

WATLINGTON HOUSE

UNAUDITED

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2022

WATLINGTON HOUSE

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WATLINGTON HOUSE

REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS FOR THE YEAR ENDED 30 SEPTEMBER 2022

Trustees

G Adair (appointed 2 April 2014)
A M Andrews (appointed 2 April 2014)
R Bennett, Hon. Secretary (appointed 14 September 2016)
M Cookson (appointed 3 July 2013)
Canon B Shenton, Chairman (appointed 22 January 2014)
S Thornton (resigned 1 December 2022)
D C H Williams, Hon. Treasurer (appointed 2 April 2014)

Charity registered number

1158378

Principal office

Watlington House
44 Watlington Street
Reading
Berkshire
RG1 4RJ

Accountants

James Cowper Kreston Audit
Chartered Accountants and Statutory Auditor
Reading Bridge House
George Street
Reading
Berkshire
RG1 8LS

Bankers

NatWest Bank Plc
Level 1
The Oracle Centre
Reading
Berkshire
RG1 2AH

Solicitors

Field Seymour Parkes
1 London Street
Reading
Berkshire
RG1 4QW

WATLINGTON HOUSE

TRUSTEES' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2022

The Trustees present their Report with the Financial Statements of the Charity for the year ended 30 September 2022. The Trustees confirm that the Annual Report and Financial statements of the Charity comply with current statutory requirements, the requirements of the Charity's governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019).

CONSTITUTION

The Charity is controlled by its governing document, a Constitution registered with the Charity Commission on 28 August 2017, and constitutes a Charitable Incorporated Organisation (CIO).

METHOD OF APPOINTMENT OR ELECTION OF TRUSTEES

The management of the charity is the responsibility of the Trustees, who are elected and co-opted under the terms of the Constitution registered with the Charity Commission on 28 August 2014.

RISK REVIEW

The Trustees actively review the major risks which the Charity faces on a regular basis.

The loss of key tenants poses a significant risk for the charity. In 2010, following the loss of several of its tenants, the Charity's income fell and its ability to keep trading as a going concern was open to question. In view of this the charity took a number of steps to increase its income and reduce its operating costs.

The Charity was successful in its endeavours and by 30 September 2019 income from Letting and Hall and other hire had risen to £89,058. By 30 September 2020 this figure had dropped to £71,280, as the full effects of the coronavirus pandemic were felt, resulting in restrictions on Hall hire. The charity was not eligible for any government grants relating to the impact of the pandemic during the period April to September 2020. Nevertheless the Trust still posted a small surplus of £464.

During the financial year 2020-21 the local NHS Primary Care Network established a very successful Covid Centre to serve central Reading. To compensate for loss of income the Trust were paid £36,920 during the year in question. In addition the policy on Covid grant support changed and the Trust received £27,357 in Covid support grants from Reading Borough Council. In the event only one of the Trust's 5 tenants (the Gurkhas – Total Security Ltd) required rent relief, this represented a loss of £5,460 for this financial year 2021-2022 and a total of £8,190 since the pandemic started.

However, despite assistance they were unable to re-start their business and they terminated their agreement with the Trust from 31st March 2022 after 10 years' occupancy.

The Trust completed the refurbishment of the front garden and enclosure of Watlington House. In November 2021 at a gross cost of £56k. The project was supported by a grant of £19k from the Earley Pools Charity, as part of their Bi-centennial celebrations, reducing the net cost to £36k. The Trust has received very positive feedback about the added presence the improvements give to both the House and surrounding conservation area. The works were unveiled by Cllr Stevens (Mayor of Reading), Willie Hartley-Russell MVO DL (High Sheriff of the Royal County) and Trustees of Earley Charity.

The Trustees also keep the potential cost of improvements, planned maintenance and unforeseen repairs under regular review and have adopted a policy of ensuring that the Trust always has a reserve of at least the equivalent of three months' expenditure. Once the current programme of refurbishment and improvements has been completed the Trustees intend to create a 'sinking fund' from their reserves to cover any future major expenditure.

WATLINGTON HOUSE

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2022

OBJECTIVES AND ACTIVITIES FOR PUBLIC BENEFIT

In setting our objectives and planning our activities, the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit.

