

STEWART'S AND BUDGEN'S ALMSHOUSES

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

STEWART'S AND BUDGEN'S ALMSHOUSES

For the year ended 31 December 2020

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STEWART'S AND BUDGEN'S ALMSHOUSES

For the year ended 31 December 2020

ASSOCIATION INFORMATION

CHARITY NUMBER:	205886
HOMES ENGLAND:	A3722
TRUSTEES:	Mrs J Reynolds (Chairman) Mrs D Brickell Mrs R Elgar Mrs M Greig
ASSOCIATE TRUSTEES:	Mr R Banks Mrs C Searle Mr H Shah Mr T Simmons Mrs S Lee Mrs S Fordham
TREASURER:	Mrs V Christie
ACTING SECRETARY:	Ms K Reynolds
REGISTERED OFFICE:	Gladstone House 77-79 High Street Egham Surrey TW20 9HY
AUDITOR:	Ian S Anderson Chartered Accountant & Statutory Auditor Chartam House 16 College Avenue Maidenhead Berkshire SL6 6AX
BANKERS:	Barclays Bank Plc 210 High Street Hounslow TW3 1DL
SOLICITORS:	Horne Engel & Freeman 47a High Street Egham TW20 9ES

REPORT OF THE TRUSTEES for the Year Ended 31 December 2020

The Trustees present their report, which incorporates the requirements of a Strategic Report, together with the financial statements for the year ended 31 December 2020.

1. Constitution and Principal Activity

Stewart's and Budgen's Almshouses ("the Association") is a registered social landlord with charitable status. The originating trust deed was dated 16 October 1925 and was varied by schemes dated 12 January 1962 and 27 January 1966, as amended on 20 February 2020. The Association was registered with the Charity Commission in England and Wales on 14 June 1962. The Association is subject to regulation by Homes England, which is the successor to the Homes and Communities Agency which is the successor to the Tenant Services Authority, itself a successor to the Housing Corporation.

The Association provides almshouses for poor single or widowed women of not less than 45 years of age who have been parishioners or inhabitants of the Egham area for not less than 20 years.

2. Main points of interest:

General review

As with all other areas of life, the Covid-19 pandemic has greatly affected life at the almshouses in 2020, although we are thankful that only one resident actually contracted the virus. We had a vacancy at the start of the year but it was not until July that our newest resident could occupy her bungalow when lockdown measures were temporarily lifted. This new resident, our oldest, has settled well and is delighted to be in a warm and comfortable property with no stairs, unlike the property she moved from.

Very sadly, towards the end of the year, two long-standing residents passed away and we started 2021 with two vacant properties. Both have now been redecorated and carpeted and following the gradual reduction in the lockdown, we have started the advertising process to find new occupants.

The residents and Trustees always feel the loss of old friends and neighbours and especially so in this Covid year when they were unable to attend funerals. Although many of them struggle with health problems, they have shown tremendous courage and resilience and never more so than in the long months of lockdown when they have supported each other in many ways. We hope it won't be too long before we can have every property reoccupied and the community whole again.

The annual buildings, electrical, water and plumbing checks were completed routinely and have produced satisfactory reports and any remedial action has been/ will shortly be carried out. We ended the year with the newly formed Almshouse sub-committee working on a new Residents' Handbook, based on the revised 'Standards of Almshouse Management' recently published by the Almshouse Association.

Other revenues

Investment income for the year of £37,013 was down by 18% over last year's figure of £45,104, but was still more than the 2018 figure of £35,095.

Portfolio values

Our investment policy is to seek a balance between moderate capital growth and good income returns, obviously taken over a term of years. Overall, we have continued our previous policy of primarily investing in such as the M & G's Charifund income units to achieve a balanced return. After last year's increase in value of 16% there was a downturn in 2020 with a decrease in value of a similar percentage this year, before accumulated income. Our investments value at the year end stood at £759,033 (2019 £900,399). Whilst disappointing, this was in common with such investments generally, given Covid and the impact of Woodford on the market. Nevertheless the Trustees have, since the year end, commissioned a review of the Association's investments and its performance and will be seeking to implement appropriate recommendations.

