

CHARITY NO: 1152759

**READING ALMSHOUSE CHARITY
(A CHARITABLE INCORPORATED ORGANISATION)
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

**READING ALMSHOUSE CHARITY
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FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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**READING ALMSHOUSE CHARITY
TRUSTEES, OFFICERS AND ADVISORS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

REGISTERED OFFICE

The Office
Penton House
58 Longships Way
Kennet Island
Reading
RG2 0GP

TRUSTEES

Mr P J Webb (Chairman until 1 September 2021)
Mr P R Clark (Chairman from 1 September 2021)
Mrs M F Bedwell
Mr J W Cornwell
Mr C A Hubbard
The Revd G V Lautenbach (ex-officio)
Mr R N Pittman
Mrs J Spratley
Mrs J L Thomas
Ms C Wise (appointed 20 October 2020)

CLERK TO THE TRUSTEES

Mrs K M Bessant

CHARITY REGISTRATION NUMBER 1152759

AUDITORS

Crowe U.K. LLP
Aquis House
49-51 Blagrove Street
Reading
Berkshire
RG1 1PL

BANKERS

Handelsbanken
Apex Plaza
Forbury Road
Reading
RG1 1AX

SOLICITORS

Boyes Turner
Abbots House
Abbey Street
Reading
RG1 3BD

**READING ALMSHOUSE CHARITY
TRUSTEES ANNUAL REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

The Trustees present their Annual Report for the year ended 30 September 2021 under the Charities Act 2011, together with the financial statements for the year. The Board confirms that the latter comply with the requirements of the charity's governing documents, applicable law and the Charities SORP (FRS102).

OBJECTIVES AND ACTIVITIES

The charity's main objective is the provision of housing accommodation for persons in need within a twenty-mile radius of St Mary's Church, The Butts, Reading.

Flats are provided in almshouses in: Castle Street, Reading; Penton House, Kennet Island, Reading; and Liberty House, Strand Way, Lower Earley, Reading.

The charity maintains these properties in good condition.

The Charity also has an investment property in West Street, Reading.

ACHIEVEMENTS AND PERFORMANCE

Despite the challenges arising from the COVID19 virus, we have maintained good occupancy levels across the whole portfolio and have followed guidance procedures to maintain a Covid safe environment. I would like to thank our Clerk, Trustees and site managers for their diligence in dealing with this.

We have maintained a positive cashflow and have met all banking requirements on our loans. Income has been maintained and there have been very few arrears issues.

The Charity having expanded its activities and assets significantly in recent years, we are now focusing on planned maintenance, management systems and succession planning. Our Clerk, Kate Bessant, has once again made a major contribution and also demonstrated great professionalism and diligence. I would like to take this opportunity to thank her, in particular, for assuming the duties of our Senior Housing Manager, Sheila Barnes, who died in July this year after being with the Charity for 10 years, pending replacement.

Kate Bessant and our site managers have dealt with day- to- day management issues, keeping matters under control and Trustees informed with regular updates.

We continue to review new Trustee appointments to replace retiring Trustees and have concentrated on recruiting Trustees with particular skill- sets that are relevant in taking the Charity forward. I would like to take this opportunity to thank once again all Trustees past and present for their invaluable assistance.

**READING ALMSHOUSE CHARITY
TRUSTEES ANNUAL REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

PUBLIC BENEFIT

In considering their objectives for the year the trustees have had regard to the Charity Commission's published guidance on the Public Benefit requirement under the Charities Act 2011. The provision of almshouse accommodation for those in need provides an identifiable public benefit which is directly in line with the charity's aims. Beneficiaries of almshouses must be in need and will be drawn from that section of the public which has been identified in the scheme.

FUTURE PLANS

The Trustees are looking at longer term planning and investment strategies. We continue to review opportunities for improving facilities, reviewing and maximising investment assets.

We will seek permission to develop the land immediately adjacent to Liberty House with another 18 flats.

We intend to continue to provide affordable housing to the charity's beneficiaries.

