

# **READING ALMSHOUSE CHARITY**

**(A CHARITABLE INCORPORATED ORGANISATION)**

## **REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023**





*A lifeline  
when I  
needed it  
most*

*Helpful staff  
I can talk to  
if I have a  
problem*

*Reliable  
repairs and  
trustworthy  
contractors*

*Helped me  
feel safe  
again*

*Housing  
with Heart*

*Friendly  
neighbours  
I know I  
can call on*

*People live  
here for a  
long time*

*Good value  
for money*

Source - quotes from Reading Almshouse residents' customer feedback forms

Image by Freepik

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# TRUSTEES' ANNUAL REPORT

The Trustees present their Annual Report for the year ended 30 September 2023 under the Charities Act 2011, together with the financial statements for the year. The Board of Trustees confirms that the latter comply with the requirements of the Charity's governing documents, applicable law, and the Charities SORP (FRS102).

The Reading Almshouse Charity has existed since 1880 and our original buildings at Castle Street are part of Reading's history. Our portfolio has expanded over time and now includes 104 dwellings in three locations in the Reading area to continue to cater for all the people of Reading.

- At our Castle Street property we offer 27 flats
- At our Penton House property we offer 41 flats to people over 55 years of age
- At our Liberty House property we offer 36 flats to people over 18 years of age

The Charity also has an investment property in West Street, Reading, rental funds from this property are used as an important means of support for our running costs.

Most of our residents are elderly and they are often vulnerable. Reading Almshouse residents benefit hugely from living in safe homes in company with neighbours who provide a community and who look after each other.



Image by Freepik





Photo by Kelly on Pexels



## OUR MISSION

We provide and maintain affordable accommodation in a community environment on three sites in the Reading and Earley area. Our residents are adults in need who are of good character and are able to live independently.

## OUR CHARITABLE OBJECTIVES

The provision of housing accommodation to those in need who have resided within 20 miles of St. Mary's Church, St. Mary's Butts, Reading for not less than three years preceding the time of appointment as a beneficiary of the Charity and are of good character.

## OUR 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 who are especially vulnerable.

## WHY ARE ALMSHOUSES SO VERY NECESSARY?

Almshouses are our oldest form of social housing. They continue to be a direct response to the challenges of poverty in general and housing poverty in particular. The Joseph Rowntree Foundation pointed out in 2013 the close links between housing and poverty and in particular the relative importance of housing cost, quality and location in enabling people to take up employment. The charity Shelter highlighted in 2020 that over 1 million households are waiting for social homes.

### Benefits of Almshouses for Individuals

- Reduced vulnerability to badly maintained houses, section 21 eviction, health risks
- Increased opportunities for work
- Improved lives through lower costs (rent, rates, service charges)

### Benefits of Almshouses for Public Finances

- Lower housing subsidies
- Reduced demand for social services
- Reduced demand for scarce public social housing

### Benefits of Almshouses for Society

- Richer and more diverse communities
- More people working and contributing to society
- Affordable housing is particularly important to facilitate local workers in essential occupations

In their 2023 study of almshouses the Bayes Business School say that the longevity of those who move into one of the UK's 30,000 almshouses is boosted by as much as 2.5 years. Given that residents typically move into almshouses in their early 70s, this can be the equivalent of an extra 15% of their future life.

In the UK, affordable housing is in short supply and demand for rented property is very high. Many working age people on low incomes are facing eviction because they cannot afford their rental payments. At Reading Almshouse Charity, in addition to providing affordable housing to the elderly we offer housing to people over the age of 18 years at Liberty House, our property in Earley.

People turn to almshouses when they are in need, but often their financial and other difficulties continue, and our residents benefit from dedicated and expert Housing Managers who work to deliver our very high standards of caring support. They are led by our Operations Manager and are there to give a helping hand, advice and to offer a signpost to sources of help. Where necessary we liaise with food banks on behalf of our residents to maintain their dignity and of course to help them to eat well. We support our residents through many of life's challenges, helping people to continue to live independently and make their own informed decisions about their lives and futures.

