

Report of the Trustees and  
Financial Statements  
for the Year Ended 31 December 2019  
for  
Hereford Municipal Charities

Thorne Widgery Accountancy Ltd  
Chartered Accountants  
Statutory Auditors  
2 Wyevale Business Park  
Kings Acre  
Hereford  
Herefordshire  
HR4 7BS

Hereford Municipal Charities

Report of the Trustees  
for the Year Ended 31 December 2019

The trustees present their report with the financial statements of the charity for the year ended 31 December 2019. The trustees have adopted the provisions of 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).

**ADMINISTRATIVE INFORMATION**

**Charity No.:** 218738

**Main Office:** 147, St. Owen Street, Hereford, HR1 2JR.

**Names of Trustees:**

Cllr Polly Andrews  
Cllr Susan Boulter  
Mr Derek Duffett  
Mrs Jean Franzen (Chairman) (Resigned 05/10/2019)  
Mrs Marian Hawkes  
Cllr Katherine Hey (Resigned 01/06/2019)  
Mrs Linda Hunter-Choat  
Mr Paul Morris  
Mr Robert Sockett (Previous Chairman) (Appointed Chairman 18/10/2019) (Resigned 31/12/19)  
Mr Robert Stevens (Current Chairman) (Appointed Chairman 10/01/2020)  
Mr David Fleet

**Clerk:** Dr Thomas Roderick, BA, PhD, PGCE, MIL

**Accounts Administrator and General Assistant:** Mrs Heather Hughes

**Bankers:** National Westminster Bank plc, Broad Street, Hereford, HR4 9AH

**Solicitors:** Gabbs (Solicitors), 14 Broad St, Hereford, HR4 9AP

**Auditors:** Thome Widgery, 2 Wye Vale Business Park, Kings Acre, Hereford, HR4 7BS

**Investment Advisers:** CCLA Investment Management Ltd, Cheapside, London

**Land Agents:** Sunderlands, St. Peter's Square, HR1 2PQ

**Architect:** B S Hapgood Associates (Design and Planning), 96 Monnow St, Monmouth, NP25 3EQ

**GOVERNANCE**

**Governing Instrument:** Charity Commission Scheme sealed on 24th April 1972

**Trustees:** The Board of Trustees consists of 12 competent persons, namely, two Nominative Trustees and ten Co-optative Trustees.

Nominative Trustees are appointed by the Parish Council of the City of Hereford (or its appropriate successor). Each appointment is made for a term of four years.

Co-optative Trustees are appointed for a term of five years (renewable for not more than two terms) by a resolution of the Co-optative Trustees, passed at a Special Meeting; Trustees whose terms are expiring may not vote on the matter.

**Meetings:** General Meetings are normally held five times a year.

## Hereford Municipal Charities

### Report of the Trustees for the Year Ended 31 December 2019

**Chairman and Deputy Chairman:** the Trustees, at their first meeting in each year (Annual General Meeting), elect one of their number to be Chairman until the commencement of the following year, and similarly with regard to a Deputy Chairman. At the AGM in January 2019, Mrs Jean Franzen was elected as Chairman and Mrs Polly Andrews as Deputy Chairman. There is a time limit of three years for the positions of Chairman and Deputy Chairman. Mrs Franzen resigned as a Trustee and therefore as Chairman on 5 October 2019. She was replaced as Chairman by Mr R Sockett on 18 October 2019.

**Special meetings:** a Special Meeting may be summoned by the Chairman or by two Trustees upon four days' notice being given to the other Trustees of the matter to be discussed, but, if the matters include an appointment of a Co-optative Trustee, then upon not less than 21 days' notice being so given.

**Quorum:** there is a quorum when five Trustees are present at a meeting.

**Voting:** every meeting is determined by the majority of votes of the Trustees present. In the case of an equality of votes, the Chairman has a casting vote.

### **COMMITTEES**

The Trustees appoint as many committees as they think fit for the administration of the Charities. All acts and proceedings of the committees are reported to a General Meeting of the Board of Trustees for confirmation. At present, there are the following Committees:

#### Almshouses Branch

**Executive Committee:** this comprises five Trustees, including the Chairman of the Board, and deals with all aspects of the management of the Almshouses between General Meetings. It usually meets four times a year.

**Pastoral Committee:** this comprises four Trustees and deals with the selection and appointment of residents and their subsequent welfare. It meets as necessary.