COVID-19

There has been no significant financial impact on the charity as a result of the COVID-19 virus and income levels have been sustained. Processing prospective residents' applications and getting residents moved into their flats has been subject to some delays, but working methods have been adapted to minimise the impact.

No staff have been furloughed and the Clerk and managers have worked between their homes and the charity's offices as required. Regular risk assessments have been performed. Cash flow has been closely monitored and it has not been necessary to use the charity's reserves.

FINANCIAL REVIEW

During the year more than 93% of the incoming resources arose from the provision of accommodation in accordance with the objects of the Charity. The remaining income was from the investment portfolio, both cash deposits and property. The expenditure during the year supported the running of the almshouses and maintaining them in good condition together with the orderly running of the Charity.

**READING ALMSHOUSE CHARITY
TRUSTEES ANNUAL REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

RESERVES POLICY

The trustees consider that reserves are necessary to cover any major unexpected repairs to the almshouses, together with providing on-going working capital.

	2021 £	2020 £
Total charity funds per balance sheet:	7,627,669	7,528,605
Deduct:		
Almshouse properties, fixtures and fittings	(7,916,585)	(8,043,303)
Add back associated loans	<u>1,458,822</u>	<u>1,500,000</u>
Free reserves	<u><u>1,169,906</u></u>	<u><u>985,302</u></u>

The trustees consider that the unrestricted funds are sufficient to finance on-going charitable expenditure given the rental income flows. The trustees' current policy is to retain a cash reserve of at least one year's normal expenditure amounting to £250,000. This policy is reviewed by the trustees on an annual basis. The charity currently has £712,354 in the bank at the year end.

The reserves arising from the proceeds of sale of the land at Burghfield are at present partly being used to fund exceptional repair costs at Penton House most of which will be subject to a claim against the builders. The remainder will be used in due course to repay part of the mortgage liability.

Future reserves will be used to construct additional almshouse properties on land already owned by the charity.

INVESTMENT POLICY

Cash that is surplus to immediate requirements is held in interest bearing accounts or on time deposits. The charity also holds property to generate rental income.

**READING ALMSHOUSE CHARITY
TRUSTEES ANNUAL REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

STRUCTURE, GOVERNANCE AND MANAGEMENT

The charity is a Charitable Incorporated Organisation and is governed by a Constitution dated 8 July 2013 and was incorporated on that date.

The registered address and principal office at which the charity can be contacted is:-

The Office
Penton House
58 Longships Way
Kennet Island, Reading, RG2 0GP

The trustees who have served during the year are set out below:

Mr P R Clark	(Chairman from 1 September 2021)
Mr P J Webb	(Chairman until 1 September 2021)
Mrs M F Bedwell	
Mr J W Cornwell	
Mr C A Hubbard	
The Revd G V Lautenbach	(ex-officio)
Mr R N Pittman	
Mrs J Spratley	
Mrs J L Thomas	
Ms C M Wise	

The Board of Trustees co-opts new trustees to replace those who retire. The constitution provides for the co-option of up to 12 trustees and up to 3 ex-officio trustees, with a minimum of 5 trustees. New trustees are identified from the local community by having particular skills such as expertise in property, law, finance and low- cost housing.

Existing trustees of the Charity are already familiar with its governing structure, financial affairs and activities. At meetings, trustees are briefed by the Clerk on any current or long-standing issues with which they may not be familiar.

On or before appointment all new trustees are sent a copy of the charity's constitution, a copy of the latest trustees Annual Report, copies of the minutes of recent trustee meetings and a copy of the Charity Commission's guidance "The essential trustee: what you need to know". They are also advised to consult regularly the Charity Commission website. Trustees receive a copy of the quarterly Almshouse Gazette and are invited to attend seminars run by the Almshouse Association.

The administration of the Charity is in the hands of the trustees who meet up to six times a year. Sub-committees covering property and other subjects are set up as required; these sub-committees make recommendations to the trustees.

**READING ALMSHOUSE CHARITY
TRUSTEES ANNUAL REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

The Clerk, Kate Bessant, is appointed by the trustees and, together with the Managers, Annabel Potter and Jayne Willis, manage the day-to-day operations of the Charity. Our Managers meet regularly with the residents to assist with any issues. These are the only employees of the charity.

