets	11		333,595		422,741
Investments:					
Subsidiary companies	12		547,400		178,830
Programme Related Investments	13		17,475,237		21,065,082
Total fixed assets			18,424,459		21,742,758
Current Assets					
Debtors falling due within one year	14	1,538,044		2,110,529	
Cash at bank and in hand	19	1,583,790		5,295,093	
Total Current Assets		3,121,834		7,405,622	
LIABILITIES:					
Creditors falling due within one year	16	(429,979)		(633,741)	
Net current assets			2,691,855		6,771,881
Total assets less current liabilities			21,116,314		28,514,639
Creditors falling due after more than one year	17		(131,747)		(148,956)
Net Assets excluding pension liability			20,984,567		28,365,683
Net defined benefit pension scheme obligation	20		(421,000)		(353,000)
TOTAL NET ASSETS			20,563,567		28,012,683
FUNDS:					
Restricted funds	22		19,800,012		27,187,340
Unrestricted income funds	21		763,555		825,343
TOTAL CHARITY FUNDS			20,563,567		28,012,683

The accounting policies and notes on pages 26 to 54 form part of these accounts.

The financial statements were approved by the Board of Trustees and authorised for issue on 1st May 2024 and are signed on its behalf by:



Chris Loughlin, Chair



Sarah Smith, Chair of Audit Committee

REALL LIMITED

Statement of Cash Flows

For the 18 month period ended 30 September 2023

	Note	2023 £ (18 month period)	2022 £ (12 month period)
Cash flows from operating activities:			
Net cash generated by operating activities	18	(1,120,620)	(816,223)
Cash flow from Housing Investment:			
Loans to Partners		(2,997,504)	(761,641)
Direct construction of homes		(368,570)	(478,680)
Disposal proceeds received as at year end for houses in Remedial Projects		0	971,209
Loans repaid by partners		859,371	2,952,283
		<u>(2,506,703)</u>	<u>2,683,171</u>
Cash flows from other investing activities:			
Bank interest received		4,427	437
Purchase of tangible fixed assets		(19,364)	(34,455)
Purchase of intangible assets		(52,824)	(46,964)
		<u>(67,761)</u>	<u>(80,982)</u>
Change in cash and cash equivalents in the year		(3,695,083)	1,785,966
Cash and cash equivalents at the beginning of the year	19	5,295,093	3,558,856
Change in cash and cash equivalents due to exchange rate movements		(16,220)	(49,729)
Total cash and cash equivalents at the end of the reporting period	19	<u>1,583,790</u>	<u>5,295,093</u>

REALL LIMITED

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 September 2023, reviewed a full-year budget for the year ending 30 September 2024 and cash flow projections through to 31 December 2024, requesting continual monthly cash flow submissions. The Board have been actively engaged with monthly meetings and reviews since then. The cash flow projections are now to September 2025.

The budget was set against the background of there being no funding from Sida despite their contract remaining live until 2027 and was underpinned by Partner loan repayments and asset sales. We have tested our latest cash flow projections to 30 September 2025 and remain viable without further grant funding but noting there has already had to be a significant impact on our operations, with headcount being reduced by 50%. During this 18 month period, we are expecting in excess of £8 million from loan repayments, cancelled projects, and recovery of these amounts is a continued focus.

Efforts to repatriate invested funds from diverse jurisdictions have yielded positive results in line with projections over recent months. Despite inevitable uncertainties associated with fund repatriation, the current outlook for the coming years appears promising, albeit subject to external factors beyond our control. While Reall continues to navigate challenges, particularly in delivering green affordable housing amid escalating costs and market volatility, significant strides have been made. Addressing a major hurdle, the resolution of payment restrictions in Pakistan has unlocked funds, further bolstering our assurance.

However, recognizing the potential for future shocks akin to the Pakistan situation, the trustees have determined there is a material uncertainty regarding funds earmarked for repatriation, particularly in relation to the exact timing of repayments. The strengthening of Reall's portfolio management strategies including firm and fair negotiations with debtors serves to mitigate these risks as demonstrated in funds received, though we cannot entirely eliminate the risks. Management has conducted appropriate sensitivity analysis on future cash flows, reinforcing our confidence in navigating

REALL LIMITED

Accounting Policies (Continued)

material uncertainties. Contingency plans are also in place to expedite funds from alternative parts of the portfolio, if necessary, alongside potential cost-saving measures and fundraising initiatives to fortify our financial position.