**Working Group on Almshouses Maintenance:** this comprises two Trustees and the Clerk, and keeps under review the condition of the Almshouses, reporting on necessary remedial and improvement work to the Board of Trustees.

#### Eleemosynary and Educational Branches

**Grants Committee:** this comprises two Trustees and deals with the applications submitted for grants under the above Funds, normally interviewing applicants (if possible). It meets five times a year, although the Chairman of the Board of Trustees has executive authority to deal as necessary with urgent applications between meetings.

### **MANAGEMENT**

**Clerk:** the Trustees appoint a fit person for the day-to day running of the Trustees' business and provide suitable office accommodation and ancillary support for the efficient running of the Trustees' affairs. The current appointee is Dr Thomas Roderick.

**Chaplain:** the Trustees appoint a Minister of Religion as Chaplain of St. Giles' and Williams' Hospitals (currently the Incumbent of St Peter's with St Owen and St James, Hereford) and another Minister of Religion as Chaplain of Price's Chapel (currently the Rev'd Lynne Davis).

**Good Neighbours:** the Trustees have designated the following residents to be the Good Neighbours at the two sites, in order to provide support and assistance to the residents:

- St Owen St/Ledbury Rd: Mrs Susan Cook
- Whitecross: Ms Anne Sterling and Mrs Lynda Brown

### **RISK ASSESSMENT**

The major risks to which the Charity is exposed are identified and reviewed periodically by the Trustees. They have approved and implemented financial controls and have concluded that the risk of material financial fraud is low. They review annually comprehensive insurance policies and are satisfied that these are suitable for their purpose.

## Hereford Municipal Charities

### Report of the Trustees for the Year Ended 31 December 2019

#### **OBJECTIVES AND ACTIVITIES**

##### **Objectives and aims**

##### **OBJECTIVES**

The Charities consolidated by the Charity Commission Scheme of 1972 were established over many centuries to provide charitable relief and housing to needy citizens of the City of Hereford. Their current purpose is similar in so far as current needs demand. The Trustees are able to make small charitable grants to people living within the official boundary of Hereford City. The Trustees set guidelines to their Grants Committee in accordance with the funds available in any given year and the Committee interviews applicants.

##### **ALMSHOUSE RESIDENTS**

During the year, five residents died (Mrs E Hall, Mr G Morgan, Mr A Powell, Mrs A Wharton and Mr T Wheatstone, the last named leaving a widow) and one resident (Mr H Aston) moved away. The resultant vacancies were filled by appointing new residents.

## **FINANCIAL REVIEW**

### **Summary results**

The results for the year show a surplus of £595,857 (2018:Deficit £18,168), after investment gains of £482,997 (2018:losses £85,330). Net assets amounted to £5,864,671 (2018: £5,268,814). There has been an increase in Almshouse Income of 1.72% (2018: 7.08%), which helped to support the continuing programme of repairs and maintenance. Dividend income has remained constant, while the overall market value of listed investments rose by 15.89% (2018:fell by 2.72%).

Further details can be seen in the Achievements and Performance section of this report and in the Statement of Financial Activities in the Accounts for 2019.

### **Investments Policy**

The investments in stocks and shares are managed by CCLA (Church, Charity and Local Authority) Investment Management Limited. The Trustees' investment policy is, in conjunction with charges to residents, to provide sufficient income to maintain and improve their properties and to enhance the value of invested funds for the benefit of residents now and in the future. The Charities' investments are managed by CCLA according to guidelines agreed by the Trustees. CCLA has an ethical policy to which the Trustees subscribe.

The Trustees review the investments with CCLA annually to ensure that they meet the needs of the Charities, making changes as necessary in consultation with their professional advisers.

The Almshouse Branch owns one farm (Nunslan), managed by a resident farmer (Mark Bufton) and inspected by a professional Farm Agent. The Trustees are supportive landlords so contribute to improvements in farm. The surplus subsidises the Almshouse Branch. The farm's value was reviewed by the Trustees' Land Agent at the end of 2016. It saw an increase in value from £650K eight years ago to £825K as at 31 December 2016.

### **Reserves Policy**

The Trustees regularly review the level of reserves available (both unrestricted and restricted) and have considered the balance between the need to use some reserves to take advantage of key opportunities to advance the work and development of the organisation, and to ensure that a secure financial base is maintained.