The pay of our three employees is reviewed annually in May, and salary levels are determined by the trustees taking into account the skill sets required, the responsibility involved and hours needed. Bonuses are sometimes awarded to recognise extra work carried out on one-off assignments.

Key risks and uncertainties

The major risk is an event occurring in our almshouse properties which would result in almshouse residents needing to be re-housed. Other risks include loss of key staff and trustees, financial loss and adverse legislation. The Charity has prepared a comprehensive risk assessment which is regularly reviewed and updated. Insurance is in place to cover potential financial loss and there is a planned ongoing property maintenance programme.

Fundraising

Reading Almshouse Charity does not engage in any fundraising, as it receives its funding from its charitable activities and investments. Reading Almshouse Charity therefore has had no need to employ a professional fund-raiser nor engage the services of any third-party organisations to help raise funds. In line with this, Reading Almshouse Charity has not considered it necessary or appropriate to sign up to any regulatory code of fundraising practise. Reading Almshouse Charity has not received any complaints regarding fundraising during the year. Reading Almshouse Charity has a strong ethos of respect for its service-users' independence and dignity and would not countenance any conduct or activities that undermined this.

Approved by the trustees on
and signed on their behalf by

25th January 2022

P R Clark

P R Clark (Chairman)

READING ALMSHOUSE CHARITY

STATEMENT OF TRUSTEES RESPONSIBILITIES

The Trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations.

Charity law requires the trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under charity law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that year. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue to operate.

The trustees are responsible for keeping proper accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularity

REPORT OF THE INDEPENDENT AUDITORS' TO THE TRUSTEES OF READING ALMSHOUSE CHARITY

Opinion

We have audited the financial statements of Reading Almshouse Charity for the year ended 30 September 2021 which comprise the Statement of Financial Activities, Balance Sheet, cash flow and notes to the financial statements, including a summary of 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 charity's affairs as at 30 September 2021 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

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 charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

REPORT OF THE INDEPENDENT AUDITORS' TO THE TRUSTEES OF READING ALMSHOUSE CHARITY (CONTINUED)

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 we do not express any form of assurance conclusion thereon.

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 6, the trustees 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 charity'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 charity or to cease operations, or have no realistic alternative but to do so.

REPORT OF THE INDEPENDENT AUDITORS' TO THE TRUSTEES OF READING ALMSHOUSE CHARITY (CONTINUED)

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

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

We obtained an understanding of the legal and regulatory frameworks within which the Charity 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 for the UK operations were the Charities Act 2011, together with the Charities SORP (FRS102) 2019. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statements.

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 charity's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the Charity for fraud. The laws and regulations we considered in this context for the Charity were Charity Commission regulations, fire regulations, and Health and Safety. 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 income recognition and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, reviewing accounting estimates for biases and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

REPORT OF THE INDEPENDENT AUDITORS' TO THE TRUSTEES OF READING ALMSHOUSE CHARITY (CONTINUED)

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe UK LLP

Crowe U.K. LLP
Statutory Auditor
Aquis House
49-51 Blagrove Street
Reading
RG1 1PL

Date: 9 FEBRUARY 2022

Crowe U.K. LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

READING ALMSHOUSE CHARITY
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Notes	Unrestricted 2021 £	2020 £
INCOME AND ENDOWMENTS FROM:			
Charitable Activities			
Residential Income	3	721,324	669,817
Investments			
Interest		59	385
Rent of investment property	4	<u>38,477</u>	<u>38,743</u>
Total income		<u>759,860</u>	<u>708,945</u>
EXPENDITURE ON:			
Charitable Activities	5a	660,726	575,449
Raising funds			
Costs re investment properties	4	<u>70</u>	<u>10,452</u>
Total expenditure		<u>660,796</u>	<u>585,901</u>
Net Gains on Investments		<u>-</u>	<u>147,000</u>
Net Income for the year		99,064	270,044
Losses on revaluation		<u>-</u>	<u>(50,000)</u>
Net movement in funds for the year		99,064	220,044
Funds Brought forward		<u>7,528,605</u>	<u>7,308,561</u>
FUND BALANCES CARRIED FORWARD		<u>7,627,669</u>	<u>7,528,605</u>

All income and expenditure was unrestricted in the current and preceding year.