Having assessed the circumstances, the Trustees have determined there is a material uncertainty as to the ability of the charitable company to continue as a going concern for the foreseeable future due to the timing of repayments from its partners. The Trustees believe it is appropriate to prepare the financial statements on a going concern basis.

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.

REALL LIMITED

Accounting Policies (Continued)

- Redundancy and termination costs only occur where absolutely necessary and are accounted for on an accruals basis when the commitment has been made.

Fund accounting

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

Operating leases

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

Employee benefits

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

Foreign currencies

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

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 4 to 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.

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.

REALL LIMITED

Accounting Policies (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.

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.

REALL LIMITED

Accounting Policies (Continued)

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

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

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

Critical Accounting Estimates and Areas of Judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

The charity makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The Trustees have identified that the estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year are as follows:

- Programme Related Investments – provisions for impairment

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

- Equity stakes in partners – non-consolidation

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

- Equity stakes in partners – Nepal

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

REALL LIMITED

Accounting Policies (Continued)

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 30 September 2023 is set out in note 20 to these accounts.

REALL LIMITED

Notes to the Financial Statements for the 18 month period ended 30 September 2023

1 INCOME

	Unrestricted Funds	Restricted Funds	2023 (18 month period) Total	2022 (12 month period) Total
	£	£	£	£
Income from donations :				
General Donations	11,634	-	11,634	11,167
	<u>11,634</u>	<u>-</u>	<u>11,634</u>	<u>11,167</u>
Income from other trading activities:				
Other income	-	152	152	230,857
Profit on sale of Oakleaf assets	-	-	-	32,741
	<u>-</u>	<u>152</u>	<u>152</u>	<u>263,598</u>
Investment income (note 4)				
Interest on deposit accounts	25	4,402	4,427	437
	<u>25</u>	<u>4,402</u>	<u>4,427</u>	<u>437</u>
Income from charitable activities:				
Grants receivable:				
Statutory sources (note 2)	-	4,770,830	4,770,830	2,892,009
Trusts and foundations (note 3)	-	315,707	315,707	390,281
Other Donors (note 3)	-	-	-	-
Interest on loans	-	342,944	342,944	186,419
	<u>-</u>	<u>5,429,481</u>	<u>5,429,481</u>	<u>3,468,709</u>
TOTAL INCOME	<u>11,659</u>	<u>5,434,035</u>	<u>5,445,694</u>	<u>3,743,911</u>

2 STATUTORY GRANTS RECEIVABLE

	2023 (18 month period)	2022 (12 month period)
	£	£
Communities Fund:		
Swedish International Development Co-operative Agency	4,770,830	2,892,009
	<u>4,770,830</u>	<u>2,892,009</u>

3 TRUSTS, FOUNDATIONS, AND OTHER GRANTS RECEIVABLE

	2023 £	2022 £
New Story Inc.		384,464
Ezrah Grant	238,257	-
Happold Foundation	60,000	-
Karandaaz Pakistan	17,450	5,817
	<u>315,707</u>	<u>390,281</u>

REALL LIMITED

Notes to the Financial Statements for the 18 month period ended 30 September 2023

4 INVESTMENT INCOME

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

	Unrestricted Funds	Restricted Funds	2023 (18 month period) Total	2022 (12 month period) Total
	£	£	£	£
Interest on deposit accounts:				
Investment Fund	-	-	-	-
HI Fund	25	-	25	106
Other	-	4,402	4,402	331
	<u>25</u>	<u>4,402</u>	<u>4,427</u>	<u>437</u>
Interest on partner loans:			342,944	186,419
			<u>342,944</u>	<u>186,419</u>

5 EXPENDITURE ON RAISING FUNDS

	Unrestricted Funds	Restricted Funds	2023 (18 month period) Total	2022 (12 month period) Total
	£	£	£	£
Other fundraising costs	-	-	-	-
Support costs	6,586	-	6,586	9,284
Total cost of raising funds	<u>6,586</u>	<u>-</u>	<u>6,586</u>	<u>9,284</u>

