

THE READING FOUNDATION
(A company limited by guarantee)

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THE READING FOUNDATION

(A company limited by guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2022

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND MEMBERS OF THE COUNCIL AND ADVISERS
FOR THE YEAR ENDED 31 JULY 2022

The organisation is a charitable company limited by guarantee, incorporated on 4 June 1986 and registered as a charity on 10 June 1986.

Trustees and Members of the Council

Mr D Hudson³
Mr T Evans¹
Mr M Faulkner²
Mr T Follen²
Mr E Holt¹
Dr S Bowen
Mr R Childs, Chair
Dr J Matthews
Prof M Parsons, Vice Chair
Mr A Phadnis
Mrs C Toms
Mr R Huggins
Mr A Robson, Headmaster

- ¹ Representative of the Reading School Alumni
- ² Representative of the Governors of Reading School
- ³ Representative of the Reading School Current Parents

Company registered number

02025362

Charity registered number

294640

Registered office

Reading School
Erleigh Road
Reading
Berkshire
RG1 5LW

Company secretary

Mr I G Judd until February 2022. Miss C Mole from March 2022.

Independent auditor

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

THE READING FOUNDATION
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND MEMBERS OF
THE COUNCIL AND ADVISERS (CONTINUED)**
FOR THE YEAR ENDED 31 JULY 2022

Solicitors

Mr H J Dellar
Lee Bolton Monier-Williams
1 The Sanctuary
Westminster
London
SW1P 3JT

Investment Manager

CCLA Investment Management Ltd
COIF Charity Funds
Senator House
85 Queen Victoria Street
London
EC4V 4ET

Governing Instruments

- 1) A Charity Commission Scheme, dated 4 July 1994, as modified by an Order of the Secretary of State for Education on 9 March 2011, when Reading School became an Academy.
- 2) An Order made by the Charity Commission on 24 July 2003 enabling the Reading Foundation to operate a total return approach to its investments.
- 3) Other Charity Commission Orders, dated 5 October 1999 (authorising the appointment of an investment manager), 12 July 2000, 3 August 2001 and 23 April 2007.
- 4) The Memorandum and Articles of the Reading Foundation, dated 31 March 1986 as amended by a Special Resolution, dated 2 November 1999.
- 5) The Memorandum and Articles of the Reading Foundation, dated 2 November 1999 as amended by a Special Resolution, dated 20 September 2018.
- 6) The Memorandum and Articles of the Reading Foundation, dated 20 September 2018 as amended by a Special Resolution, dated 28 November 2019.

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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 JULY 2022

The Trustees, being also directors of the charitable company, present their report, together with the financial statements of the charitable company, for the year ended 31 July 2022. The report of the Council is also the directors' report as required by Part 15, chapter 5 of the Companies Act 2006 and the Trustees' report as required by Part VIII of the Charities Act 2011. The financial statements comply with the requirements of the Charitable Company's Memorandum and Articles of Association, the Charities Statement of Recommended Practice (SORP 2015) and Financial Reporting Standard 102 (FRS 102).

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Company is managed in accordance with its Memorandum and Articles of Association (31 March 1986), as amended by a Special Resolution, dated 2 November 1999 and two others dated 20 September 2018 and 28 November 2019 respectively. The policies which govern the running of the Charity are laid down in the Charity Commission Scheme, dated 4 July 1994, as modified by an Order of the Secretary of State for Education, dated 9 March 2011, when Reading School became an Academy. An Order made by the Charity Commission on 5 October 1999 authorised the Company to appoint an investment manager and a further Order made by it on 24 July 2003 enabled the Company to operate a total return approach to its investments. Two other Orders, dated 12 July 2000 and 3 August 2001, authorised expenditure from the Foundation's capital subject to recoupment; these ceased to have effect by reason of a later Order dated 23 April 2007.