The Trustees wish to retain unrestricted funds at a level equivalent to one year's income.

The current reserves exceed this as a matter of prudence in the current economic climate. Free reserves (i.e. unrestricted funds less fixed assets) at the year amounted to £871,684 (2018: £688,837) as shown on the balance sheet.

### **Administrative costs**

The Trustees ensure that the administrative and staffing costs of the Trust are under a tight rein and are kept as low as possible consistent with effective management and control. The Trustees would like to place on record their grateful thanks to the staff for their dedication and hard work on behalf of the Trust.

## **ACHIEVEMENTS AND PERFORMANCE (2019)**

As in previous years, the Trustees approved a wide range of maintenance improvements during 2019. This included major adaptations to Almshouses, whenever they became vacant, including the installation of wet rooms and the fitting of new kitchen units. Work continued on the repair and re-decoration of the Almshouses in St Owen St and in Whitecross Road/Bricknell Close and this will continue in 2020. Improvements were also made to the tarmac surfaces at Bricknell Close. The Trustees have taken the strategic decision to invest in repairs and refurbishment of the Almshouses as necessary: this seems much better long term value for the Charity's tangible resources than the meagre rate of return on cash deposits, which has remained so low for more than a decade. In the last five years alone, for example, more than £1million pounds were expended on renovations, maintenance and repairs to the Almshouses. In addition, the grounds and gardens at both sites were kept in good condition by employing a contractor to cut and maintain the grass, trees and hedges.

## Hereford Municipal Charities

### Report of the Trustees for the Year Ended 31 December 2019

The residents continued to enjoy a variety of benefits, including the Annual Christmas Luncheon, which was held this year for the first time at Hedley Lodge (Belmont Abbey) and which is always a well-supported and enjoyable event. In addition, the group television licence was renewed, thereby allowing those in residence before 2012 to watch television without paying for their own licences.

In addition to the provision of low-cost social housing to residents of Hereford city, the Charity continued to help in the relief of poverty through the provision of grants, via the Eleemosynary Fund, to needy people in the city for essential household goods and furniture. Through the Educational and Training Fund, the Charity also gave grants to local residents to assist in education and training.

#### **PLANS FOR THE FUTURE (2020 AND BEYOND)**

In recent years, the Trustees have held an Away Day in a local hotel, in order to give long term consideration to issues without the encumbrance of the formality of General Meetings. At these sessions, the Trustees are joined not only by the Officers but also by the Auditor as well as an adviser from CCLA, the investment managers, and other advisers as necessary. These occasions have proved to be very useful in enabling the Trustees to discuss long term matters and to plan future policy for the Trust in an informal manner.

During 2019, the Trustees continued discussions about converting to a Charitable Incorporated Organisation (CIO) and they finally made the decision to convert to a CIO. Discussions began, in consultation with the Charity's Legal Adviser, to pursue this status with the Charity Commission and they will continue in 2020.

#### **FUNDAMENTALS OF THE CHARITIES**

The Charities do not fund raise or actively seek bequests. Benevolent citizens have made bequests for six centuries, including up to the present day. It is not within the Trustees' remit to compete with charities whose aims are more immediate and ephemeral.

#### **PUBLIC BENEFIT**

The Charities meet the public benefit test by providing social housing, at a subsidised cost, for elderly residents of the City of Hereford. They also assist in the relief of poverty, through the provision of grants to needy residents of the City for essential household items of furniture, and in helping the education and training of residents through grants for course/training fees and materials.

#### **GOING CONCERN AND COVID19**

The trustees have considered the effect of the COVID19 pandemic on the future of the charity and believe they are in a sound financial position to continue for the foreseeable future. Further details are provided in the accounting policies note, included in the notes to the financial statements.

#### **CONCLUSION**

This has been a busy year for the Trustees, particularly following the Clerk's absence for three months with illness. Finances are in good condition. Given the capital injection of money which has taken place in the recent past, the Trustees have used the opportunity to make long term structural improvements to the Almshouses, which will help to ensure their future sustainability. At the same time, the capital value of the permanent endowments is being maintained and enhanced. They date from the establishment of St Giles's Hospital in 1290 and the Trustees have looked after them over many centuries for the benefit of the Almshouses residents and the citizens of Hereford.