Housing stock

The Trustees took professional advice in December 2015 and revalued the housing stock accordingly in the 2015 financial statements. The Trustees believe that, given the restricted charitable objects of the Association, there has been no material change in value to the balance sheet date. The Trustees are conscious of the guidance recommending periodic professional valuations, but feel the benefit would be marginal given the cost of such a review.

Policy regarding the Association's Free Reserves - £1,472,206 at 31 December 2020

As outlined in previous reports our present assessment is that in the Charity's local area of benefit, another Almshouse development would not be viable. However, we do not discount the possibility in the longer term. Our current view is that the income from our portfolio should support the needs of the tenants of our 11 properties (when fully occupied) whose ability to live independent lives in their own home demands some degree of domiciliary help. We do provide support from time to time, but it has to date required the Charity to contribute financially on a very minor scale. Our residents' needs vary widely from one year to another, so we shall not be concerned if we carry a significant surplus in any one year.

REPORT OF THE TRUSTEES for the Year Ended 31 December 2020 (Continued)

From time to time the Trustees' strategy will require minor schemes of capital improvement, possibly including temporary facilities to meet individual needs as exemplified by some modest outlays in recent years. With a stock of 11 dwellings, 6 of which are approaching 100 years old, the capital funds have provided and will continue to provide support for any major compliance or refurbishment needs and a ready resource for any rebuilding should that be necessary.

The Trustees are mindful of matters such as Brexit, which crystallised at the year end, and the Covid-19 crisis which has occurred during 2020, and since. In practical terms given the free reserves the financial impact for the charitable Association has been minimal except for the short term fluctuation in investment values.

Risk Management

The Trustees have sought to identify the major risks to which the Association is exposed and within reason for a small charity, where internal controls are necessarily limited, have established systems to ensure that these risks are reviewed and are minimised as far as possible.

Public Benefit

In setting our views herein and in management of the Charity generally, the Trustees have given careful consideration to the Charity Commission's guidance on public benefit.

3. Accommodation of good quality

In the Trustees' opinion the charity provides excellent value for money and good quality accommodation for its residents at low cost. Our visiting team of Trustees continued as before, with responsibility for the Manor Farm almshouses with Mrs Susan Fordham and Mrs Susan Lee and Mrs Christine Searle for the Pooley Green properties, with the Chairman providing support for both locations.

4. Personnel

The Trustees in office this year are detailed on Page 1

The Trustee Board has remained unchanged in this turbulent year for which as Chair I have been very thankful. The Trustees bring to the Charity wide ranging skills, energy and a dedication to their task and never more so than in the work of the three Almshouse Trustees who have supported our ladies valiantly in the past year. The residents value this support which adds to their sense of security and well-being. My warm thanks go to Mrs Lee, Mrs Fordham and Mrs Searle for all they bring to the Charity and to the ladies in their care. My thanks too to our Treasurer, Ms Christie and Ms Reynolds, the Acting Secretary for all their hard work.

5. Trustees and Trustees' Responsibilities

The Trustees believe they have complied with relevant requirements of the Governance and Financial viability Standard, so far as applicable to a small registered social housing provider.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable the Trustees to ensure that the financial statements comply with the requirements of the Charities Act 2011 and the Accounting Direction for private registered providers of social housing in England 2019. The Trustees are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

6. Tax Status

The Trustees are of the opinion that the Association is not liable for taxation on its charitable activities.

7. External Auditor

A resolution to reappoint the auditor, Ian S Anderson, will be proposed at the Annual General Meeting.

**REPORT OF THE TRUSTEES
for the Year Ended 31 December 2020 (Continued)**

8. Statement As To Disclosure Of Information To Auditors

So far as the Trustees are aware, there is no relevant audit information of which the Association's auditor is unaware, and each Trustee has taken all the steps that he or she ought to have taken as a Trustee in order to make themselves aware of any relevant audit information and to establish that the Association's auditor is aware of that information.

9. Approval of Financial Statements

The financial statements are approved by the Trustees for submission and approval by the Auditor of the Association.