REALL LIMITED

Notes to the Financial Statements for the 18 month period ended 30 September 2023

6 CHARITABLE EXPENDITURE

	Unrestricted Funds	Restricted Funds	2023 (18 month period) Total £	2022 (12 month period) Total £
	£	£	£	£
Investment Programme				
Capital and Capacity Grants (note 7)	-	446,617	446,617	389,612
	<u>-</u>	<u>446,617</u>	<u>446,617</u>	<u>389,612</u>
Loans and equity converted to grant (note 7)	-	108,224	108,224	872,502
Loans and equity written off	-	-	-	-
Provisions released on loan conversions and write-offs	-			(414,844)
Impairment provision movement on loans	-	1,656,002	1,656,002	3,785,769
Impairment provision movement on remedial projects	-		-	278,925
Exchange losses	-	4,498,317	4,498,317	1,449,994
	<u>-</u>	<u>6,262,543</u>	<u>6,262,543</u>	<u>5,972,346</u>
Support costs (Employees & Overheads)	-	4,794,372	4,794,372	3,194,217
Direct Operational Costs	-	1,113,309	1,113,309	1,322,363
	<u>-</u>	<u>5,907,681</u>	<u>5,907,681</u>	<u>4,516,580</u>
Other				
Direct – Interest payable on Reall Bond	-	-	-	-
Direct – Governance costs	-	-	-	-
Support costs (note 8)	63,825	-	63,825	31,213
	<u>63,825</u>	<u>-</u>	<u>63,825</u>	<u>31,213</u>
Total	<u>63,825</u>	<u>12,616,841</u>	<u>12,680,666</u>	<u>10,909,751</u>

REALL LIMITED

Notes to the Financial Statements for the 18 month period ended 30 September 2023

7 INVESTMENT PROGRAMME GRANTS

	2023 (18 month period)	2022 (12 month period)
	£	£
Grants Paid:		
Ansaar Management Company (Pakistan)	101,963	-
BXS Group Limited (Kenya)	-	60,861
Casa Real (Mozambique)	3,426	9,648
Janaadhar (India)	72,658	28,580
Janaagraha Centre for Citizenship & Democracy	1,970	
Kwangu Kwako Limited (Kenya)	16,366	82,340
Millard Fuller Foundation (Nigeria)	-	57,202
Modulus Tech (Private) Limited (Pakistan)	5,697	101,085
Oakleaf/Kuyasa Fund (South Africa)	-	34,897
Smart Havens Africa Limited (Uganda)	244,537	14,999
Total grants paid in year	446,617	389,612
Loans and equity converted to grants:		
Smart Havens Africa Limited (Uganda)	98,747	
Enterprise for Housing Development / Uganda Co-operative Alliance (Uganda)	-	40,280
Linkbuild/Philippine Action for Community-Led Shelter Initiatives Inc. (Philippines)	9,477	
SPARC Samudaya Nirman Sahayak, Mumbai (India)	-	832,222
Total capacity loans converted to grants in year	108,224	872,502

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 capital projects totalled £441.2k (to 5 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 £5.4k (to 2 partners).

REALL LIMITED

Notes to the Financial Statements for the 18 month period ended 30 September 2023

8 SUPPORT COSTS

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

	Personnel Costs	Office Costs & Depreciation	2023 (18 month period) Total	2022 (12 month period) Total
	£	£	£	£
Charitable expenditure (note 6)				
Programme support costs	3,536,483	1,257,888	4,794,372	3,194,217
Other unrestricted	47,211	16,614	63,825	31,213
	3,583,695	1,274,502	4,858,197	3,225,430
Raising funds (note 5)				
Support costs	4,846	1,740	6,586	9,284
Total support costs	3,588,541	1,276,242	4,864,783	3,234,714

Personnel costs include the following:

	2023 (18 month period) £	2022 (12 month period) £
Salaries and wages	2,994,526	2,013,773
Employer's social security	325,151	208,793
Pension costs (note 20)	136,902	96,531
Life assurance premium	9,935	6,367
	3,466,514	2,325,464
Consultants	122,027	55,560
	3,588,541	2,381,024

During the 18 month period to 30 September 2023 termination payments totalling £88,922 were paid/payable to seven employees as a result of cost saving measures, these included £32,484 of redundancy payments to six employees (12 month period to 31 March 2022: £nil).