### Gardens - the Benefits of Outdoor Spaces

Accommodation at Reading Almshouse offers more than support and community. We offer well-maintained safe homes. A large benefit for our residents is our gardens, our properties have beautiful well-kept gardens where residents can sit and relax together. We know that everyone benefits from time spent outdoors and work to ensure that our gardens are enjoyable, peaceful green spaces. We are very proud that our Castle Street property won the Reading in Bloom community gardens of the year award this year.



### Fundraising

Reading Almshouse Charity has not engaged in fundraising in the past, but we have plans to do so from 2024 onwards. We are planning a capital campaign which will launch in 2024 to raise funds to support us with essential maintenance to our Grade 2 listed property at Castle Street. We need new windows at the front and back of all the properties at this location. The estimated costs for this project are in the region of £400,000-450,000 and this is such a significant sum that we would only be able to fund if we took several years to complete it. We would hope to raise funds to help us to complete this project over a two-year period.



## A SENSE OF BELONGING

Here are some individual stories from our residents.

### *Living in Isolation – A's Story*

*After I lost my husband, I became very lonely. Days would go by, and I didn't speak to anyone. I applied to the Reading Almshouse Charity, and they were able to offer me a flat. I now feel part of a community and enjoy living in my almshouse flat, living here has helped me to combat the loneliness I felt before. When my daughters visit me, they always comment on how lovely it must be to live here.*

### *Facing Eviction – T's story*

*After my landlord served me with a Section 21 notice to evict me through no fault of my own, I was worried that I would not be able to find anywhere to live that I could afford. I went to my local authority, and they put me in touch with Reading Almshouse Charity. The charity helped me and were able to offer me an almshouse flat. I am forever grateful to them. I feel safe and secure and finally I have found a home.*





## FINANCIAL REVIEW – YEAR ENDING 2023

### INCOME

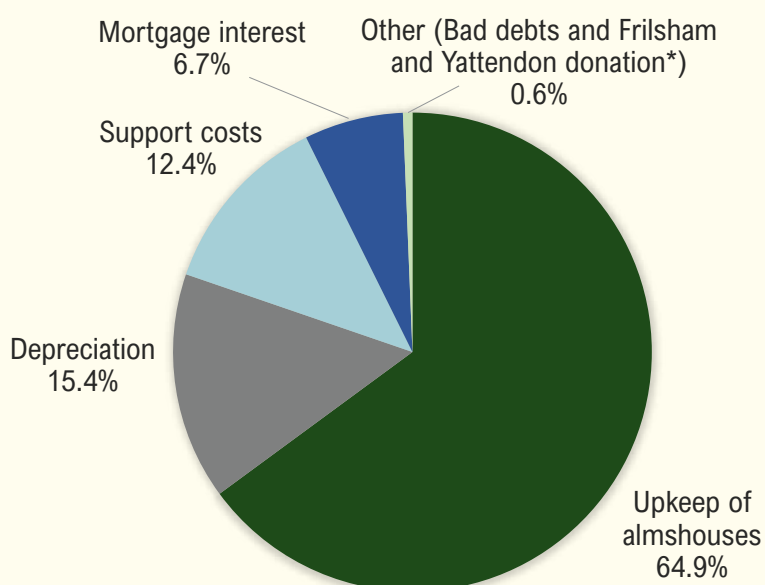
More than 95% of our £882,306 income arose from the provision of accommodation in accordance with the objects of the Charity. We received a small amount of interest income from cash on deposit, and our remaining income was received from the tenants of our investment property in West Street, Reading, which delivered just over £38,000 in rental income.

### EXPENDITURE

The expenditure during the year was devoted almost entirely to maintaining the almshouses in good condition and enabling the orderly and professional running of the Charity in compliance with all relevant regulations and legislation.

#### Expenditure on Charitable Activities – YE 2023

Upkeep of almshouses	£569,963
Depreciation	£134,794
Bad debt expense	£3,588
Support costs	£108,995
Mortgage interest	£58,716
Frilsham & Yattendon donation*	£2,000
<b>Total</b>	<b>£878,056</b>



\* Donation made under a requirement in the Reading Almshouse Charity's constitution.