ON BEHALF OF THE TRUSTEES

.....
Mrs J Reynolds - Chairman
Dated: 17 June 2021

STEWART'S AND BUDGEN'S ALMSHOUSES

For the year ended 31 December 2020

REPORT OF THE INDEPENDENT AUDITOR TO THE TRUSTEES OF STEWART'S AND BUDGEN'S ALMSHOUSES

I have audited the financial statements of Stewart's and Budgen's Almshouses ("the Association") on pages 6 to 13. The Association is both a registered charity and a registered social landlord and these financial statements have been prepared in accordance with the Trust Deed dated 16 October 1925 (as amended), the Statement of Recommended Practice (SORP): Accounting by Registered Social Housing Providers (Update 2018), the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2019, in compliance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standards applicable in the UK and Republic of Ireland".

In my opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 December 2020 and of its total recognised result for the year then ended; and
- have been properly prepared in accordance with the Trust Deed dated 16 October 1925 (as amended) and United Kingdom Generally Accepted Accounting Practice;
- have been properly prepared in accordance with the requirements of the Charities Act 2011, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2019.

This report is made solely to the Association's trustees, as a body, in accordance with regulations under section 154 of the Charities Act 2011 and section 137 of the Housing and Regeneration Act 2008. My audit work has been undertaken so that I might state to the Association's trustees those matters I am required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the Association and its trustees as a body, for my audit work, for this report, or for the opinions I have formed.

Responsibilities of the Trustees

As explained more fully in the Trustees' Responsibilities Statement, the trustees are responsible for the preparation of financial statements which give a true and fair view. The Trustees are responsible for assessing matters relating to going concern and for the use of the going concern basis for accounting.

Auditor's responsibilities for the audit of the financial statements

I have been appointed as auditor under section 145 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (ISAs (UK)). A further description of my responsibilities for the audit is located in the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of my auditor's report.

Basis for opinion

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. I am independent of the Association in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK, including the FRC's Ethical Standard, and believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion. I have nothing to report in respect of the following matters which the ISAs (UK) require me to report to you where: the use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or the financial statements fail to disclose any identified material uncertainties that may cast significant doubt on that basis for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

- The Trustees are responsible for the other information included in the annual report other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.
- In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.
- I have nothing to report in this regard.

Matters on which I am required to report by exception

I have nothing to report in respect of the following matters where the Housing and Regeneration Act 2008 and the Charities Act 2011 require me to report to you if, in my opinion:

- The information in the Trustees' Report is inconsistent in any material aspect with the financial statements; or
- A satisfactory system of control over transactions has not been maintained; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- I have not received all the information and explanations I require for my audit.

Ian S Anderson
Chartered Accountant & Statutory Auditor
Chartam House, 16 College Avenue
Maidenhead, Berkshire SL6 6AX

Dated: 17 June 2021

STEWART'S AND BUDGEN'S ALMSHOUSES**For the year ended 31 December 2020**

STATEMENT OF FINANCIAL ACTIVITIES
STATEMENT OF COMPREHENSIVE INCOME (INCLUDING INCOME AND EXPENDITURE ACCOUNT)
for the Year Ended 31 December 2020

	Notes	£	2020	£	2019
Turnover	2		37,975		40,897
Operating costs	2		(33,573)		(29,254)
Operating surplus/ (deficit)			<u>4,402</u>		<u>11,643</u>
Interest receivable and other income	5		37,013		45,104
Interest payable and similar charges	6		-		-
Surplus/ (Deficit) on ordinary activities before taxation	7		<u>41,415</u>		<u>56,747</u>
Tax on result of ordinary activities			-		-
Surplus/ (Deficit) for the year after taxation	15		<u>41,415</u>		<u>56,747</u>
Other recognised gains and losses:					
Revaluation of tangible fixed assets	9		-		-
Movement in investment values	11		(145,443)		125,585
Profit on sale of investments			-		-
Total comprehensive income/ (deficit) for the year			<u>(104,028)</u>		<u>182,332</u>

All of the activities of the charity are classed as continuing.

On behalf of the Trustees:

.....

Mrs D Brickell

17 June 2021

.....