Under the 1994 Charity Commission Scheme, the members of the Council, in their capacity as Trustees, are required to meet at least twice yearly to manage the policy and available funds. This year the Council met on three occasions (25th November 2021, 24th March 2022 and 30th June 2022) in addition to the Annual General Meeting which was held on 25th November 2021. The Executive and Finance Committees of the Council met on three occasions during the year (11th November 2021, 24th February 2022 and 1st June 2022).

FINANCIAL REVIEW

The Foundation's income consists of interest and income from units in a basket of Funds administered by CCLA. The structure of the Foundation's Funds, namely the Award Fund (a restricted fund), the School Charity and the BEM Young Bequest (both unrestricted funds with the latter being an expendable endowment), has not changed during the year. The performance of the stock market represents the greatest identified risk to the Charity's wellbeing but the diversity of the Funds' assets cushions them from extremes of fluctuation. The performance of the investment portfolio, covering both capital appreciation and investment yields, is regularly monitored by the Finance Committee which reports to the Council. The capital appreciation of each of the three Funds in the current financial year was as follows: the Award Fund -0.2%, the BEM Young bequest 1.8% and School Charity -0.1%

OBJECTIVES AND ACTIVITIES

The principal aim of the Reading Foundation is to advance the education of the public and, in particular, to endow Reading School (founded in 1125) an Academy, authorised under the Academies Act 2010. Education at the School is free at the point of delivery. The Foundation is landlord of the Reading School site. The majority of the site is leased to the Academy for a period of 125 years at a peppercorn rent whilst buildings that are wholly or partially used for residential accommodation are covered under a separate 20 year lease to the Academy. Whilst the School is responsible for the maintenance of the site, where public funds are not available or, as is normally the case, inadequate, each year the Trustees give the School sums of money to assist in paying for that maintenance and for the development of the School's facilities. In 2021-22 the Foundation provided the School with £230,000 of funds to complete urgent electrical repairs, resurface damaged routeways, and to renovate the pavilion.

The Reading Way is an overarching initiative focussed on disadvantaged pupils. It includes both the nationally recognised Future Stories programme and Reading School's own Future Stories International programme. The Reading Way encompasses interventions in Leadership, Wellbeing and Mental Health and the Student Empowerment Award scheme. The Foundation provided £81,500 to this initiative and to school prizes in 2021-22.

The cooperation of the Headmaster and his leadership team greatly eased the Foundation's prudent management of its expenditure during the pandemic and allowed it to protect its assets for future generations of beneficiaries. Accordingly, and recognising the need to recover some of the lost ground in pupil development

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2022

as a consequence of the pandemic, the Trustees provided an additional £20,000 of discretionary funding to the Headmaster towards this objective in this financial year and will provide similar in 2022-23.

The Foundation continues to fund the Society Office, a joint Trustee and School Governor initiative whose primary objectives are to establish and maintain a comprehensive record of the school community, to create a feeling of belonging to this community and a benevolent attachment to the School for life and to establish and foster a tradition of giving to the School and the Foundation amongst this community.

ACHIEVEMENTS AND PERFORMANCE

The Foundation met its charitable objectives in the year by continuing to support the work of Reading School as demonstrated by the activities outlined above.

PLANS FOR THE FUTURE

To progress the Development and Funding initiative so that a culture of philanthropy becomes embedded in the ethos of the School.

RESERVES POLICY

Cash at bank and monies on deposit represent working capital available for grants and administrative expenditure ahead of income at certain times of the year and for contingencies. At 31 July 2022 the charity held unrestricted reserves of £700,874. On an annual basis, Trustees calculate the capital "surplus" of the School Charity and Award funds compared to a benchmark of the original values of these funds (in 1994 and 1995 respectively) adjusted for RPI. This guides their view of the capacity of the Foundation to fund spend from capital and has been used to allocate the unapplied total return for the permanent endowment.

PUBLIC BENEFIT

The Trustees have acted in accordance with the information contained in the Charity Commission's general guidance on public benefit when carrying out the purposes of the Foundation and in planning its activities.