### Maintaining our Properties

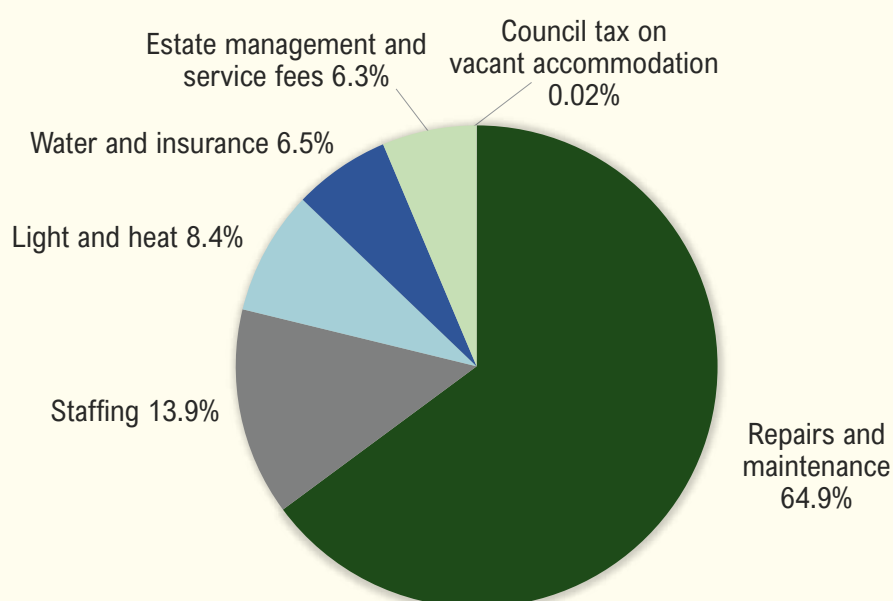
The Charity continues to focus on providing high quality accommodation through our planned and responsive maintenance programmes. We spent just under £370,000 on repairs and maintenance of our buildings.

This year we focused on our Liberty House property where a window replacement project cost just under £152,000 and electrical repairs cost £12,000.

We have also incurred costs for professional fees relating to future planned maintenance at our Castle Street property where we aim to commence a window refurbishment programme in 2024 and for work required to improve fire safety at our Penton House property. Mortgage interest costs have increased during the year.

### Upkeep of Almshouses – Major Expenses YE 2023

Water and insurance	£37,021
Light and heat	£47,605
Repairs and maintenance	£369,715
Estate management and service fees	£36,080
Staffing	£79,448
Council tax on vacant accommodation	£94
<b>Total</b>	<b>£569,963</b>



## FUTURE PLANS

We continue to review opportunities for improving facilities, reviewing, and maximising investment assets to sustain our housing and to improve the lives of our residents.

### 1.Land at Liberty House

In June 2022, the Charity obtained planning permission from Wokingham Borough Council to construct 18 additional flats on land adjoining Liberty House (of which six will be affordable to rent pursuant to a S106 Agreement). This consent has enhanced the value of the land but, in the current economic circumstances, no decision has been taken in relation to the proposed development. A decision will be made in 2024.