Mrs J Reynolds

STEWART'S AND BUDGEN'S ALMSHOUSES**For the year ended 31 December 2020****BALANCE SHEET
As at 31 December 2020**

	Notes	2020 £	2019 £
Fixed assets			
Tangible assets	9	721,053	727,039
		<hr/>	<hr/>
Current assets			
Debtors	10	2,139	2,477
Investments	11	759,033	900,399
Cash at bank	12	424,927	381,451
		<hr/>	<hr/>
		1,186,099	1,284,327
Less: Creditors			
Amounts falling due within one year	13	6,461	6,668
		<hr/>	<hr/>
Net current assets		1,179,638	1,277,659
		<hr/>	<hr/>
Total assets less current liabilities		1,900,691	2,004,698
		<hr/>	<hr/>
Provisions for liabilities and charges			
	14	8,114	8,114
		<hr/>	<hr/>
		8,114	8,114
Capital and reserves			
Income and expenditure account	15	1,472,206	1,576,213
Revaluation reserve	15	420,371	420,371
		<hr/>	<hr/>
		1,900,691	2,004,698
		<hr/>	<hr/>

These financial statements were approved by the Trustees and authorised for issue on 17 June 2021 and are signed on their behalf by:

.....
Mrs D Brickell

.....
Mrs J Reynolds

NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31 December 2020

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Financial Reporting Standards in the United Kingdom (including the Statement of Recommended Practice (SORP): Accounting by Registered Social Housing Providers (Update 2018) and the Accounting Direction for private registered providers of social housing in England 2019 and FRS 102 "The Financial Reporting Standards applicable in the UK and Republic of Ireland", as applicable to small entities per amendments published March 2018. Subject to the foregoing the policies are consistent with previous years. A summary of the more important accounting policies is set out below.

General information and basis of accounting

Stewart's and Budgen's Almshouses is a private registered provider of social housing in the United Kingdom. The address of the registered office is as detailed for the Secretary on page 1. The Association is a public benefit entity and the nature of the Association's operations and principal activity is as an almshouse charity.

The financial statements are prepared on the historical cost basis of accounting subject to the annual revaluation of investment assets and periodic revaluation of its Freehold property within Tangible fixed assets.

Going Concern in the current economic conditions

The trustees have a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. In their opinion the impact of Brexit and the present Covid-19 crisis is not a concern to their adoption of the going concern basis in preparing the annual report and accounts.

Cash Flow Statement

As per FRS 102 published March 2018 by the Financial Reporting Council, as a small entity the Association is not required to produce a cash flow statement.

Turnover

Turnover represents rental income receivable.

Fixed Assets

Freehold Properties are included at 2020 valuation, based on the professional valuation in the 2015 financial statements. Depreciation on buildings is charged on a straight line basis over the useful life of the building - 50 years. As regards other fixed assets, the Association's policy is to charge expenditure on minor items to the Income and Expenditure Account.

Major Repairs

The Association provides for future major repair expenditure on all housing properties developed under the original 1988 Housing Act arrangements and for other properties in so far as the major repairs expenditure is not eligible for grants from Homes England or local authorities.

Social Housing Grant

Where developments have been financed wholly or partly by "housing association" grant, the cost of those developments has been reduced by the amount of the grant received.

Investments

Listed investments are recognised at mid market value at the balance sheet date. Both realised and unrealised gains and losses on investments are reflected in the statement of financial activities. Investment income is credited to the statement of financial activities on an accruals basis, inclusive of taxation credit where applicable.

Expenditure

Expenditure is allocated to expense headings either on a direct cost basis or apportioned according to time spent. The irrecoverable element of VAT is included with the item of expense to which it relates.

STEWART'S AND BUDGEN'S ALMSHOUSES

For the year ended 31 December 2020

NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31 December 2020

2. TURNOVER, OPERATING SURPLUS AND SURPLUS BEFORE TAXATION

	2020 £	2019 £
Turnover from lettings:		
Eleven units on average (2019 11 units)	41,543	41,543
Rent losses from voids and provisions	(3,568)	(646)
	<u>37,975</u>	<u>40,897</u>

Rental income per unit was last increased in April 2018 by 1.6%.

One unit which had been vacant was occupied from July in the year to 31 December 2020, with two properties becoming void for November and December.

Those tenants receiving housing subsidy are treated 4 weekly in arrears by the Council whereas rental is strictly due on a monthly basis in advance. Tenants, who pay all or part of the rental due, do so on that basis.

	2020 £	2019 £
Operating costs:		
Maintenance and running costs of Almshouses	27,435	22,274
Support costs	1,104	1,066
Governance	5,034	5,914
	<u>33,573</u>	<u>29,254</u>

All governance costs are attributable to the Association's principal activity.