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JULY 2022

RESPONSIBILITIES OF THE COUNCIL

The Trustees (who are also directors of The Reading Foundation for purposes of Company Law) are responsible for preparing the Report of the Council and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

- select suitable accounting policies and apply them consistently;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and estimates that are reasonable and prudent;
- prepare Financial Statements on a going concern basis unless this is inappropriate to presume that the charitable company will continue to operate.

The Trustees are responsible for keeping proper and adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITORS

The auditors, James Cowper Kreston, will be proposed for re-appointment at the forthcoming Annual General Meeting.

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



.....
Mr R Childs
Chairman

Date: **8 December 2022**

THE READING FOUNDATION
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE READING FOUNDATION

Opinion

We have audited the financial statements of The Reading Foundation (the 'charitable company') for the year ended 31 July 2022 which comprise the Statement of financial activities, the Balance sheet, the Statement of cash flows and the related notes, 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 charitable company's affairs as at 31 July 2022 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 charitable company'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.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE READING FOUNDATION
(CONTINUED)

Other Information

The other information comprises the information included in the Annual report other than the financial statements and our Auditor's report thereon. The Trustees are responsible for the other information contained within the Annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

We have nothing to report in respect of the following matters in relation to which Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Trustees' Report and from the requirement to prepare a Strategic Report.

Responsibilities of trustees

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

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

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE READING FOUNDATION
(CONTINUED)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

The specific procedures for this engagement that we designed and performed to detect material misstatements in respect of irregularities, including fraud, were as follows:

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

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

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE READING FOUNDATION
(CONTINUED)

Use of our report

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

Darren O'Connor BSc (Hons) FCCA ACA (Senior Statutory Auditor)

for and on behalf of

James Cowper Kreston

Chartered Accountants and Statutory Auditor

Reading Bridge House

George Street

Reading

Berkshire

RG1 8LS

Date:

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**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 JULY 2022**

		Endowment funds 2022 £	Restricted funds 2022 £	Unrestricted funds 2022 £	Total funds 2022 £	As restated Total funds 2021 £
	Note					
Income and endowments from:						
Donations and legacies	4	-	12,000	3,160	15,160	10
Investments	5	66,631	2,045	1,404	70,080	211,587
Total income and endowments		66,631	14,045	4,564	85,240	211,597
Expenditure on:						
Charitable activities	8	296,296	112,710	31,000	440,006	245,192
Total expenditure		296,296	112,710	31,000	440,006	245,192
Net expenditure before net (losses)/gains on investments		(229,665)	(98,665)	(26,436)	(354,766)	(33,595)
Net (losses)/gains on investments		(4,391)	(217)	7,397	2,789	744,075
Net (expenditure)/income		(234,056)	(98,882)	(19,039)	(351,977)	710,480
Transfers between funds	13	272,495	-	(272,495)	-	-
Net movement in funds		38,439	(98,882)	(291,534)	(351,977)	710,480
Reconciliation of funds:						
Total funds brought forward as previously stated		2,719,952	1,817,866	1,023,408	5,561,226	4,819,746
Prior year adjustment		-	-	(31,000)	(31,000)	-
Total funds brought forward as restated		2,719,952	1,817,866	992,408	5,530,226	4,819,746
Net movement in funds		38,439	(98,882)	(291,534)	(351,977)	710,480
Total funds carried forward		2,758,391	1,718,984	700,874	5,178,249	5,530,226

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

The notes on pages 14 to 28 form part of these financial statements.