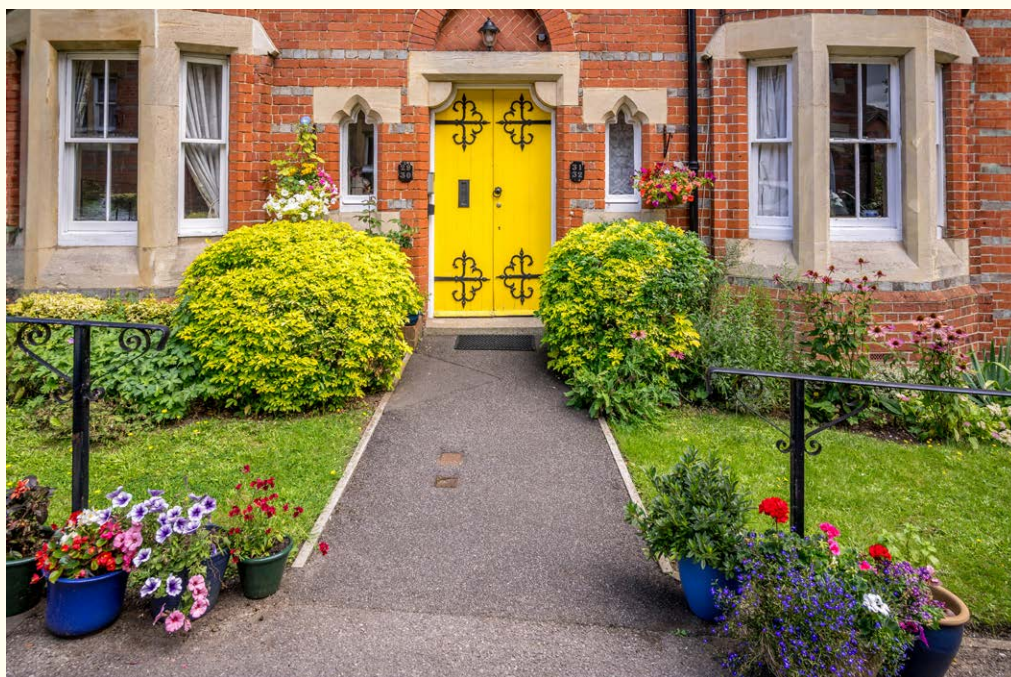
### 2.Windows at Castle Street

We plan to begin a project which will take several years to conclude to refurbish and replace the windows. This is a major overhaul of a Grade 2 listed property and will result in significant expenditure.

### 3. New Boilers and Fire Doors at Castle Street

We plan to replace all boilers at Castle Street with newer more energy efficient models, to replace the existing boilers which are now 20 years old.

We plan to begin refurbishment and replacement to fire doors at Castle Street across two phases, starting with residents' front doors.





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.

RESERVES POLICY

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

Free Reserves

	2023 £	2022 £
Total charity funds per balance sheet:	7,697,030	7,692,780
Deduct:		
Almshouse properties, fixtures and fittings	(7,660,199)	(7,786,986)
Add back associated loans	901,392	977,143
Free reserves	938,223	882,937

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 repairs reserve of £300,000 and further cash reserves, which together cover at least six months’ normal expenditure. This policy is reviewed by the Trustees on an annual basis.



Image by Freepik

## 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  
Reading, RG2 0GP

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

Mr P R Clark (Chairman retired 16.11.23)

Mr J W Cornwell

Mr C A Hubbard

The Revd G V Lautenbach (resigned 26.08.23)

Mrs S Sharpe

Mrs J Spratley

Mrs J L Thomas (Chair)

Mr P J Webb

Ms C M Wise

Rev S Wratten Ex. Officio

Mr M Cooper (appointed 13.06.23)

Ms N Olembo (appointed 12.09.23)

The administration of the Charity is in the hands of the Trustees, with full Trustee meetings scheduled to take place four times per year. Our Operations Manager performs all the Clerk duties and briefs Trustees before and during meetings.

Sub-committees covering resident needs (including safeguarding), property plans and issues and staffing are scheduled to take place monthly or quarterly; these sub-committees make recommendations to the Trustees.

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 three ex-officio trustees, with a minimum of five trustees. New trustees are identified from the local community by having particular skills such as expertise in property, law, finance and low-cost housing. We are grateful for the contribution made to the Charity by our expert Trustees.

The Charity employs a full time Operations Manager to oversee the smooth running of the Charity. Two part time Housing Managers and a part time Accountant report directly to our Operations Manager.

A subcommittee of the Trustee board reviews salaries in detail annually taking in to account the skill sets required, the responsibility involved, and hours needed.

#### **Key risks and uncertainties**

The Trustees have identified three key risks:

1. An event occurring in one of our almshouse properties which would result in almshouse residents needing to be re-housed.
2. Loss of key staff.
3. Adverse legislation impacting almshouses.

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.

Approved by the trustees on 30 January 2024

and signed on their behalf by



J Thomas (Chair)



## **READING ALMSHOUSE CHARITY STATEMENT OF TRUSTEES' RESPONSIBILITIES**

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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

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### Opinion

We have audited the financial statements of Reading Almshouse Charity for the year ended 30 September 2023 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 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 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)

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### 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 12, 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)

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### **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 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.