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

##### **Governing document**

The charity is controlled by its governing document, a deed of trust and constitutes an unincorporated charity.

#### **REFERENCE AND ADMINISTRATIVE DETAILS**

See page 1

#### **EVENTS SINCE THE END OF THE YEAR**

Information relating to events since the end of the year is given in the notes to the financial statements.

**STATEMENT OF TRUSTEES' RESPONSIBILITIES**

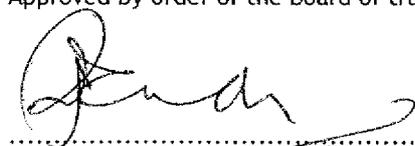
The trustees are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales, the Charities Act 2011, Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed 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, including the income and expenditure, of the charity for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by order of the board of trustees on .....9/10/2020..... and signed on its behalf by:

  
.....  
Cllr Polly Andrews - Trustee

## Report of the Independent Auditors to the Trustees of Hereford Municipal Charities

### **Opinion**

We have audited the financial statements of Hereford Municipal Charities (the 'charity') for the year ended 31 December 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2019 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting 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. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditors thereon.

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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

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

Report of the Independent Auditors to the Trustees of  
Hereford Municipal Charities

**Responsibilities of trustees**

As explained more fully in the Statement of Trustees' Responsibilities, the trustees are responsible for the preparation of the financial statements which give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**Our 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 a Report of the Independent Auditors 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.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Independent Auditors.

**Use of our report**

This report is made solely to the charity's trustees, as a body, in accordance with Section 144 of the Charities Act 2011 and regulations made under Section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

*Thorne Widgery Accountancy Ltd*

Thorne Widgery Accountancy Ltd

Chartered Accountants

Statutory Auditors

Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006

2 Wyevale Business Park

Kings Acre

Hereford

Herefordshire

HR4 7BS

Date: .....13/10/2020.....

Hereford Municipal Charities

Statement of Financial Activities  
for the Year Ended 31 December 2019

	Notes	Unrestricted fund £	Restricted funds £	Endowment fund £	31.12.19 Total funds £	31.12.18 Total funds £
<b>INCOME AND ENDOWMENTS FROM</b>						
Donations and legacies		-	-	-	-	1,000
<b>Charitable activities</b>						
Grants payable		10	-	-	10	-
Almshouse Income		288,323	-	-	288,323	283,457
Investment income	2	<u>119,115</u>	<u>88</u>	<u>-</u>	<u>119,203</u>	<u>119,191</u>
<b>Total</b>		407,448	88	-	407,536	403,648
<b>EXPENDITURE ON</b>						
Raising funds	3	3,058	-	-	3,058	2,492
<b>Charitable activities</b>						
Grants payable		21,911	-	-	21,911	29,417
Almshouse expenditure		269,708	-	-	269,708	304,577
<b>Total</b>		<u>294,677</u>	<u>-</u>	<u>-</u>	<u>294,677</u>	<u>336,486</u>
Net gains/(losses) on investments		<u>70,076</u>	<u>-</u>	<u>412,922</u>	<u>482,998</u>	<u>(85,330)</u>
<b>NET INCOME/(EXPENDITURE)</b>		182,847	88	412,922	595,857	(18,168)
<b>RECONCILIATION OF FUNDS</b>						
Total funds brought forward		<u>688,837</u>	<u>485,346</u>	<u>4,094,631</u>	<u>5,268,814</u>	<u>5,286,982</u>
<b>TOTAL FUNDS CARRIED FORWARD</b>		<u><u>871,684</u></u>	<u><u>485,434</u></u>	<u><u>4,507,553</u></u>	<u><u>5,864,671</u></u>	<u><u>5,268,814</u></u>

**CONTINUING OPERATIONS**

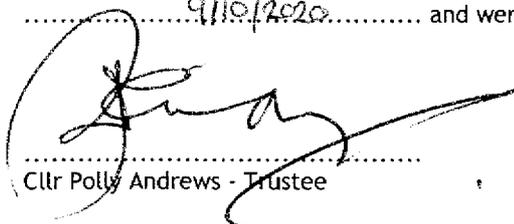
All income and expenditure has arisen from continuing activities.