The notes on pages 15 to 23 form part of these accounts

READING ALMSHOUSE CHARITY
BALANCE SHEET
AS AT 30 SEPTEMBER 2021

	Notes	2021 £	2020 £
FIXED ASSETS			
Tangible assets	8	7,916,585	8,043,303
Investments	8	<u>500,000</u>	<u>500,000</u>
		8,416,585	8,543,303
CURRENT ASSETS			
Debtors	9	36,516	33,353
Cash at bank and in hand		<u>712,354</u>	<u>542,052</u>
		748,870	575,405
CREDITORS: Amounts falling due within one year	10	<u>(167,673)</u>	<u>(245,344)</u>
NET CURRENT ASSETS		<u>581,197</u>	<u>330,061</u>
CREDITORS: Amounts falling due after one year	11	<u>(1,370,113)</u>	<u>(1,344,759)</u>
NET ASSETS		<u>7,627,669</u>	<u>7,528,605</u>
FUNDS			
Unrestricted funds		<u>7,627,669</u>	<u>7,528,605</u>
		<u>7,627,669</u>	<u>7,528,605</u>

Approved by the trustees on
and signed on their behalf by



P R Clark (Chairman)

25 January 2022

The notes on pages 15 to 23 form part of these accounts.

READING ALMSHOUSE CHARITY
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2021

	2021 £	2020 £
Cash flows from operating activities		
Net cash provided by operating activities (see below)	<u>259,459</u>	<u>324,116</u>
Cash flows from investing activities		
Purchase of fixed assets	(6,216)	(278,437)
Proceeds from sale of investments	-	207,000
Bank interest received	<u>59</u>	<u>385</u>
Net cash (used in)/provided by investing activities	<u>(6,157)</u>	<u>(71,052)</u>
Cash flows from financing activities		
Bank loan repayments	(41,178)	-
Bank interest paid	<u>(41,822)</u>	<u>(46,811)</u>
Net cash used in financing activities	<u>(83,000)</u>	<u>(46,811)</u>
Change in cash and cash equivalents in reporting period	170,302	206,253
Cash and cash equivalents at the beginning of the reporting period	<u>542,052</u>	<u>335,799</u>
Cash and cash equivalents at the end of the reporting period	<u><u>712,354</u></u>	<u><u>542,052</u></u>

Reconciliation of net income to net cash flow from operating activities

	2021 £	2020 £
Net income	99,064	220,044
Adjustments for		
Depreciation charges	132,934	131,953
Revaluation of investment property	-	50,000
Interest received	(59)	(385)
Interest payable	41,822	46,811
(Profit)/loss on the sale of Investments	-	(147,000)
Decrease/(increase) in debtors	(3,163)	7,050
Increase/(decrease)/ in creditors	<u>(11,139)</u>	<u>15,643</u>
	<u><u>259,459</u></u>	<u><u>324,116</u></u>

Analysis and movement of Net Debt	2020 £	Cash flow £	2021 £
Cash in hand	342,052	170,302	512,354
Notice Deposits (less than 3 months)	<u>200,000</u>	<u>-</u>	<u>200,000</u>
Total cash and cash equivalents	542,052	170,302	712,354
Loans	<u>(1,500,000)</u>	<u>41,178</u>	<u>(1,458,822)</u>
Total	<u><u>(957,948)</u></u>	<u><u>211,480</u></u>	<u><u>(746,468)</u></u>

**READING ALMSHOUSE CHARITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

1. CHARITY INFORMATION

The principal activity of the charity is the provision of almshouses in Reading. The charity is a Charitable Incorporated Organisation (charity number 1152759) and is incorporated and domiciled in the UK. The address of the registered office is The Office, Penton House, 58 Longships Way, Kennet Island, Reading, RG2 0GP.