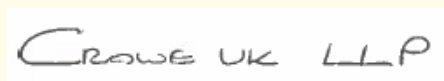
Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance 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)

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### 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.

A handwritten signature in blue ink that reads "Crowe UK LLP".

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

Date: 8 February 2024

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 2023**

	Notes	<b>Unrestricted</b>	
		<b>2023</b>	<b>2022</b>
		<b>£</b>	<b>£</b>
<b>INCOME AND ENDOWMENTS FROM:</b>			
<b>Charitable activities</b>			
Residential income	3	838,819	759,195
<b>Investments</b>			
Interest		5,010	409
Rent of investment property	4	<u>38,477</u>	<u>38,477</u>
<b>Total income</b>		<u>882,306</u>	<u>798,081</u>
<b>EXPENDITURE ON:</b>			
<b>Charitable activities</b>	5a	<u>878,056</u>	<u>707,970</u>
<b>Total expenditure</b>		<u>878,056</u>	<u>707,970</u>
<b>Net income for the year</b>		4,250	90,111
<b>Losses on revaluation</b>		<u>-</u>	<u>(25,000)</u>
<b>Net movement in funds for the year</b>		4,250	65,111
 Funds brought forward		<u>7,692,780</u>	<u>7,627,669</u>
<b>FUND BALANCES CARRIED FORWARD</b>		<u>7,697,030</u>	<u>7,692,780</u>

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

The notes on pages 20 to 28 form part of these accounts



**READING ALMSHOUSE CHARITY**  
**BALANCE SHEET**  
**AS AT 30 SEPTEMBER 2023**

	Notes	2023 £	2022 £
<b>FIXED ASSETS</b>			
Tangible assets	8	7,660,199	7,786,986
Investments	8	<u>475,000</u>	<u>475,000</u>
		8,135,199	8,261,986
<b>CURRENT ASSETS</b>			
Debtors	9	48,574	36,489
Cash at bank and in hand		<u>490,044</u>	<u>474,071</u>
		538,618	510,560
<b>CREDITORS:</b> Amounts falling due within one year	10	<u>(149,642)</u>	<u>(191,332)</u>
<b>NET CURRENT ASSETS</b>		<u>388,976</u>	<u>319,228</u>
<b>CREDITORS:</b> Amounts falling due after one year	11	<u>(827,145)</u>	<u>(888,434)</u>
<b>NET ASSETS</b>		<u>7,697,030</u>	<u>7,692,780</u>
<b>FUNDS</b>			
Unrestricted funds		<u>7,697,030</u>	<u>7,692,780</u>
		<u>7,697,030</u>	<u>7,692,780</u>

Approved by the trustees on 30 January 2024  
and signed on their behalf by



**J Thomas**, Chair

The notes on pages 20 to 28 form part of these accounts.

**READING ALMSHOUSE CHARITY**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2023**

	2023 £	2022 £
<b>Cash flows from operating activities</b>		
Net cash provided by operating activities (see below)	<u>153,437</u>	<u>288,895</u>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	(8,007)	(4,169)
Bank interest received	<u>5,010</u>	<u>409</u>
Net cash (used in)/provided by investing activities	<u>(2,997)</u>	<u>(3,760)</u>
<b>Cash flows from financing activities</b>		
Bank loan repayments	(75,751)	(481,679)
Bank interest paid	<u>(58,716)</u>	<u>(41,739)</u>
Net cash used in financing activities	<u>(134,467)</u>	<u>(523,418)</u>
Change in cash and cash equivalents in reporting period	15,973	(238,283)
<b>Cash and cash equivalents at the beginning of the reporting period</b>	<u>474,071</u>	<u>712,354</u>
Cash and cash equivalents at the end of the reporting period	<u><u>490,044</u></u>	<u><u>474,071</u></u>