3. TRUSTEES' EMOLUMENTS & RELATED PARTIES

There were no Trustee emoluments paid during the period (2019 £ nil). Reimbursed expenses of £203 (2019 £100) were payable relating to costs expended on behalf of the Charity.

The Trustees also administer two other Charities which serve the same area of benefit: Egham Education Trust and Egham United Charity. Apart from sharing of meeting premises, no transactions took place between the three charities in the year under review. Copies of the accounts of the charities may be obtained from the Secretary.

4. EMPLOYEE INFORMATION

The Acting Secretary to the Trustees in the year, who was in receipt of a small honorarium of £1,137, was the only individual falling within the remit of key management personnel. There were no employees during the period.

STEWART'S AND BUDGEN'S ALMSHOUSES

For the year ended 31 December 2020

NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31 December 2020

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2020 £	2019 £
Investment income	36,175	43,721
Bank and building society interest	838	1,383
	<u>37,013</u>	<u>45,104</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2020 £	2019 £
Interest payable	-	-
	<u>-</u>	<u>-</u>
The Association has no bank overdrafts or loans		

7. SURPLUS

	2020 £	2019 £
Surplus on ordinary activities before taxation is stated after charging:		
Auditor's remuneration (incl.VAT £500; 2019 £600) in their capacity as auditors	3,000	3,600
Other governance costs	2,034	2,314
Depreciation - buildings	5,986	5,986
	<u></u>	<u></u>

8. TAXATION

The Trustees are of the opinion that the Association is not liable for taxation on its charitable activities.

9. TANGIBLE FIXED ASSETS

	Freehold Properties 2020 £	Freehold Properties 2019 £
COST OR VALUATION:		
Valuation as at 1 January 2020	750,984	750,984
Addition in year	-	-
As at 31 December 2020	<u>750,984</u>	<u>750,984</u>
DEPRECIATION:		
As at 1 January 2020	23,945	17,959
Charge for year	5,986	5,986
Release on revaluation	-	-
As at 31 December 2020	<u>29,931</u>	<u>23,945</u>
NET BOOK VALUE:		
At 1 January 2020	727,039	733,025
At 31 December 2020	<u>721,053</u>	<u>727,039</u>

STEWART'S AND BUDGEN'S ALMSHOUSES

For the year ended 31 December 2020

NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31 December 2020

9. TANGIBLE FIXED ASSETS (continued)

The freehold properties were professionally revalued on 16 December 2015 on an existing use basis, with a revaluation reserve of £420,371 arising. The above value also includes the cost of a parking space for £10,983 in 2017. The Trustees believe that, in the light of property valuations generally and the specific circumstances relating to the almshouses, that the valuation remains valid for these financial statements. For 2016 onwards depreciation on the deemed buildings element is charged over 50 years useful life.

Housing properties at cost less Homes England grant and internal funding account were:

	2020	2019
	£	£
Cost of properties	637,512	637,512
Registered Social Landlord grants		
from (now) Homes England	(226,258)	(226,258)
Internal funding account	(3,497)	(3,497)
	<u>407,757</u>	<u>407,757</u>

10. DEBTORS

	2020	2019
	£	£
Other debtors	549	847
Prepayments and accrued income	1,590	1,630
	<u>2,139</u>	<u>2,477</u>

All debtors are due within one year.

11. INVESTMENTS

	2020	2019
	£	£
CHARITY:		
Quoted investments		
Market value brought forward	900,399	770,856
Accumulated income	4,077	3,958
Additions/Disposals at cost	-	-
Realised (gains)/losses	-	-
Unrealised gains/ (losses)	(145,443)	125,585
	<u>759,033</u>	<u>900,399</u>
Aggregate market value of listed investments		
Breakdown of investment returns:		
Charity Multi Asset Fund - Accumulation shares		
Cost	27,961	27,961
Accumulated income	37,565	33,488
Unrealised gains	35,946	43,358
	<u>101,472</u>	<u>104,807</u>

STEWART'S AND BUDGEN'S ALMSHOUSES

For the year ended 31 December 2020

NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31 December 2020

11. INVESTMENTS (continued)

	2020 £	2019 £
Charifund – Income Units		
Cost	468,599	468,599
Additions at Cost	-	-
Unrealised gain	188,962	326,993
Market value	<u>657,561</u>	<u>795,592</u>
Total cost	496,560	496,560
Additions/Disposals at cost	-	-
Accumulated income	37,565	33,488
Unrealised gains	224,908	370,351
Total market value	<u>759,033</u>	<u>900,399</u>