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REGISTERED NUMBER: 02025362

BALANCE SHEET
AS AT 31 JULY 2022

	Note	2022 £	As restated 2021 £
Fixed assets			
Investments		4,910,749	5,299,209
		<u>4,910,749</u>	<u>5,299,209</u>
Current assets			
Debtors	10	127,659	234,057
Cash at bank and in hand		148,241	16,360
		<u>275,900</u>	<u>250,417</u>
Creditors: amounts falling due within one year	11	(8,400)	(19,400)
Net current assets / liabilities		<u>267,500</u>	<u>231,017</u>
Total assets less current liabilities		<u>5,178,249</u>	<u>5,530,226</u>
Total net assets		<u><u>5,178,249</u></u>	<u><u>5,530,226</u></u>
Charity funds			
Endowment funds	13	2,758,391	2,719,952
Restricted funds	13	1,718,984	1,817,866
Unrestricted funds	13	700,874	992,408
Total funds		<u><u>5,178,249</u></u>	<u><u>5,530,226</u></u>

BALANCE SHEET (CONTINUED)
AS AT 31 JULY 2022

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

Date: 8/12/2022

The notes on pages 14 to 28 form part of these financial statements.

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JULY 2022

	2022 £	As restated 2021 £
Cash flows from operating activities		
Net cash used in operating activities	(344,609)	(307,157)
Cash flows from investing activities		
Dividends, interests and rents from investments	85,240	211,587
Proceeds from sale of investments	391,250	-
Purchase of investments	-	(15,000)
Net cash provided by investing activities	476,490	196,587
Change in cash and cash equivalents in the year	131,881	(110,570)
Cash and cash equivalents at the beginning of the year	16,360	126,930
Cash and cash equivalents at the end of the year	148,241	16,360

The notes on pages 14 to 28 form part of these financial statements

THE READING FOUNDATION
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022

1. General information

The Reading Foundation is a charitable company limited by guarantee. Its registered office is Reading School, Erleigh Road, Reading, Berkshire, RG1 5LW.

2. Accounting policies

2.1 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 Companies Act 2006.

The Reading Foundation 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.

The financial statements are presented in pounds sterling (£) rounded to the nearest pound.

2.2 Company status

The members of the company are the Trustees named on page 1. In the event of the charitable company being wound up, the liability in respect of the guarantee is limited to £1 per member of the charitable company.

2.3 Going concern

The charitable company hold sufficient liquid assets to cover commitments made by the trustees at the balance sheet date. Operational expenditure is minimal, grants are discretionary and are proposed by the Finance Committee based on expected investment returns.

After making enquiries, the trustees have a reasonable expectation that the charitable company has adequate resources to continue its activities for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements as outlines in the statement of Responsibilities of the Council.

2.4 Land and buildings

The land and buildings known as Reading School is an asset for the School Charity and is leased to the Academy under a 125 year lease at a peppercorn rent. As such the value has not been included in the value of the fund.

Residential and associated accommodation, which includes boarding houses and staff accommodation, is subject to a supplementary 20 year lease at a peppercorn rent. The lease is granted on terms similar to the main lease.

Subject to a number of assumptions the market value of the Foundation's interest assuming its continued educational use and the leases in place is £70,000. This value has not been included in the Balance Sheet.

The land and buildings are insured for a value of £34,350,000.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022

2. Accounting policies (continued)

2.5 Income

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

Income largely arises from investment income generated from dividends from CCLA funds, and they are accounted for when the dividends are actually declared. Investment income and gains are allocated to the appropriate fund.

2.6 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 charitable company and compliance with constitutional and statutory requirements.

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

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

2.7 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Gains/(losses) on investments' in the Statement of financial activities incorporating income and expenditure account.

2.8 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.

2.9 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.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022

2. Accounting policies (continued)

2.10 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the Company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised in the Statement of financial activities as a finance cost.

2.11 Financial instruments

The charitable company 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.

2.12 Taxation

The Company is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

2.13 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 Company 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 Company 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.

Investment income, gains and losses are allocated to the appropriate fund.