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 £864,213 for the 18 month period. (12 month period to 31 March 2022: £568,385).

REALL LIMITED

Notes to the Financial Statements for the 18 month period ended 30 September 2023

The highest paid employees are as follows:

Band (excluding pension contributions and NI)	Number 2023 (18 month period)	Number 2022 (12 month period)
£220,000-£229,999	1	-
£150,000-£159,999	1	-
£140,000-£149,999	-	1
£130,000-£139,999	1	-
£120,000-£129,999	1	-
£110,000-£119,999	1	-
£90,000-£99,999	1	1
£80,000-£89,999	-	2
£70,000-£79,999	1	1
£60,000-£69,999	-	6

The average number of employees during the period was 41 (12 month period to 31 March 2022: 44).

All directors give of their time freely and no director (or person connected to any director) received remuneration in the period. Expenses have been paid to five (2022: five) directors totalling £5,641 (12 month period to 31 March 2022 : £459) during the period. 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 £2,996 (12 month period to 31 March 2022: £1,871).

9 EXPENDITURE

	2023 (18 month period)	2022 (12 month period)
	£	£
Defined Benefit Scheme – net interest expense	17,000	20,000
Auditor's remuneration – audit services	54,360	27,600
Auditor's remuneration – other services	1,440	-
Depreciation	169,212	100,081
Profit/(loss) on disposal of tangible fixed assets	-	10,569
Rent on office accommodation	180,600	113,617
Operating leases – plant and machinery	<u>3,250</u>	<u>2,167</u>

REALL LIMITED

Notes to the Financial Statements for the 18 month period ended 30 September 2023

10 INTANGIBLE ASSETS

	Software £	Total £
Cost		
As at 1 April 2022	133,741	133,741
Additions	52,824	52,824
Disposals	-	-
As at 30 September 2023	<u>186,565</u>	<u>186,565</u>
Depreciation		
As at 1 April 2022	57,636	57,636
Charge for the year	60,702	60,702
Disposals	-	-
As at 30 September 2023	<u>118,338</u>	<u>118,338</u>
Net Book Value		
As at 30 September 2023	<u>68,227</u>	<u>68,227</u>
As at 31 March 2022	<u>76,105</u>	<u>76,105</u>

REALL LIMITED

Notes to the Financial Statements for the 18 month period ended 30 September 2023

11 TANGIBLE FIXED ASSETS

	Computer Equipment	Furniture, Fixtures & general equipment	Total
	£	£	£
Cost			
As at 1 April 2022	95,510	489,627	585,137
Additions	15,878	3,486	19,364
Disposals	(11,368)		(11,368)
Reclassification			-
As at 30 September 2023	<u>100,020</u>	<u>493,113</u>	<u>593,133</u>
Depreciation			
As at 1 April 2022	67,928	94,468	162,396
Charge for the year	34,230	74,280	108,510
Disposals	(11,368)	-	(11,368)
Reclassification			-
As at 30 September 2023	<u>90,790</u>	<u>168,748</u>	<u>259,538</u>
Net Book Value			
As at 30 September 2023	<u>9,230</u>	<u>324,365</u>	<u>333,595</u>
As at 31 March 2022	<u>27,582</u>	<u>395,159</u>	<u>422,741</u>

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

REALL LIMITED

Notes to the Financial Statements for the 18 month period ended 30 September 2023

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%	3,429,802	46,302	Investment
Sheltersol Holdings (incorporated in Zimbabwe)	Limited	-	49%	(3,895,865)	(104,937)	Investment
Ansaar Management Company (Private) Limited (incorporated in Pakistan)	Limited	178,830	25%	1,103,674	(358,018)	Investment
Syntellect India PVT Ltd (incorporated in India)	Limited	368,570	14.3%	173,174	(151,310)	Investment
Green City Homes Investment (incorporated in England)	Limited	-	100%	1	-	Investment – Not active
		<u>547,400</u>				

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 30 September 2023.