2. STATEMENT OF ACCOUNTING POLICIES

a) Basis of Accounts Preparation

The accounts have been prepared in accordance with the Charities SORP (FRS102) applicable to charities preparing their accounts in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland and the Charities Act 2011 and UK Generally Accepted Accounting Practice as it applies from 1 January 2015.

The accounts have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) issued 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

Reading Almshouse Charity 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 note.

Going concern

The charity depends on bank loan facilities which funded the purchase of Liberty House. Current forecasts indicate that the charity expects to be able to operate within these facilities for the whole of the foreseeable future.

In their assessment of going concern the trustees have considered the current and developing impact on the charity as a result of the COVID-19 virus. This has not had a significant, immediate impact on the charity's operations because income and expenditure continue at previous levels resulting in an ongoing surplus, but the trustees are aware that if the current situation becomes prolonged then this may change. In addition, the charity has significant cash resources and an investment property which could be sold. Having regard to the above, the trustees believe it appropriate to adopt the going concern basis of accounting.

b) Critical accounting judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, which are described in note 2, trustees are required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimation and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The key source of estimation uncertainty that has a significant effect on the amounts recognised in the financial statements is in respect of the investment property valuation. The charity's investment properties are stated at their estimated fair value as disclosed in Note 8.

READING ALMSHOUSE CHARITY
NOTES TO THE FINANCIAL STATEMENT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2021

c) Financial Instruments

The charity only has financial assets and financial 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.

d) Income

All incoming resources are included in the statement of financial activities when the charity is entitled to the income, receipt is probable, and the amount can be quantified with reasonable accuracy.

The following specific policies are applied to particular categories of income:

- Maintenance Contributions are recognised when receivable.
- Investment income is included when receivable except for rents which are adjusted for rent free periods.

e) Resources expended

Expenditure is recognised on an accrual basis as each liability is incurred.

Raising funds comprise the costs associated with managing and maintaining the investment properties.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Charitable expenditure is reported under two sub headings:

- Running and maintenance costs of the almshouses.
- Support costs

f) Leases

In respect of operating leases for which the charity is the lessor, the charity classifies the leasing of the investment properties as an operating lease. The rents received from investment properties are recognised in the financial statements for the period to which they relate.

g) Taxation

As a registered charity, the charity benefits from council tax relief and is generally exempt from income tax and capital gains tax, but not from VAT. Irrecoverable VAT is included in the cost of those items to which it relates.

READING ALMSHOUSE CHARITY
NOTES TO THE FINANCIAL STATEMENT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2021

h) Depreciation

The Castle Street almshouses are the functional properties of the charities and are deemed to be inalienable assets. The cost is below the estimated realisable value and hence no depreciation is provided on the original cost.

In view of the age of the Castle Street property no expenditure in respect of updating and improvements is capitalised unless the cost of the individual items is in excess of £10,000. Following the initial fitting out of Penton House and Liberty House, fixtures and fittings will only be capitalised if the cost of individual items exceeds £1,000.

Depreciation of tangible fixed assets is provided at the following annual rates in order to write off each asset over its estimated useful life:

Penton House and Liberty House buildings:	50 years on a straight line basis
Fixtures and Fittings	5 years on a straight line basis

No depreciation is provided on properties held as investments.

i) Fixed Asset Investment Properties

Investment properties are included in the balance sheet at the trustees' estimation of market value. Any gain or loss on revaluation is taken to the Statement of Financial Activities.

j) Fund Accounting

Unrestricted general funds are funds that are available for use at the discretion of the trustees in the furtherance of the general objectives of the charity.

k) Debtors

Trade and other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid.

l) 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.

m) Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

n) Pensions

Pension contributions are made to the NEST scheme for those staff who wish it, in line with the Auto-enrolment provisions. Costs are charged to the Statement of Financial Activities as incurred.

READING ALMSHOUSE CHARITY
NOTES TO THE FINANCIAL STATEMENT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2021

3. RESIDENTIAL INCOME

	2021 £	2020 £
The residential income comprises:		
Maintenance	706,407	658,431
Heating Contribution	14,777	11,206
Guest room	<u>140</u>	<u>180</u>
	<u><u>721,324</u></u>	<u><u>669,817</u></u>

4. RENT RECEIVABLE

Rent is receivable from investment property held.