12. CASH AT BANK

	2020 £	2019 £
Virgin Saver account	80,000	80,000
Business saver account	342,927	301,351
Community current account	2,000	100
	<u>424,927</u>	<u>381,451</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Accruals and deferred income	6,461	6,668
	<u>6,461</u>	<u>6,668</u>

STEWART'S AND BUDGEN'S ALMSHOUSES

For the year ended 31 December 2020

NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31 December 2020

14. PROVISIONS FOR LIABILITIES AND CHARGES

	Extraordinary repair fund 2020 £	Total 2019 £
As at 1 January 2020	8,114	8,114
Transferred from operating costs: Income and expenditure account	-	-
As at 31 December 2020	<u>8,114</u>	<u>8,114</u>

15. RESERVES

	Income and Expenditure account £	Revaluation Reserve £
As at 1 January 2020	1,576,213	420,371
Surplus/ (deficit) for the year	41,436	-
Transfer to Extraordinary repair fund	-	-
Increase/ (decrease) in value of investments	(145,443)	-
Revaluation of freehold property	-	-
Surplus carried forward	<u>1,472,206</u>	<u>420,371</u>

STEWART'S AND BUDGEN'S ALMSHOUSES

For the year ended 31 December 2020

PROFIT AND LOSS ACCOUNT for the Year Ended 31 December 2020

Operating Expenditure	2020		2019	
	£	£	£	£
Routine maintenance	8,369		2,785	
Cyclical maintenance	-		2,387	
Cleaning and garden	5,483		5,135	
Community alarm	3,183		3,183	
Insurance	1,104		1,066	
Audit & Accountancy	4,500		5,400	
Light & heat	451		205	
Rates, water charges etc.	2,587		2,400	
Sundry	760		707	
Secretary's honorarium	1,137		-	
Bank charges	13		-	
Depreciation	<u>5,986</u>		<u>5,986</u>	
		<u>33,573</u>		<u>29,254</u>

This page does not form part of the statutory financial statements

17 June 2021

The Trustees
Stewart's & Budgen's Almshouses
23 Runnemeade Road
Egham
Surrey TW20 9BE

Chartam House
16 College Avenue
Maidenhead
Berkshire SL6 6AX

Phone: 01628 583513
Mobile: 07876364121
Fax: 01628 782734

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ianstephenanderson@gmail.com

Dear Trustees

In accordance with my normal practice I am writing to draw your attention to various matters which arose during the course of my audit of the Charity's accounts for the year ended 31 December 2020.

Qualitative aspects of the entity's accounting practices and financial reporting

I have no comments to make concerning the qualitative aspects of the entity's accounting practices and financial reporting, save as reflected herein.

Reserves

The Trustees are aware of my concerns, raised in previous years, relating to the Charity's level of free reserves. Despite the downturn in investment values in 2020 these now stand at just under £1.5m and, with operating costs of approximately £34,000 in 2020, represents over 43 years annual expenditure. Whilst the trustees must always consider such as the cost of a major refurbishment were this to be required at either of the Almshouse locations, one can see that the Charity has funds well in excess of its requirements.

My management letter of 18 August 2020 following the 2019 audit outlined my concerns about the position with reference to guidance in CC19 issued by the Charity Commission and such concerns remain valid, although I do appreciate the Trustees need to act responsibly in financial matters. Perhaps the Trustees could look again at the following paragraph from my 2020 letter:

"My 2019 letter did note that the charity had exhausted its Extraordinary Repair Fund and in the 2019 financial year a transfer of £8,000 was made. However, this essentially only allows for "normal" cyclical repairs. I noted that, perhaps, a separate Major Refurbishment Reserve could be created to allow for more significant works in the future".

Whilst it is up to the Trustees to discuss and agree the level of any future transfer to such a designated reserve, even allowing for this the remaining free reserves would still be significant. The present policy does seek to mitigate this by stating that the Trustees assessment is that setting up another local Almshouse is not presently a viable option. This could, of course, change in the longer term. That apart, any decisions as to what to do with the relevant funds have to allow for the Charity's objectives and public benefit.