Hereford Municipal Charities

Balance Sheet  
31 December 2019

	Notes	Unrestricted fund £	Restricted funds £	Endowment fund £	31.12.19 Total funds £	31.12.18 Total funds £
<b>FIXED ASSETS</b>						
Tangible assets	8	-	480,932	671,758	1,152,690	1,152,690
<b>Investments</b>						
Investments	9	-	-	3,010,795	3,010,795	2,597,873
Investment property	10	-	-	825,000	825,000	825,000
		-	480,932	4,507,553	4,988,485	4,575,563
<b>CURRENT ASSETS</b>						
Debtors	11	58,189	-	-	58,189	56,889
Investments	12	434,464	-	-	434,464	364,389
Cash at bank		387,830	4,502	-	392,332	280,240
		880,483	4,502	-	884,985	701,518
<b>CREDITORS</b>						
Amounts falling due within one year	13	(8,799)	-	-	(8,799)	(8,267)
<b>NET CURRENT ASSETS</b>		<u>871,684</u>	<u>4,502</u>	<u>-</u>	<u>876,186</u>	<u>693,251</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>871,684</u>	<u>485,434</u>	<u>4,507,553</u>	<u>5,864,671</u>	<u>5,268,814</u>
<b>NET ASSETS</b>		<u>871,684</u>	<u>485,434</u>	<u>4,507,553</u>	<u>5,864,671</u>	<u>5,268,814</u>
<b>FUNDS</b>						
Unrestricted funds	14				871,684	688,837
Restricted funds					485,434	485,346
Endowment funds					4,507,553	4,094,631
<b>TOTAL FUNDS</b>					<u>5,864,671</u>	<u>5,268,814</u>

The financial statements were approved by the Board of Trustees and authorised for issue on 9/10/2020 and were signed on its behalf by:

  
Cllr Polly Andrews - Trustee

Hereford Municipal Charities

Cash Flow Statement  
for the Year Ended 31 December 2019

	Notes	31.12.19 £	31.12.18 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	<u>(7,111)</u>	<u>(53,218)</u>
Net cash used in operating activities		<u>(7,111)</u>	<u>(53,218)</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		-	(21,905)
Purchase of fixed asset investments		-	(130,000)
Rent received		17,111	17,243
Interest received		<u>102,092</u>	<u>101,949</u>
Net cash provided by/(used in) investing activities		<u>119,204</u>	<u>(32,713)</u>
<b>Change in cash and cash equivalents in the reporting period</b>		<u>112,092</u>	<u>(85,931)</u>
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<u>280,240</u>	<u>366,171</u>
<b>Cash and cash equivalents at the end of the reporting period</b>		<u><u>392,332</u></u>	<u><u>280,240</u></u>

The notes form part of these financial statements

<b>1.</b>	<b>RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES</b>	31.12.19	31.12.18
		£	£
	<b>Net income/(expenditure) for the reporting period (as per the Statement of Financial Activities)</b>	595,857	(18,168)
	<b>Adjustments for:</b>		
	(Gain)/losses on investments	(482,998)	85,330
	Interest received	(102,092)	(101,949)
	Rent received	(17,111)	(17,242)
	Increase in debtors	(1,300)	(1,123)
	Increase/(decrease) in creditors	<u>533</u>	<u>(66)</u>
	<b>Net cash used in operations</b>	<u><u>(7,111)</u></u>	<u><u>(53,218)</u></u>

**2. ANALYSIS OF CHANGES IN NET FUNDS**

	At 1.1.19	Cash flow	At 31.12.19
	£	£	£
<b>Net cash</b>			
Cash at bank and in hand	<u>280,240</u>	<u>112,092</u>	<u>392,332</u>
	<u>280,240</u>	<u>112,092</u>	<u>392,332</u>
<b>Liquid resources</b>			
Deposits included in cash	-	-	-
Current asset investments	<u>364,389</u>	<u>70,075</u>	<u>434,464</u>
	<u>364,389</u>	<u>70,075</u>	<u>434,464</u>
<b>Total</b>	<u><u>644,629</u></u>	<u><u>182,167</u></u>	<u><u>826,796</u></u>

## 1. ACCOUNTING POLICIES

### Basis of preparing the financial statements

The financial statements of the charity, which is a public benefit entity under FRS 102, 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)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Charities Act 2011. The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value, as modified by the revaluation of certain assets.