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.

REALL LIMITED

Notes to the Financial Statements for the 18 month period ended 30 September 2023

12 JOINT VENTURES AND ASSOCIATES (continued)

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

During the year Reall created a wholly owned UK subsidiary called Green City Homes Investment this is currently non trading & so has no results to consolidate.

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

	2023 (18 month period) £	2022 (12 month period) £
Balance at 1 April	178,830	1,244,242
Additions in the year	368,570	-
Disposals in the year	-	(1,065,412)
At 30 September	<u>547,400</u>	<u>178,830</u>
Impairment at 1 April	-	-
Impairment provisions in the year	-	-
At 30 September	<u>547,400</u>	<u>178,830</u>
Net Book Value at 30 September	<u>547,400</u>	<u>178,830</u>

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
Syntellect India PVT	C 802 Golden Square Cst Road Sundar Nagar Extension Kalina Santacruz East Mumbai MH 400098 IN.
Green City Homes International	6th Floor, Friars House, Manor House Drive, Coventry CV1 2TE, UK

REALL LIMITED

Notes to the Financial Statements for the 18 month period ended 30 September 2023

13 PROGRAMME RELATED INVESTMENTS

	2023 (18 month period) £	2022 (12 month period) £
Loans	16,271,421	19,967,970
Accrued interest on loans	1,203,816	1,097,112
	<u>17,475,237</u>	<u>21,065,082</u>

LOANS	Loan Fund £	Equity Investments £	Total £
Gross investments – loans:			
As at 1 April 2022	33,738,360	5,028,746	38,767,106
New loans advanced during the year	2,990,744	-	2,990,744
Impact of Linkbuild reallocation	6,760	-	6,760
Loans converted to grant	(106,424)	-	(106,424)
Loans written off	-	-	-
Loans repaid in cash from cancelled projects	(728,680)	-	(728,680)
Loan repayments made	(130,691)	-	(130,691)
Exchange rate losses on translation	(5,259,644)	(89,364)	(5,349,008)
As at 30 September 2023	<u>30,510,425</u>	<u>4,939,382</u>	<u>35,449,807</u>
Impairment provisions:			
As at 1 April 2022	15,317,889	3,481,247	18,799,136
Impairment movement in the year	1,656,002	-	1,656,002
Release of impairment provisions on loans converted to grant	-	-	-
Exchange rate (losses)/gains on revaluation	(1,214,888)	(61,864)	(1,276,752)
As at 30 September 2023	<u>15,759,003</u>	<u>3,419,383</u>	<u>19,178,386</u>
Net investments as at 30 September 2023	<u>14,751,422</u>	<u>1,519,999</u>	<u>16,271,421</u>
Net investments as at 31 March 2022	<u>18,420,472</u>	<u>1,547,499</u>	<u>19,967,970</u>

REALL LIMITED

Notes to the Financial Statements for the 18 month period ended 30 September 2023

13 PROGRAMME RELATED INVESTMENTS (continued)

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 30 September 2023, 65% (31 March 2022: 55%) of the current loan portfolio is interest-bearing.

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).

	2023 (18 month period) £	2022 (12 month period) £
Analysis of gross loans by debt maturity:		
Amounts payable:		
In one year or less or on demand	18,609,627	12,985,213
In more than one year but not more than two years	7,955,535	6,525,705
In more than two years but not more than five years	3,431,407	13,123,040
In five years or more	5,453,238	6,133,148
	<u>35,449,807</u>	<u>38,767,106</u>

ACCRUED INTEREST ON LOANS

	Loan Funds £
Gross accrued loan interest:	
As at 1 April 2022	2,948,514
Interest repaid in cash in the year	(168,199)
Loans converted to grant in year	(1,897)
New accrued interest in year	406,697
As at 30 September 2023	<u>3,185,115</u>
Loan Interest Impairment provisions:	
As at 1 April 2022	1,851,402
New provisions during the year	77,301
Release of impairment provisions on loans converted to grant	(1,897)
Withholding tax movement in year	54,493
As at 30 September 2023	<u>1,981,299</u>
Net accrued interest as at 30 September 2023	<u>1,203,816</u>
Net accrued interest as at 31 March 2022	<u>1,097,112</u>