Endowed funds consist of a permanent endowment and an expendable endowment. A total return approach has been adopted for these funds.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022**

3. Critical accounting estimates and areas of judgment

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

Critical accounting estimates and assumptions:

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

4. Income from donations and legacies

	Restricted funds 2022 £	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Donations	12,000	3,160	15,160	10
Total 2021	-	10	10	

5. Investment Income

	Endowment funds 2022 £	Restricted funds 2022 £	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Investment income	66,631	1,978	1,311	69,920	211,547
Bank interest received	-	67	93	160	40
Total 2021	115,736	89,950	5,901	211,587	

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NOTES TO THE FINANCIAL STATEMENTS
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6. Analysis of grants

	Grants to Institutions 2022 £	Grants to Individuals 2022 £	Total funds 2022 £	Total funds 2021 £
Grants awarded	89,000	20,000	109,000	88,000
Total 2021	73,000	15,000	88,000	

Grants awarded

	2022 £	2021 £
Grants to Institutions		
Reading School Awards and Senior Prizes	89,000	73,000
	89,000	73,000
Grants to Individuals		
Enrichment programme	20,000	15,000
	20,000	15,000

Other grants awarded

	Unrestricted funds 2022 £	Total funds 2022 £	As restated Total funds 2021 £
Building fund project	-	-	50,823
School maintenance	242,228	242,228	-
Development grant	46,000	46,000	60,000
Waterhouse cost	31,000	31,000	31,000
Total 2022	319,228	319,228	141,823
Total 2021	141,823	141,823	

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7. Governance costs

	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 2021 £
Audit fees	8,880	8,880	5,018
Other accountancy costs	600	600	1,192
Legal and professional fees	-	-	3,330
Other indirect costs	48	48	9
Clerks' fees	2,250	2,250	5,800
Total 2022	11,778	11,778	15,349
Total 2021	15,349	15,349	

8. Analysis of expenditure by activities

	Charity direct costs 2022 £	Grant funding 2022 £	Governance costs 2022 £	Total funds 2022 £	As restated Total funds 2021 £
Expenditure	319,228	109,000	11,778	440,006	245,192
Total 2021	141,823	88,000	15,369	245,192	

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9. Investments

	Restricted Funds Award Fund	General Funds Young Bequest	Endowed Funds School Charity	Total funds	Total funds 2021
	£	£	£	£	£
Balance at 1 August 2021	1,776,963	401,199	3,121,113	5,299,275	4,540,167
Additions	-	-	-	-	15,000
Disposals	(93,468)	-	(303,943)	(397,411)	-
Transfer	-	-	-	-	-
Unrealised gains	(2,999)	7,397	4,552	8,950	744,075
Balance at 31 July 2022	1,680,496	408,596	2,821,722	4,910,814	5,299,242
Historical Cost of Investments	1,776,962	401,167	3,121,113	5,299,242	

At the 31 July 2022 all of the above investments are held in funds managed by CCLA.

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The investment fund and application of total return to permanent endowment funds:

	2022	2021
	£	£
Opening value of permanent endowment	2,689,600	2,624,000
Opening value of unapplied total return	30,352	1,283
Less		
Original value of gift	(1,100,000)	(1,100,000)
Indexation	(1,589,600)	(1,524,000)
	30,352	1,283
Investment return: dividends and interest	66,631	115,736
Investment return: realised and unrealised gains and (losses)	(4,552)	432,676
Total return before transfer	92,431	549,695
Less		
Total return applied	(90,880)	(519,343)
Unapplied total return	1,551	30,352
Add		
Original value of gift	1,100,000	1,100,000
Indexation	1,656,840	1,589,600
Total	2,758,391	2,719,952

The Charity Commission permitted the Charity to adopt the use of the total return investment powers in relation to its permanent endowment investments by an order granted on 24 July 2003.

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10. Debtors

	2022 £	As restated 2021 £
Due after more than one year		
Other debtors	91,000	122,000
	<u>91,000</u>	<u>122,000</u>
Due within one year		
Prepayments and accrued income	36,659	112,057
	<u>127,659</u>	<u>234,057</u>

11. Creditors: Amounts falling due within one year

	2022 £	2021 £
Grant commitments	-	14,000
Waterhouse advance repair commitment	8,400	5,400
	<u>8,400</u>	<u>19,400</u>

12. Prior year adjustments

A prior year adjustment has been recognised in respect of the other debtors balance, which had been incorrectly stated as at 31 July 2021. The impact of this adjustment is to decrease the other debtors and to increase the expenditure balance by £31,000 as at 31 July 2021. This has resulted in a decrease in the surplus for the year ended 31 July 2021.