### Going Concern

Due to the current issues with the COVID19 pandemic, the trustees have seriously considered the basis on which the financial statements have been prepared and feel the going concern basis is appropriate due to the following factors:

- There are currently significant levels of cash in the bank and we continue to receive our monthly maintenance contributions from our residents and the local authority as appropriate.
- Although the level might be affected by the pandemic, we continue to receive our Stock Market income quarterly. Admittedly, the Stock Market has been very turbulent lately but that matters not to us as we take a long term view of stocks and shares and have no intention of selling any stock.
- We do not have significant salary costs and are able to reduce the level of repairs and maintenance, being our major cost, to essential maintenance only if required.
- We have net current assets of £871,684 at the year end and our future predictions indicate this level will not alter significantly in the foreseeable future.
- HMC has been in existence for nearly 200 years (and some of the original trusts since mediaeval times, including the Black Death), so has proven to stand the test of time to date.
- We do not rely on continual donations from the public as a source of income

### Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

### Debtors

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

### Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, 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 accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

### Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any discounts due.

Grants offered subject to conditions which have not been met at the year end date are noted as a commitment but not accrued as expenditure.

**1. ACCOUNTING POLICIES - continued**

**Allocation and apportionment of costs**

75% of the salaries of the clerk and the assistant clerk, and related office costs are regarded as directly related to charitable activity.

**Tangible fixed assets**

Almshouses, which are inalienable, are included in the balance sheet at a valuation made in 1972 at the time of the establishment of the Charity Commission Scheme.

Almshouses built since the 1972 scheme are included at cost, and are not depreciated.

Freehold property is not depreciated, as it is considered that the remaining useful economic life of the property is of such a length that any depreciation charge would be immaterial.

All expenditure of repair, improvement or enhancement of freehold properties is written off in the year in which it is incurred.

**Investment property**

The Farm property is stated at the professional valuation of Sunderlands & Thompsons LLP, Chartered Surveyors at 31 December 2016.

**Taxation**

The charity is exempt from tax on its charitable activities.

**Fund accounting**

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Restricted Funds are made up of the following:

The Almshouse Fund	consists of the Housing Association grant towards the construction of new almshouses.
The Muriel Fildes legacy	has been provided for the purpose of fostering and promoting musical education and the knowledge and appreciation of music in the City of Hereford.

**Pension costs and other post-retirement benefits**

The charity operates a defined contribution pension scheme. Contributions payable to the charity's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

**Listed investments**

Listed investments are stated at market valuation as at the Balance Sheet date.

**Cash and bank and in hand**

Cash at bank and cash 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.

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2019

2. INVESTMENT INCOME

	Unrestricted funds £	Restricted funds £	Endowment funds £	31.12.19 Total funds £	31.12.18 Total funds £
Rents received	17,111	-	-	17,111	17,242
Dividends and interest	<u>102,004</u>	<u>88</u>	<u>-</u>	<u>102,092</u>	<u>101,949</u>
	<u>119,115</u>	<u>88</u>	<u>-</u>	<u>119,203</u>	<u>119,191</u>

3. RAISING FUNDS

Investment management costs

	Unrestricted funds £	Restricted funds £	Endowment funds £	31.12.19 Total funds £	31.12.18 Total funds £
Investment management costs	<u>3,058</u>	<u>-</u>	<u>-</u>	<u>3,058</u>	<u>2,492</u>

4. AUDITORS' REMUNERATION

	31.12.19 £	31.12.18 £
Fees payable to the charity's auditors for the audit of the charity's financial statements	<u>3,621</u>	<u>4,020</u>

5. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 December 2019 nor for the year ended 31 December 2018.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 December 2019 nor for the year ended 31 December 2018.

6. STAFF COSTS

The average monthly number of employees during the year was as follows:

	31.12.19	31.12.18
Administrative staff	<u>2</u>	<u>2</u>

No employees received emoluments in excess of £60,000.