REALL LIMITED

Notes to the Financial Statements for the 18 month period ended 30 September 2023

14 DEBTORS

	2023 (18 month period)	2022 (12 month period)
	£	£
Debtors due within one year:	111,403	109,863
Prepayments	1,426,641	2,000,666
Other	<u>1,538,044</u>	<u>2,110,529</u>

15 REMEDIAL PROJECTS

	2023 £	2022 £
Gross Investment – Remedial Projects:		
Balance as at 1 April 2021	-	3,372,533
Additions in year	-	478,680
Disposals in year	-	(3,851,213)
Balance as at 31 March 2022	<u>-</u>	<u>-</u>
Impairment Provisions:		
Balance as at 1 April 2021	-	1,807,842
Impairment in year (inc. FX unrealised loss)	-	324,761
Impairment reversed out due to sale of asset	-	(2,132,603)
Balance as at 31 March 2022	<u>-</u>	<u>-</u>
Net Remedial Projects as at 31 March	<u>-</u>	<u>-</u>

16 CREDITORS – amounts falling due within one year

	2023 £	2022 £
Creditors due within one year:		
Unpaid supplier invoices	64,226	240,505
Taxation and pension costs outstanding	38,496	-
Accruals	212,495	298,463
Deferred rent	24,080	14,047
Holiday pay accrual	90,682	80,726
Other Creditors	-	-
	<u>429,979</u>	<u>633,741</u>

REALL LIMITED

Notes to the Financial Statements for the 18 month period ended 30 September 2023

17 CREDITORS – amounts falling due after more than one year

	2023 (18 month period)	2022 (12 month period)
	£	£
Creditors due after more than one year:		
Deferred rent	131,747	148,956
	<u>131,747</u>	<u>148,956</u>

Movement on Deferred Rent during the year was as follows:

	2023 £	2022 £
Balance as at 1 April	163,002	121,626
Rent accrued during the year	(7,175)	41,376
Accrued rent utilised during the year	-	-
At 31 March	<u>155,827</u>	<u>163,002</u>

Analysis of debt maturity:

In one year or less or on demand	24,080	(2,719)
In more than one year but not more than two years	24,080	24,080
In more than two years but not more than five years	72,240	72,240
In five years or more	35,427	69,401
	<u>155,827</u>	<u>163,002</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.

REALL LIMITED

Notes to the Financial Statements for the 18 month period ended 30 September 2023

18 CASH FROM OPERATING ACTIVITIES

	2023 (18 month period)	2022 (12 month period)
	£	£
Net expenditure for the year (as per the Statement of Financial Activities)	(7,449,116)	(6,648,624)
Adjustments for:		
Amortisation of intangible assets	72,373	39,022
Depreciation	96,838	61,059
Profit / (Loss) on disposal of fixed assets	-	10,569
Movement in pension provision	68,000	(576,495)
(Increase) in debtors	572,485	(1,962,840)
Increase in creditors	(220,971)	151,742
Transfer of remedial projects to Debtors	-	747,401
Transfer of investment to Debtors	-	1,065,412
Interest receivable	(4,427)	(437)
Unrealised exchange rate losses on loans	4,072,257	1,354,429
Exchange rate losses / (gains) on cash and cash equivalents due to exchange rate movements	16,220	49,729
Loans converted to grant or written off	106,424	858,055
Impairment movement	1,656,002	3,378,440
Impairment of Remedial Projects	-	324,761
Movement on accrued interest on loans	(106,704)	331,554
Net cash generated by operating activities	<u>(1,120,620)</u>	<u>(816,223)</u>

19 ANALYSIS OF CASH AND CASH EQUIVALENTS

	2023 £	2022 £
Cash in hand and at bank	1,583,790	5,295,093
Overdraft	-	-
	<u>1,583,790</u>	<u>5,295,093</u>

REALL LIMITED

Notes to the Financial Statements for the 18 month period ended 30 September 2023

20 PENSION COMMITMENTS

	2023 (18 month period) £	2022 (12 month period) £
Defined benefit liability	<u>421,000</u>	<u>353,000</u>

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 period and amounted to £47,440 (12 month period to 31 March 2022: £26,648). Contributions totalling £nil (in relation to the September 2023 payroll deductions) were due to the fund as at 30 September 2023 (12 month period to 31 March 2022: £nil).