**Reconciliation of net income to net cash flow from operating activities**

	2023 £	2022 £
Net income	4,250	65,111
<b>Adjustments for</b>		
Depreciation charges	134,794	133,768
Revaluation of investment property	-	25,000
Interest received	(5,010)	(409)
Interest payable	58,716	41,739
Decrease/(increase) in debtors	(12,085)	27
Increase/(decrease)/ in creditors	<u>(27,228)</u>	<u>23,659</u>
	<u><u>153,437</u></u>	<u><u>288,895</u></u>

<b>Analysis and movement of Net Debt</b>	2022 £	Cash flow £	2023 £
Cash in hand	224,071	50,973	275,044
Notice Deposits (less than 3 months)	<u>250,000</u>	<u>(35,000)</u>	<u>215,000</u>
Total cash and cash equivalents	474,071	15,973	490,044
Loans	<u>(977,143)</u>	<u>75,751</u>	<u>(901,392)</u>
Total	<u><u>(503,072)</u></u>	<u><u>91,724</u></u>	<u><u>(411,348)</u></u>

# READING ALMSHOUSE CHARITY

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 SEPTEMBER 2023

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#### 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 macro-economic factors. 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 2023**

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**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 2023**

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**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 2023**

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**3. RESIDENTIAL INCOME**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
<b>The residential income comprises:</b>		
Maintenance	<b>820,616</b>	743,231
Heating Contribution	<b>15,222</b>	15,344
Guest Room	<b>1,113</b>	620
Other Income	<b><u>1,868</u></b>	<u>-</u>
	<b><u><u>838,819</u></u></b>	<u><u>759,195</u></u>

**4. RENT RECEIVABLE**

Rent is receivable from investment property held.

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Rent receivable	<b><u><u>38,477</u></u></b>	<u><u>38,477</u></u>

**READING ALMSHOUSE CHARITY**  
**NOTES TO THE FINANCIAL STATEMENT (CONTINUED)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2023**

**5a) CHARITABLE ACTIVITIES**

	2023 £	2022 £
Upkeep of Almshouses (5b)	569,963	415,604
Frilsham & Yattendon Parochial Charities	2,000	2,000
Depreciation	134,794	133,768
Bad debt expense	3,588	-
Support costs (5c)	108,995	114,859
Mortgage interest	<u>58,716</u>	<u>41,739</u>
	<u><b>878,056</b></u>	<u><b>707,970</b></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**

	2023 £	2022 £
Water and Insurance	37,021	36,387
Light and Heat	47,605	29,562
Repairs and Maintenance	369,715	229,954
Estate management and service fees	36,080	64,584
Managers' Salaries and Expenses	79,448	51,413
Council tax on vacant accommodation	<u>94</u>	<u>3,704</u>
	<u><b>569,963</b></u>	<u><b>415,604</b></u>

**5c) Support costs**

	2023 £	2022 £
Operations Manager Salary and Expenses	27,134	33,689
Managers' office costs	16,764	16,669
Miscellaneous	4,029	9,656
Governance costs:		
Professional fees	46,502	43,595
Audit fee	<u>14,566</u>	<u>11,250</u>
	<u><b>108,995</b></u>	<u><b>114,859</b></u>

**READING ALMSHOUSE CHARITY**  
**NOTES TO THE FINANCIAL STATEMENT (CONTINUED)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2023**

**6. STAFF COSTS**

Staff costs during the year comprise:

	2023 £	2022 £
Salaries	98,698	78,454
National Insurance	3,550	3,030
Pension costs	<u>4,334</u>	<u>3,619</u>
	<b>106,582</b>	<b>85,103</b>
 Recruitment and training	 <u>14,337</u>	 <u>8,506</u>
	<b><u>120,919</u></b>	<b><u>93,609</u></b>

The weekly average number of staff was as follows:

	2023	2022
Housing Managers & Accountant	2	2
Operations Manager	<u>1</u>	<u>1</u>
	<b><u>3</u></b>	<b><u>3</u></b>

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

No trustees received any remuneration. The trustees received reimbursement for residents' functions and retirement gifts paid for on behalf of the charity during the year of £1,573 (2022: 1: £374).

The remuneration of key management personnel (including employers NI and employers pension costs) is £48,605 (2022: £85,103).