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2019

7. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES	Unrestricted fund £	Restricted funds £	Endowment fund £	Total funds £
<b>INCOME AND ENDOWMENTS FROM</b>				
Donations and legacies	1,000	-	-	1,000
<b>Charitable activities</b>				
Almshouse Income	283,457	-	-	283,457
Investment income	<u>119,104</u>	<u>87</u>	<u>-</u>	<u>119,191</u>
<b>Total</b>	403,561	87	-	403,648
<b>EXPENDITURE ON</b>				
Raising funds	2,492	-	-	2,492
<b>Charitable activities</b>				
Grants payable	29,417	-	-	29,417
Almshouse expenditure	<u>304,577</u>	<u>-</u>	<u>-</u>	<u>304,577</u>
<b>Total</b>	336,486	-	-	336,486
Net gains/(losses) on investments	<u>(12,704)</u>	<u>-</u>	<u>(72,626)</u>	<u>(85,330)</u>
<b>NET INCOME/(EXPENDITURE)</b>	54,371	87	(72,626)	(18,168)
<b>Transfers between funds</b>	<u>(21,905)</u>	<u>-</u>	<u>21,905</u>	<u>-</u>
<b>Net movement in funds</b>	32,466	87	(50,721)	(18,168)
<b>RECONCILIATION OF FUNDS</b>				
Total funds brought forward	<u>656,371</u>	<u>485,259</u>	<u>4,145,352</u>	<u>5,286,982</u>
<b>TOTAL FUNDS CARRIED FORWARD</b>	<u><u>688,837</u></u>	<u><u>485,346</u></u>	<u><u>4,094,631</u></u>	<u><u>5,268,814</u></u>
<b>8. TANGIBLE FIXED ASSETS</b>				
		Housing Association Property £	Almshouse Property £	Totals £
<b>COST</b>				
At 1 January 2019 and 31 December 2019		<u>480,932</u>	<u>671,758</u>	<u>1,152,690</u>
<b>NET BOOK VALUE</b>				
At 31 December 2019		<u>480,932</u>	<u>671,758</u>	<u>1,152,690</u>
At 31 December 2018		<u>480,932</u>	<u>671,758</u>	<u>1,152,690</u>

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2019

9. FIXED ASSET INVESTMENTS

	Listed investments £
<b>MARKET VALUE</b>	
At 1 January 2019	2,597,873
Revaluations	<u>412,922</u>
At 31 December 2019	<u>3,010,795</u>
<b>NET BOOK VALUE</b>	
At 31 December 2019	<u>3,010,795</u>
At 31 December 2018	<u>2,597,873</u>

There were no investment assets outside the UK.

Investments comprise holdings in common investment funds managed by professional fund managers.

	31.12.2019 Market Value £	31.12.2019 Cost £
Investments		
Almshouse Branch	2,299,198	1,292,275
Eleemosynary Branch	611,109	306,424
William Brydges Charity	4,794	4,266
Apprenticing and Educational Branch	71,966	35,649
Herbert Gelder's Charity	<u>23,728</u>	<u>11,871</u>
	3,010,795	1,650,485
Farm properties	<u>825,000</u>	<u>53,476</u>
	<u>3,835,795</u>	<u>1,703,961</u>

10. INVESTMENT PROPERTY

	£
<b>FAIR VALUE</b>	
At 1 January 2019 and 31 December 2019	<u>825,000</u>
<b>NET BOOK VALUE</b>	
At 31 December 2019	<u>825,000</u>
At 31 December 2018	<u>825,000</u>

The investment property consisting of land and buildings has not been depreciated in the year.

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2019

<b>11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>		31.12.19	31.12.18
		£	£
Expense recoverable		20,730	16,991
Prepayments and accrued income		<u>37,459</u>	<u>39,898</u>
		<u>58,189</u>	<u>56,889</u>
<b>12. CURRENT ASSET INVESTMENTS</b>		31.12.19	31.12.18
		£	£
Listed investments		<u>434,464</u>	<u>364,389</u>
<b>13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>		31.12.19	31.12.18
		£	£
Taxation and social security		1,291	1,096
Other creditors		<u>7,508</u>	<u>7,171</u>
		<u>8,799</u>	<u>8,267</u>
<b>14. MOVEMENT IN FUNDS</b>			
		Net	At
	At 1.1.19	movement	31.12.19
	£	in funds	£
		£	
<b>Unrestricted funds</b>			
Unrestricted fund	577,778	164,034	741,812
Designated Extraordinary repair fund	<u>111,059</u>	<u>18,813</u>	<u>129,872</u>
	688,837	182,847	871,684
<b>Restricted funds</b>			
Almshouse fund	480,932	-	480,932
Muriel Fildes' fund	<u>4,414</u>	<u>88</u>	<u>4,502</u>
	485,346	88	485,434
<b>Endowment funds</b>			
Endowment fund	<u>4,094,631</u>	<u>412,922</u>	<u>4,507,553</u>
<b>TOTAL FUNDS</b>	<u>5,268,814</u>	<u>595,857</u>	<u>5,864,671</u>