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 period and amounted to £89,462 (12 month period to 31 March 2022: £69,983). Contributions totalling £nil (in relation to the September 2023 payroll deductions) were due to the fund as at 30 September 2023 (12 month period to 31 March 2022: £nil).

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. The valuation to 30 September 2023 is expected to be shared with employers on 31 August 2024. 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.

REALL LIMITED

Notes to the Financial Statements for the 18 month period ended 30 September 2023

For accounting purposes, a valuation of the scheme is carried out with an effective date of 30 September each year, with the latest accounting valuation being with an effective date of 30 September 2023. This now coincides with Reall's financial year end.

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 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)

	2023	2022
	£'000	£'000
Fair value of scheme assets	1,558	3,122
Present value of defined benefit obligation	1,979	3,475
Deficit in scheme	(421)	(353)

Reconciliation of opening and closing balances of the defined benefit obligation

Defined benefit obligation	2023	2022
	£'000	£'000
At start of year	3,475	3,586
Current service cost	-	-
Expenses	8	5
Interest expense	148	79
Member contributions	-	-
Actuarial losses (gains) due to scheme experience	(7)	234
Actuarial losses (gains) due to changes in demographic assumptions	(5)	(50)
Actuarial losses (gains) due to changes in financial assumptions	(1,564)	(348)
Benefits paid and expenses	(59)	(31)
Defined benefit obligation at end of year	1,979	3,475

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

Scheme assets	2023	2022
	£'000	£'000
At start of year	3,122	2,656
Interest income	131	59
Experience on plan assets (excluding amounts included in interest income – gain (loss))	(1,801)	363
Employer contributions	165	75
Member contributions	-	-
Benefits paid and expenses	(59)	(31)
Fair value of plan assets at end of year	1,558	3,122

REALL LIMITED

Notes to the Financial Statements for the 18 month period ended 30 September 2023

Defined benefit costs recognised in Statement of Financial Activities

	2023	2022
	£'000	£'000
Expenses	8	5
Net interest expense	17	20
Defined benefit costs recognised in SOFA	25	25

20 PENSION COMMITMENTS (continued)

Defined benefit costs recognised in Other Recognised Gains & Losses

	2023	2022
	£'000	£'000
Experience on plan assets (excluding amounts included in net interest cost) – gain (loss)	(1,801)	363
Experience gains and losses arising on plan liabilities – gain (loss)	24	(234)
Effect of changes in demographic assumptions underlying the present value of the defined benefit obligation – gain (loss)	5	50
Effect of changes in financial assumptions underlying the present value of the defined benefit obligation – gain (loss)	1,564	348
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable)-gain (loss)	(208)	527
Effect of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost)	-	-
Total amount recognised in Other Recognised Gains & Losses	(208)	527

Assets

	30 September 2023 £'000	31 March 2022 £'000
Global Equity	121	599
Absolute Return	28	125
Distressed Opportunities	55	112
Credit Relative Value	55	104
Alternative Risk Premia	23	103
Fund of Hedge Funds	-	-
Emerging Markets Debt	12	91
Risk Sharing	112	103
Insurance-Linked Securities	22	73
Property	70	84
Infrastructure	176	222
Private Debt	72	80
Opportunistic Illiquid Credit	80	105
High Yield	3	27
Opportunistic Credit	-	11
Cash	15	11
Corporate Bond Fund	-	208
Liquid Credit	-	-
Long Lease Property	50	80
Secured Income	75	116
Liability Driven Investment	596	871
Currency hedging	(11)	(12)
Net Current Assets	4	9
Total Assets	1,558	3,122

REALL LIMITED

Notes to the Financial Statements for the 18 month period ended 30 September 2023

20 PENSION COMMITMENTS (continued)

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

Assumptions

	2023	2022
	% per annum	% per annum
Discount rate	5.60	2.77
Inflation (RPI)	3.19	3.42
Inflation (CPI)	2.85	3.12
Salary growth	3.85	4.12
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 30 September 2023 imply the following life expectancies