Watlington House is a Grade 2 starred listed building. When threatened with demolition in 1930, public monies were raised and the building was purchased by the National Council of Social Service (now the National Council for Voluntary Service) in 1931 for £1,705 plus expenses, to be run by the Watlington House Management Committee, which was then registered as a charity in its own right. The value of the building now for insurance purposes is £3.5m and it is insured with the Ecclesiastical Insurance Co Ltd.

The Charity was formed to manage and maintain Watlington House for the general benefit of the local community. The house has a number of rooms and a Hall for letting and hire by individuals or organisations in accordance with the standard hiring agreement and the scale of charges adopted for the year. The income from lettings is used to maintain the property.

On 2 April 2014 the Charity obtained Charity Commission approval to change its constitution. It is now a Charitable Incorporated Organization (CIO). A CIO can acquire land and in July 2016 the Charity acquired the freehold of Watlington House from the National Council for Voluntary Service (NCVO). No consideration was paid.

GOING CONCERN

After making appropriate enquiries, the Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

FINANCES

The Charity has a reserves policy of three months of expenditure.

In May 2020 Trustees approved plans to carry out works to improve the setting of the front of the house as viewed from the street. This included; building an enclosing wall, railings and significantly improving the front garden. The works were undertaken with the support of a £19k grant from the Earley Charity, given as part of their celebration of the Earley Chaity's 200 years of active philanthropy. The challenges of the pandemic meant that by the year end these works were only 80% complete by the year end. The formal unveiling by the High Sheriff of Berkshire and the Mayor of Reading took place on 8 November. The grant was received in November 2021. The cost net of the grant was £35,890.

The Charity's total funds, excluding investment property, as at September 2022 amounted to £98,458 (£133,078 as at 30th September 2021) and the Trust has now completed the major part of its repair and refurbishment programme:

2016/17 – roof and exterior of main building refurbished

2017/18 – hall refurbished and extended to provide additional office accommodation

2018/19 – boundary wall refurbished and extra work to the House

2019/20 – repairs, maintenance and painting of windows and doors at rear of the house

2020/21 – replacement of 5 sash windows and refurbishment of front garden and curtilage. Refurbishment of front garden and cartilage.

2021/22 – major refurbishment of the rooms vacated by the Gurkhas, which have been re-let from September 2022. Work is continuing on the feasibility study to see if it would be possible to erect a building at the rear of the main building to rent to the Central Reading Primary Care Network for health purposes. The feasibility study will explore the heritage and environmental impact of new building on the House and its surroundings as well as the financial risks for the Trust, so as to ensure that there is no risk of the Trust being unable to continue as a going concern.

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TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2022

TRUSTEE'S RESPONSIBILITIES STATEMENT

The Trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the Trustees are required to:

Approved by order of the members of the board of Trustees and signed on their behalf by:


.....
Canon B Shenton

Date: 22nd Feb 2023

WATLINGTON HOUSE

INDEPENDENT EXAMINER'S REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2022

Independent Examiner's Report to the Trustees of Watlington House ('the Charity')

I report to the charity Trustees on my examination of the accounts of the Charity for the year ended 30 September 2022.

Responsibilities and Basis of Report

As the Trustees of the Charity you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ('the 2011 Act').

I report in respect of my examination of the Charity's accounts carried out under section 145 of the 2011 Act and in carrying out my examination I have followed the applicable Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

Independent Examiner's Statement

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

1. accounting records were not kept in respect of the Charity as required by section 130 of the 2011 Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a 'true and fair' view which is not a matter considered as part of an independent examination.

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Signed:



Dated:

2 March 2023

Alexander Peal BSc (Hons) FCA DChA

James Cowper Kreston Audit

Chartered Accountants and Statutory Auditor

Reading Bridge House

George Street

Reading

Berkshire

RG1 8LS

WATLINGTON HOUSE

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Note	Restricted funds 2022 £	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Income from:					
Donations and legacies	2	-	-	-	19,000
Charitable activities	3	-	79,114	79,114	120,312
Total income		-	79,114	79,114	139,312
Expenditure on:					
Charitable activities	4	19,000	94,734	113,734	91,991
Total expenditure		19,000	94,734	113,734	91,991
Net movement in funds		(19,000)	(15,620)	(34,620)	47,321
Reconciliation of funds:					
Total funds brought forward		19,000	3,614,078	3,633,078	3,585,757
Net movement in funds		(19,000)	(15,620)	(34,620)	47,321
Total funds carried forward		-	3,598,458	3,598,458	3,633,078

The Statement of Financial Activities includes all gains and losses recognised in the year.