	2021 £	2020 £
Rent receivable	<u><u>38,477</u></u>	<u><u>38,743</u></u>

The related costs associated with generating these funds are as follows:

	2021 £	2020 £
Maintenance costs	-	-
Professional Fees	70	10,452
Other costs	<u>-</u>	<u>-</u>
	<u><u>70</u></u>	<u><u>10,452</u></u>

READING ALMSHOUSE CHARITY
NOTES TO THE FINANCIAL STATEMENT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2021

5a) CHARITABLE ACTIVITIES

	2021 £	2020 £
Upkeep of Almshouses (5b)	385,285	291,535
Frilsham & Yattendon Parochial Charities	2,000	2,000
Depreciation	132,934	131,953
Provision for unpaid maintenance contributions	5,447	11,257
Support costs (5c)	93,238	91,893
Mortgage interest	<u>41,822</u>	<u>46,811</u>
	<u>660,726</u>	<u>575,449</u>

The Frilsham & Yattendon Parochial Charities provides relief to persons in need in the parishes of Frilsham and Yattendon via the Churchwardens.

5b) Upkeep of Almshouses

	2021 £	2020 £
Water and Insurance	42,606	37,245
Light and Heat	39,072	20,026
Repairs and Maintenance	224,840	163,498
Estate management and service fees	34,122	17,102
Managers' Salaries and Expenses	42,573	52,273
Council tax on vacant accommodation	<u>2,072</u>	<u>1,391</u>
	<u>385,285</u>	<u>291,535</u>

5c) Support costs

	2021 £	2020 £
Clerks Salary and Expenses	39,208	44,845
Managers' office costs	7,621	7,372
Miscellaneous	5,245	4,022
Governance costs:		
Professional fees	31,384	26,474
Audit fee	<u>9,780</u>	<u>9,180</u>
	<u>93,238</u>	<u>91,893</u>

READING ALMSHOUSE CHARITY
NOTES TO THE FINANCIAL STATEMENT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2021

6. STAFF COSTS

Staff costs during the year comprise:

	2021 £	2020 £
Salaries	74,607	88,044
National Insurance	3,461	4,738
Pension costs	<u>3,714</u>	<u>4,179</u>
	81,782	96,961
 Recruitment and training	 <u>4,796</u>	 <u>157</u>
	<u><u>86,578</u></u>	<u><u>97,118</u></u>

The weekly average number of staff was as follows:

	2021	2020
Managers	2	2
Clerk	<u>1</u>	<u>1</u>
	<u><u>3</u></u>	<u><u>3</u></u>

No employee earned in excess of £60,000 per annum.

No trustees received any remuneration. 1 trustee received reimbursement for residents' functions and retirement gifts paid for on behalf of the charity during the year of £324 (2020: 6: £984).

The remuneration of key management personnel (including employers NI and employers pension costs) is £81,782 (2020: £96,961).

No ex-gratia payments (2020: £Nil) were made during the year.

7. RELATED PARTIES

During the year £2,000 (2020: £2,000) was donated to Frilsham & Yattendon Parochial Charities, for which the Reverend Glynnis Lautenbach's husband is the Rector of the Hermitage Benefice, including Frilsham and Yattendon. This donation is made under the terms of the Reading Almshouse Charity's constitution.

READING ALMSHOUSE CHARITY
NOTES TO THE FINANCIAL STATEMENT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2021

8. TANGIBLE FIXED ASSETS

	Almshouse & associated property used for charitable purposes £	Fixtures and fittings £	Other property held for investment purposes £	Total £
COST OR VALUATION:				
At 1 October 2020	8,847,037	73,569	500,000	9,420,606
Additions	1,452	4,764	-	6,216
Disposals	-	-	-	-
Revaluations	-	-	-	-
At 30 September 2021	<u>8,848,489</u>	<u>78,333</u>	<u>500,000</u>	<u>9,426,822</u>
DEPRECIATION:				
At 1 October 2020	857,449	19,854	-	877,303
Charge for the year	<u>118,553</u>	<u>14,381</u>	<u>-</u>	<u>132,934</u>
At 30 September 2021	<u>976,002</u>	<u>34,235</u>	<u>-</u>	<u>1,010,237</u>
NET BOOK VALUES				
At 30 September 2021	<u>7,872,487</u>	<u>44,098</u>	<u>500,000</u>	<u>8,416,585</u>
At 30 September 2020	<u>7,989,588</u>	<u>53,715</u>	<u>500,000</u>	<u>8,543,303</u>