	Life expectancy at age 65 Years
Male retiring in 2022	21.0
Female retiring in 2022	23.4
Male retiring in 2042	22.2
Female retiring in 2042	24.9

21 UNRESTRICTED FUNDS

	2023 £	2022 £
General Unrestricted Funds:		
Balance as at 1 April 2022	825,343	847,918
Other recognised gains / (losses)	(3,036)	6,649
Income	11,659	11,273
Expenditure	(70,411)	(40,497)
Transfers between funds	-	-
Balance as at 30 September 2023	763,555	825,343

REALL LIMITED

Notes to the Financial Statements for the 18 month period ended 30 September 2023

22 RESTRICTED FUNDS

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

	As at 1 April 2022	Other recognise d gains/ (losses)	Income	Expenditure	Transfers between funds	As at 30 September 2023
	£	£	£	£	£	£
Programme Funds	24,250,176	(204,522)	5,434,035	(12,616,841)	2,852,026	19,714,874
Recycled Funds	2,937,164	-	-	-	(2,852,026)	85,138
	<u>27,187,340</u>	<u>(204,522)</u>	<u>5,434,035</u>	<u>(12,616,841)</u>	<u>-</u>	<u>19,800,012</u>

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. 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.

REALL LIMITED

Notes to the Financial Statements for the 18 month period ended 30 September 2023

23 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted Funds £	Unrestricted Funds £	Total Funds £
As at 30 September 2023:			
Intangible assets	-	68,227	68,227
Tangible assets	-	333,595	333,595
Investments	17,475,237	-	17,475,237
Investments in subsidiaries	547,400	-	547,400
Net Current Assets	2,306,218	385,637	2,691,855
Creditors: amounts falling due after more than one year	(131,747)	-	(131,747)
Net Defined Benefit Scheme obligation	(397,096)	(23,904)	(421,000)
Net assets at 30 September 2023	19,800,012	763,555	20,563,567
As at 31 March 2022:			
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)
Net assets at 31 March 2022	27,187,340	825,343	28,012,683

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 30 September 2023 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 30 September 2023, the company had commitments under non-cancellable operating leases as set out below:

	2023 (18 month period) £	2022 (12 month period) £
Payable:		
In less than one year	146,146	119,848
In two to five years	579,364	582,687
In more than 5 years	198,658	415,378
	924,668	1,117,913

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.

REALL LIMITED

Notes to the Financial Statements for the 18 month period ended 30 September 2023

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
2023					
Programme related Investments:					
Gross interest-free loans	1,659,641	-	366,462	-	-
Gross interest-bearing loans	3,674,263	-	4,664,063	-	-
Gross equity investments	-	4,939,381	-	-	-
Impairment provision	(4,325,892)	(3,419,381)	(865,220)	-	-
Net loans as at 30 September 2023	1,008,012	1,520,000	4,165,305	-	-
<i>Interest rate payable</i>	<i>0-5%</i>	<i>0%</i>	<i>0-6%</i>	<i>7%</i>	<i>5-6%</i>
Grants:					
Capacity loans converted to non-repayable grant	-	-	101,963	-	-
Non-repayable grants	-	-	-	-	-
Total grants year ended 31 March 2022	-	-	101,963	-	-
Invoiced to Reall for services	-	-	16,222	4,667	-
Profit on Sale of Oakleaf Assets that Reall has received	-	-	-	-	-
Sale of shares of Immersion Private (PVT) Limited to AMC	-	-	-	-	-

REALL LIMITED

Notes to the Financial Statements for the 18 month period ended 30 September 2023

27 FINANCIAL INSTRUMENTS

The carrying amount of the charity's financial instruments at 30 September 2023 was:

	2023 (18 month period) £	2022 (12 month period) £
Financial assets:		
Cash	1,583,790	5,295,093
Loans measured at cost less impairment plus accrued interest	17,475,237	21,065,082
Total	<u>19,059,027</u>	<u>26,360,175</u>
Financial liabilities:		
Other measured at amortised cost	405,899	619,694
Total	<u>405,899</u>	<u>619,694</u>