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**NOTES TO THE FINANCIAL STATEMENTS
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13. Statement of funds

Statement of funds - current year

	As restated Balance at 1 August 2021 £	Income £	Expenditure £	Transfers In/out £	Gains/ (Losses) £	Balance at 31 July 2022 £
Unrestricted funds						
General Funds	667,897	-	(31,000)	(272,495)	-	364,402
Young Bequest	324,511	4,564	-	-	7,397	336,472
	<u>992,408</u>	<u>4,564</u>	<u>(31,000)</u>	<u>(272,495)</u>	<u>7,397</u>	<u>700,874</u>
Endowment funds						
School Charity (Queens Road) Permanent	2,689,600	-	-	67,240	-	2,756,840
School Charity Unapplied Total Return	30,352	66,631	(296,296)	205,255	(4,391)	1,551
	<u>2,719,952</u>	<u>66,631</u>	<u>(296,296)</u>	<u>272,495</u>	<u>(4,391)</u>	<u>2,758,391</u>
Restricted funds						
Award Fund	1,817,866	14,045	(112,710)	-	(217)	1,718,984
Total of funds	<u>5,530,226</u>	<u>85,240</u>	<u>(440,006)</u>	<u>-</u>	<u>2,789</u>	<u>5,178,249</u>

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13. Statement of funds (continued)

Statement of funds - prior year

	Balance at 1 August 2020 £	Income £	As restated Expenditure £	Transfers in/out £	Gains/ (Losses) £	As restated Balance at 31 July 2021 £
Unrestricted funds						
General Funds	367,740	-	(31,000)	331,157	-	667,897
Young Bequest	258,139	5,911	-	-	60,461	324,511
	<u>625,879</u>	<u>5,911</u>	<u>(31,000)</u>	<u>331,157</u>	<u>60,461</u>	<u>992,408</u>
Endowment funds						
School Charity (Queens Road) Permanent	2,624,000	-	-	65,600	-	2,689,600
School Charity Unapplied Total Return	1,283	115,736	(122,586)	(396,757)	432,676	30,352
	<u>2,625,283</u>	<u>115,736</u>	<u>(122,586)</u>	<u>(331,157)</u>	<u>432,676</u>	<u>2,719,952</u>
Restricted funds						
Award Fund	1,568,584	89,950	(91,606)	-	250,938	1,817,866
Total of funds	<u>4,819,746</u>	<u>211,597</u>	<u>(245,192)</u>	<u>-</u>	<u>744,075</u>	<u>5,530,226</u>

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13. Statement of funds (continued)

Purpose of the endowment funds

School Charity - Queens Road

The School Charity (Queens Road) is a permanent endowment in which trustees may apply the clear income in providing benefits for the school for which provision is not made from public funds.

From 1 August 2004, the Foundation operates a Total Return policy on the School Charity (Queens Road) fund following an Order made by the Charity Commission on 24 July 2003. On an annual basis, Trustees calculate the capital "surplus" of the School Charity compared to a benchmark of the original values of these funds (in 1994 and 1995 respectively) adjusted for RPI and has been used to allocate the unapplied total return for the permanent endowment.

The investment power of total return was granted on 24 July 2003. Having considered their obligations under the duty of even handedness, during the year the Trustees made a transfer of £90,880 (2021: £519,343) unapplied total return to unrestricted funds in respect of the charitable activities of the Charity, taking account of the return on investment for the whole of the year and the income needs of the Charity.

Restricted funds

Award Fund

The income from the investments of the fund is to be used in promoting the education of pupils attending Reading School, children who are about to attend the school and former pupils who have attended the school for not less than two years by awarding allowances, exhibitions and prizes.