£nil ex-gratia payments (2022: £2,486) were made during the year.

**7. RELATED PARTIES**

During the year £2,000 (2022: £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 2023**

**8. TANGIBLE FIXED ASSETS**

	Almshouse & associated property used for charitable purposes £	Fixtures and fittings £	Other property held for investment purposes £	Total £
<b>COST OR VALUATION:</b>				
At 1 October 2022	8,848,489	82,502	475,000	9,405,991
Additions	<u>-</u>	<u>8,007</u>	<u>-</u>	<u>8,007</u>
At 30 September 2023	<u>8,848,489</u>	<u>90,509</u>	<u>475,000</u>	<u>9,413,998</u>
<b>DEPRECIATION:</b>				
At 1 October 2022	1,094,555	49,450	-	1,144,005
Charge for the year	<u>118,553</u>	<u>16,241</u>	<u>-</u>	<u>134,794</u>
At 30 September 2023	<u>1,213,108</u>	<u>65,691</u>	<u>-</u>	<u>1,278,799</u>
<b>NET BOOK VALUES</b>				
<b>At 30 September 2023</b>	<u><b>7,635,381</b></u>	<u><b>24,818</b></u>	<u><b>475,000</b></u>	<u><b>8,135,199</b></u>
At 30 September 2022	<u>7,753,934</u>	<u>33,052</u>	<u>475,000</u>	<u>8,261,986</u>

The Almshouse property includes the property in Castle Street, Reading, Penton House, Kennet Island Reading and Liberty House, Lower Earley, Reading. The market value of Castle Street Almshouses was obtained at 30 September 2022 by Simmons & Sons and was £4.22million (included at a net book value of £48,351 above).

The investment property is a property in West Street which was valued at £475,000 as at 30 September 2022 by Simmons & Sons.

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**

	2023 £	2022 £
Debtors	13,649	5,887
Prepayments	<u>34,925</u>	<u>30,602</u>
	<u><b>48,574</b></u>	<u><b>36,489</b></u>

**READING ALMSHOUSE CHARITY**  
**NOTES TO THE FINANCIAL STATEMENT (CONTINUED)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2023**

**10. CREDITORS:** Amounts falling due within one year

	2023 £	2022 £
Bank loans and overdrafts (note 15)	74,247	88,709
Social Security and other taxes	1,576	1,317
Accrued expenses	49,869	74,782
Other creditors	<u>23,950</u>	<u>26,524</u>
	<u><b>149,642</b></u>	<u><b>191,332</b></u>

**11. CREDITORS:** Amounts falling due after one year

	2023 £	2022 £
Bank loans and overdrafts (note 15)	<u><b>827,145</b></u>	<u><b>888,434</b></u>

**12. COMMITMENTS**

At the balance sheet date there were £nil capital commitments (2022: £nil).

**13. FINANCIAL INSTRUMENTS**

	2023 £	2022 £
Financial assets measured at amortised cost	503,693	479,959
Financial assets measured at fair value	475,000	475,000
Financial liabilities measured at amortised cost	975,211	1,078,449

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

Financial assets measured at fair value	38,477	38,477
Financial liabilities measured at amortised cost	58,716	41,739

Financial assets measured at amortised cost comprise trade debtors 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 2023**

**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:

	2023 £	2022 £
Not later than one year	40,000	27,254
Later than one year and not later than five years	148,164	-
Later than five years	-	-
	<u>188,164</u>	<u>27,254</u>

There are no contingent rents recognised as income.

**15. BANK LOANS**

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

	2023 £	2022 £
Amounts falling due within 1 year	74,247	88,709
Amounts falling due between 2-5 years	296,990	354,837
Amounts falling due after 5 years	530,155	533,597
	<u>901,392</u>	<u>977,143</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 the bank's base rate.

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



**READING ALMSHOUSE CHARITY**  
**(A CHARITABLE INCORPORATED ORGANISATION)**  
**CHARITY REGISTRATION 1152759**  
**REGISTERED ADDRESS: THE OFFICE, PENTON HOUSE, 58 LONGSHIPS WAY, READING, RG2 0GP**

**REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023**