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2019

## 14. MOVEMENT IN FUNDS - continued

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
<b>Unrestricted funds</b>				
Unrestricted fund	407,448	(294,677)	51,263	164,034
Designated Extraordinary repair fund	-	-	18,813	18,813
	407,448	(294,677)	70,076	182,847
<b>Restricted funds</b>				
Muriel Fildes' fund	88	-	-	88
<b>Endowment funds</b>				
Endowment fund	-	-	412,922	412,922
<b>TOTAL FUNDS</b>	<u>407,536</u>	<u>(294,677)</u>	<u>482,998</u>	<u>595,857</u>

## Comparatives for movement in funds

	At 1.1.18 £	Net movement in funds £	Transfers between funds £	At 31.12.18 £
<b>Unrestricted funds</b>				
Unrestricted fund	545,312	62,281	(21,905)	585,688
Designated Extraordinary repair fund	111,059	(7,910)	-	103,149
	656,371	54,371	(21,905)	688,837
<b>Restricted funds</b>				
Almshouse fund	480,932	-	-	480,932
Muriel Fildes' fund	4,327	87	-	4,414
	485,259	87	-	485,346
<b>Endowment funds</b>				
Endowment fund	4,145,352	(72,626)	21,905	4,094,631
<b>TOTAL FUNDS</b>	<u>5,286,982</u>	<u>(18,168)</u>	<u>-</u>	<u>5,268,814</u>

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2019

## 14. MOVEMENT IN FUNDS - continued

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
<b>Unrestricted funds</b>				
Unrestricted fund	403,561	(336,486)	(4,794)	62,281
Designated Extraordinary repair fund	-	-	(7,910)	(7,910)
	403,561	(336,486)	(12,704)	54,371
<b>Restricted funds</b>				
Muriel Fildes' fund	87	-	-	87
<b>Endowment funds</b>				
Endowment fund	-	-	(72,626)	(72,626)
<b>TOTAL FUNDS</b>	<u>403,648</u>	<u>(336,486)</u>	<u>(85,330)</u>	<u>(18,168)</u>

A current year 12 months and prior year 12 months combined position is as follows:

	At 1.1.18 £	Net movement in funds £	Transfers between funds £	At 31.12.19 £
<b>Unrestricted funds</b>				
Unrestricted fund	545,312	226,315	(21,905)	749,722
Designated Extraordinary repair fund	111,059	10,903	-	121,962
	656,371	237,218	(21,905)	871,684
<b>Restricted funds</b>				
Almshouse fund	480,932	-	-	480,932
Muriel Fildes' fund	4,327	175	-	4,502
	485,259	175	-	485,434
<b>Endowment funds</b>				
Endowment fund	4,145,352	340,296	21,905	4,507,553
<b>TOTAL FUNDS</b>	<u>5,286,982</u>	<u>577,689</u>	<u>-</u>	<u>5,864,671</u>

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2019

**14. MOVEMENT IN FUNDS - continued**

A current year 12 months and prior year 12 months combined net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
<b>Unrestricted funds</b>				
Unrestricted fund	811,009	(631,163)	46,469	226,315
Designated Extraordinary repair fund	<u>-</u>	<u>-</u>	<u>10,903</u>	<u>10,903</u>
	811,009	(631,163)	57,372	237,218
<b>Restricted funds</b>				
Muriel Fildes' fund	175	-	-	175
<b>Endowment funds</b>				
Endowment fund	-	-	340,296	340,296
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL FUNDS</b>	<u>811,184</u>	<u>(631,163)</u>	<u>397,668</u>	<u>577,689</u>

**15. RELATED PARTY DISCLOSURES**

Hereford Municipal Charities carries out the administration of the Millar Charity Fund (Charity No: 514381) and the Tudor Champion Fund (Charity No: 1035990). Certain direct costs relating to these charities are charged by Hereford Municipal Charities and in addition an appropriate share of administrative costs is also borne by these connected charities.

**16. POST BALANCE SHEET EVENTS**

Due to the outbreak of COVID19, in the UK during March 2020, the charity has assessed the impact of the virus on its activities. We would like to draw your attention to the accounting policies note for further details.