Unrestricted funds

School Charity

The charitable company contains land and building occupied by Reading School and used for the purpose of an Academy School. The trustees can apply the clear income in providing benefits for the school for which a provision is not made from public funds.

The Young Bequest

The trustees can apply the clear income and at its discretion the whole or part of the property of the Young Bequest in the following ways:

- a) In providing benefit for the school for which provision is not made from public funds.
- b) In promoting the education of pupils attending Reading School, children who are about to attend the school and former pupils who have attended the school for not less than two years.

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NOTES TO THE FINANCIAL STATEMENTS
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14. Summary of funds

Summary of funds - current year

	As restated Balance at 1 August 2021 £	Income £	Expenditure £	Transfers In/out £	Gains/ (Losses) £	Balance at 31 July 2022 £
General funds	992,408	4,564	(31,000)	(272,495)	7,397	700,874
Endowment funds	2,719,952	66,631	(296,296)	272,495	(4,391)	2,758,391
Restricted funds	1,817,866	14,045	(112,710)	-	(217)	1,718,984
	<u>5,530,226</u>	<u>85,240</u>	<u>(440,006)</u>	<u>-</u>	<u>2,789</u>	<u>5,178,249</u>

Summary of funds - prior year

	Balance at 1 August 2020 £	Income £	As restated Expenditure £	Transfers in/out £	Gains/ (Losses) £	Restated Balance at 31 July 2021 £
General funds	625,879	5,911	(31,000)	331,157	60,461	992,408
Endowment funds	2,625,283	115,736	(122,586)	(331,157)	432,676	2,719,952
Restricted funds	1,568,584	89,950	(91,606)	-	250,938	1,817,866
	<u>4,819,746</u>	<u>211,597</u>	<u>(245,192)</u>	<u>-</u>	<u>744,075</u>	<u>5,530,226</u>

15. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Endowment funds 2022 £	Restricted funds 2022 £	Unrestricted funds 2022 £	Total funds 2022 £
Fixed asset investments	2,758,391	1,718,984	433,374	4,910,749
Debtors due after more than one year	-	-	91,000	91,000
Current assets	-	-	184,900	184,900
Creditors due within one year	-	-	(8,400)	(8,400)
Total	<u>2,758,391</u>	<u>1,718,984</u>	<u>700,874</u>	<u>5,178,249</u>

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15. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	As restated Endowment funds 2021 £	Restricted funds 2021 £	Restated Unrestricted funds 2021 £	As restated Restated Total funds 2021 £
Fixed asset investments	2,719,952	1,776,961	802,296	5,299,209
Debtors due after more than one year	-	-	122,000	122,000
Current assets	-	40,905	87,512	128,417
Creditors due within one year	-	-	(19,400)	(19,400)
Total As restated	2,719,952	1,817,866	992,408	5,530,226

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

	2022 £	As restated 2021 £
Net income/expenditure for the year (as per Statement of Financial Activities)	(351,977)	710,480
Adjustments for:		
Gains on investments	2,789	(744,075)
Dividends, interests and rents from investments	(85,240)	(211,587)
Profit on disposal of investments	(11,579)	-
Decrease/(increase) in debtors	106,398	(33,125)
Increase/(decrease) in creditors	3,000	(28,850)
Net cash used in operating activities	(336,609)	(307,157)

17. Analysis of cash and cash equivalents

	2022 £	2021 £
Cash in hand	148,241	16,360
Total cash and cash equivalents	148,241	16,360

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18. Analysis of changes in net debt

At 1 August 2021	Cash flows	At 31 July 2022
£	£	£
16,360	131,881	148,241
16,360	131,881	148,241

Cash at bank and in hand

19. Related party transactions

Reading School has common directors with the Reading Foundation. Total donations and grants of £428,228 (2021: £243,823) were made to Reading School in the current year.

None of the members of the council received any remuneration or were reimbursed any expenses (2021: £Nil).