Freehold Properties

The Almshouse properties are reflected in the financial statements at the 2015 professional revaluation, subject to depreciation of the buildings element over 50 years. Where properties are included in the Statement of Financial Position at their fair value, revaluations should be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

For audit purposes the Trustees have represented that, in their opinion, the 2015 valuation remains valid given the special use of the properties and the general stagnation in property prices since that time. The Trustees do not consider that the cost of a further professional valuation would be justified at this time. As Auditor I have concurred with this view, although I have to say that the professional valuation is now quite old and property values have increased. However, my view is that the special use of the properties would mean that the recent surge may be less relevant to the Association's almshouse properties.

Investments

My management letter last year outlined my view that the Trustees have an overriding duty to exercise their investment powers with care and prudence, seeking to establish a suitable level of risk and diversification across the entire portfolio. It outlined my concern about the bulk of the Charity's funds being in M&G Managed funds, particularly given the market's targeting of funds managed by Neil Woodford and the danger that other funds could follow.

Whilst the managed funds suffered a downturn in 2020, this was in common with such "safe" funds generally. However, I am conscious that the Trustees have since the year end commissioned a professional review of the Association's investments by a suitably qualified IFA and look forward to seeing the Trustees' reaction thereto.

Rental Reconciliation

As part of the audit a rental reconciliation is produced each year to confirm completeness of income. Historically this reconciliation highlighted arrears and other required adjustments which were corrected in the statutory financial statements. Some of these arose because of the difference between the accruals basis used as opposed to the rental summary produced by your Treasurer, which is on a cash basis.

In accounting terms the reconciliation highlights the disparity between the subsidies received from RBC which are paid 4 weekly in arrears and the residents who pay all or part of their own rentals in advance. Clearly this situation with RBC is not ideal, but it is accepted that it is outwith the Trustees' control.

Letter of representation

A draft of the proposed letter of representation has been sent to you under separate cover.

Adjusted and unadjusted misstatements

During the course of my audit there were various minor adjustments which were brought to your Chair's attention.

For your information I have forwarded under separate cover the cash book analyses and the extended trial balance and a schedule of journal adjustments that you agreed should be processed when finalising the financial statements. All the day to day accounting and controls exist "in house" and I believe that my input has no impact for independence considerations regarding my audit, as noted below.

Expected modifications to the auditor's report

There are no expected modifications to the auditor's report.

Material Weaknesses in the accounting and internal control systems

As you are aware from my letter of engagement, my audit procedures are directed towards testing the accounting systems in operation upon which I have based my assessment of the accounts.

I will not repeat herein references to the situation following the retirement of your Secretary and its impact on the running of the Association. For the last year your day to day affairs have been controlled by the chair, Jill Reynolds, assisted by Kate Reynolds, acting as Acting Secretary. Ms Reynolds has performed beyond the call in her voluntary role and is shortly to step down to be replaced by a full time Secretary who will work report to the chair in the first instance.

Regarding the day to day accounting function and notwithstanding the foregoing, in my view, the Charity exercises adequate day to day control over receipts and payments. Given the size of the Charity there is an inherent limit to controls which can operate. Within the confines applicable I feel that the controls are adequate with approval of payments being agreed in Trustee meetings. Where urgent payments are required the general practice historically has been for payment to be made by individual Trustees and for this to be reimbursed after formal approval, thus avoiding circumventing the general system.

My accounting input relates solely to the statutory accounts preparation and, in my view, has not created independence issues for my audit, nor has it been fundamental to my ability to express an opinion on the financial statements.

Following the conclusion of my audit for the year ended 31 December 2020 I am not aware of any further matters which necessitate reporting to you.

Other matters required by Auditing Standards to be communicated

There are no other matters that I am required by auditing standards to communicate to you.

I would like to take this opportunity of expressing my thanks to your "staff" for their assistance during the course of my audit.

Please note that this report has been prepared for the sole use of Stewart's & Budgen's Almshouses. It must not be disclosed to third parties, quoted or referred to, without my prior written consent. No responsibility is assumed by me to any other person.

If I can be of any further assistance, please contact me.

Yours faithfully

A handwritten signature in dark ink, appearing to read 'Ian S Anderson', with a long horizontal stroke extending to the right.

Ian S Anderson