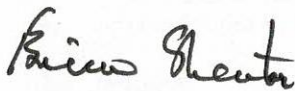
The notes on pages 9 to 17 form part of these financial statements.

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BALANCE SHEET AS AT 30 SEPTEMBER 2022

	Note	2022 £	2021 £
Fixed assets			
Investment property	7	3,500,000	3,500,000
Current assets			
Debtors	8	2,600	19,000
Cash at bank and in hand		95,858	114,078
Net current assets		<u>98,458</u>	<u>133,078</u>
Total assets less current liabilities		<u>3,598,458</u>	<u>3,633,078</u>
Total net assets		<u><u>3,598,458</u></u>	<u><u>3,633,078</u></u>
Charity funds			
Restricted funds	9	-	19,000
Unrestricted funds	9	3,598,458	3,614,078
Total funds		<u><u>3,598,458</u></u>	<u><u>3,633,078</u></u>

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:



Canon B Shenton

Date: 22nd Feb 2023

The notes on pages 9 to 17 form part of these financial statements.

WATLINGTON HOUSE

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Net cash used in operating activities	12	(18,220)	26,957
Change in cash and cash equivalents in the year		(18,220)	26,957
Cash and cash equivalents at the beginning of the year		114,078	87,121
Cash and cash equivalents at the end of the year	13	95,858	114,078

The notes on pages 9 to 17 form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - 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), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

Watlington House 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.

1.2 Going concern

The Trustees are of the view that the charity has sufficient funds to enable it to continue its activities on a going concern basis for a period of at least 12 months. The trustees believe that financial statements have been prepared appropriately on the going concern basis.

1.3 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

1.4 Income

All income is recognised once the Charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the Statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

Gifts in kind donated for distribution are included at valuation and recognised as income when they are distributed to the projects. Gifts donated for resale are included as income when they are sold. Donated facilities are included at the value to the charity where this can be quantified and a third party is bearing the cost. No amounts are included in the financial statements for services donated by volunteers.

WATLINGTON HOUSE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

1. Accounting policies (continued)

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Governance costs are those incurred in connection with administration of the charity and compliance with constitutional and statutory requirements.

Charitable activities and Governance costs are costs incurred on the charity's educational operations including support costs and costs relating to the governance of the charity apportioned to charitable activities.

1.6 Investment property

Freehold property is revalued by the Trustees, on an open market for existing use basis.

1.7 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.8 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.9 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 with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

WATLINGTON HOUSE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

2. Income from donations and legacies

	Restricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Grants	-	-	19,000
Total 2021	19,000	19,000	

3. Income from charitable activities

	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Tenant's rent	47,336	47,336	50,111
Hall and other income	31,778	31,778	70,201
	79,114	79,114	120,312
Total 2021	120,312	120,312	

4. Analysis of expenditure on charitable activities

Summary by fund type

	Restricted funds 2022 £	Unrestricted funds 2022 £	Total 2022 £	Total 2021 £
Direct costs	19,000	93,894	112,894	91,187
Governance costs	-	840	840	804
	19,000	94,734	113,734	91,991
Total 2021	-	91,991	91,991	

WATLINGTON HOUSE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

5. Analysis of expenditure by activities

	Activities undertaken directly 2022 £	Support costs 2022 £	Total funds 2022 £	Total funds 2021 £
Direct costs	112,894	-	112,894	91,187
Governance costs	-	840	840	804
	<u>112,894</u>	<u>840</u>	<u>113,734</u>	<u>91,991</u>
Total 2021	<u>91,187</u>	<u>804</u>	<u>91,991</u>	

Analysis of direct costs

	Activities 2022 £	Total funds 2022 £	Total funds 2021 £
Caretaking	7,800	7,800	7,590
Rates	5,171	5,171	5,171
Insurance	5,726	5,726	5,113
Light and heat	9,225	9,225	10,148
House expenditure	12,041	12,041	7,368
Repairs and maintenance	8,518	8,518	4,442
House improvements	58,564	58,564	45,714
Water	757	757	1,011
Cleaning	4,766	4,766	5,628
Sundry	326	326	(998)
	<u>112,894</u>	<u>112,894</u>	<u>91,187</u>
Total 2021	<u>91,187</u>	<u>91,187</u>	

6. Independent examiner's remuneration

The independent examiner's remuneration amounts to an independent examiner fee of £875 (2021 - £804).