The Almshouse property includes the property in Castle Street, Reading, Penton House, Kennet Island Reading and Liberty House, Lower Earley, Reading together with the fixtures and fittings at Penton House. The trustees consider that the market value of the Castle Street Almshouses at 30 September 2021 was £4.75million (included at a net book value of £48,351 above).

Additions comprise the refurbishment of Liberty House in Lower Earley.

Included in investment property is the property in West Street which was valued at £500,000 as at 30 September 2021 by the Trustees.

The value of the freehold land included within the Penton House property cost is £1,597,925.

The value of the freehold land included with the Liberty House property cost is £1,025,000.

9. DEBTORS

	2021 £	2020 £
Debtors	3,440	2,461
Prepayments	<u>33,076</u>	<u>30,892</u>
	<u>36,516</u>	<u>33,353</u>

READING ALMSHOUSE CHARITY
NOTES TO THE FINANCIAL STATEMENT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2021

10. CREDITORS: Amounts falling due within one year

	2021 £	2020 £
Bank loans and overdrafts (note 15)	88,709	155,241
Social Security and other taxes	1,455	1,341
Accrued expenses	52,777	65,412
Other creditors	<u>24,732</u>	<u>23,350</u>
	<u>167,673</u>	<u>245,344</u>

11. CREDITORS: Amounts falling due after one year

	2021 £	2020 £
Bank loans and overdrafts (note 15)	<u>1,370,113</u>	<u>1,344,759</u>

12. COMMITMENTS

At the balance sheet date there were no capital commitments (2020: £nil).

13. FINANCIAL INSTRUMENTS

	2021 £	2020 £
Financial assets measured at amortised cost	715,794	544,513
Financial assets measured at fair value	500,000	500,000
Financial liabilities measured at amortised cost	1,536,331	1,588,762

The company's income, expense, gains and losses in respect of financial instruments are summarised below:

Financial assets measured at fair value	38,536	39,128
Financial liabilities measured at amortised cost	41,822	46,811

Financial assets measured at amortised cost comprise trade debtors, accrued income and cash equivalents.

Financial assets measured at fair value comprise investments.

Financial liabilities measured at amortised cost comprise other creditors, accruals and bank loans.

READING ALMSHOUSE CHARITY
NOTES TO THE FINANCIAL STATEMENT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2021

14. LEASES

The charity earns rental income by leasing its investment properties to tenants under non-cancellable operating leases. Leases in which substantially all risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments, including prepayments, made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

At the balance sheet date, the charity had contracted with tenants to receive the following future minimum lease payments:

	2021 £	2020 £
Not later than one year	38,477	38,477
Later than one year and not later than five years	27,254	65,731
Later than five years	-	-
	<u>65,731</u>	<u>104,208</u>

There are no contingent rents recognised as income.

15. BANK LOANS

An analysis of the maturity of loans and overdrafts is as follows:

	2021 £	2020 £
Amounts falling due within 1 year	88,709	155,241
Amounts falling due between 2-5 years	354,837	354,837
Amounts falling due after 5 years	<u>1,015,276</u>	<u>989,922</u>
	<u>£ 1,458,822</u>	<u>£ 1,500,000</u>

A bank loan of £1,000,000 was advanced in February 2019. The loan is repayable over 10 years with an interest only period for the first 2 years. Interest is charged at 2% above the bank's base rate.

A bank loan of £500,000 was advanced in February 2019. The loan is repayable over 10 years with an interest only period for the first 2 years. Interest is charged at 2.35% above LIBOR.

The loans are secured by a charge over the Castle Street almshouses.