WATLINGTON HOUSE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

7. Investment property

	Freehold investment property £
Valuation	
At 1 October 2021	3,500,000
At 30 September 2022	<u>3,500,000</u>

The freehold investment property was acquired from the National Council for Voluntary Organisations (NCVO) for a peppercorn on 18 July 2016. The freehold property was revalued by the Trustees, on an open market for existing use basis.

8. Debtors

	2022 £	2021 £
Due within one year		
Other debtors	2,600	-
Grants receivable	-	19,000
	<u>2,600</u>	<u>19,000</u>

WATLINGTON HOUSE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

9. Statement of funds

Statement of funds - current year

	Balance at 1 October 2021 £	Income £	Expenditure £	Balance at 30 September 2022 £
Unrestricted funds				
Unrestricted funds	3,614,078	79,114	(94,734)	3,598,458
Restricted funds				
Restricted Funds	19,000	-	(19,000)	-
Total of funds	3,633,078	79,114	(113,734)	3,598,458

Statement of funds - prior year

	Balance at 1 October 2020 £	Income £	Expenditure £	Balance at 30 September 2021 £
Unrestricted funds				
Unrestricted funds	3,585,757	120,312	(91,991)	3,614,078
Restricted funds				
Unallocated amounts	-	19,000	-	19,000
Total of funds	3,585,757	139,312	(91,991)	3,633,078

WATLINGTON HOUSE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

10. Summary of funds

Summary of funds - current year

	Balance at 1 October 2021 £	Income £	Expenditure £	Balance at 30 September 2022 £
General funds	3,614,078	79,114	(94,734)	3,598,458
Restricted funds	19,000	-	(19,000)	-
	<u>3,633,078</u>	<u>79,114</u>	<u>(113,734)</u>	<u>3,598,458</u>

Summary of funds - prior year

	Balance at 1 October 2020 £	Income £	Expenditure £	Balance at 30 September 2021 £
General funds	3,585,757	120,312	(91,991)	3,614,078
Restricted funds	-	19,000	-	19,000
	<u>3,585,757</u>	<u>139,312</u>	<u>(91,991)</u>	<u>3,633,078</u>

11. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2022 £	Total funds 2022 £
Investment property	3,500,000	3,500,000
Current assets	98,458	98,458
Total	<u>3,598,458</u>	<u>3,598,458</u>

WATLINGTON HOUSE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

11. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	Restricted funds 2021 £	Unrestricted funds 2021 £	Total funds 2021 £
Investment property	-	3,500,000	3,500,000
Current assets	19,000	114,078	133,078
Total	19,000	3,614,078	3,633,078

12. Reconciliation of net movement in funds to net cash flow from operating activities

	2022 £	2021 £
Net income/expenditure for the year (as per Statement of Financial Activities)	(34,620)	47,321
Adjustments for:		
Accrual write back	-	(1,364)
Decrease/(increase) in debtors	16,400	(19,000)
Net cash provided by/(used in) operating activities	(18,220)	26,957

13. Analysis of cash and cash equivalents

	2022 £	2021 £
Cash in hand	95,858	114,078
Total cash and cash equivalents	95,858	114,078

WATLINGTON HOUSE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2022

14. Analysis of changes in net debt

	At 1 October 2021 £	Cash flows £	At 30 September 2022 £
Cash at bank and in hand	114,078	(18,220)	95,858
	<u>114,078</u>	<u>(18,220)</u>	<u>95,858</u>

15. Related party transactions

During the year, one trustee received payments totalling £3,924 (2021: £932) for garden maintenance.

During the year, Berkshire Youth Limited, related by common Trusteeship, paid the charity £11,880 (2021: £11,880) for rent.

During the year, The Mills Archive Trust, related by common Trusteeship, paid the charity £21,696 (2021: £21,685) for rent.

During the year, The Reading Civic Society, related by common Trusteeship, paid the charity £140 (2021: £120) for room hire.

16. Controlling party

The Charity is under joint control of the Trustees, who oversee all administration and operations that the Charity undertakes.