

Charity number: 212828

Richard Watts and the City of Rochester Almshouse Charities

Trustees' report and financial statements

for the year ended 31 December 2020

Richard Watts and the City of Rochester Almshouse Charities

Contents

	Page
Reference and administrative details of the Charity, its Trustees and advisers	1 - 2
Trustees' report	3 - 9
Independent auditor's report on the financial statements	10 - 13
Statement of financial activities	14
Balance sheet	15
Statement of cash flows	16
Notes to the financial statements	17 - 36

Richard Watts and the City of Rochester Almshouse Charities

Reference and administrative details of the Charity, its Trustees and advisers for the year ended 31 December 2020

Trustees

Michael Robin Bailey
Terence James Burton (resigned 31 January 2020)
Alex Clarabut
Martin Anthony Cook
Geoff Ettridge
Barrie James Fewtrell
Catherine Mary Gore
Hilary Harwood
Roger Kenneth Hawkes
Sharon Howell
Liz Janz
Colin McCarthy
Linda Reay
Peter James Smith
Kamaldeep Tesse
Elizabeth Whitlam (resigned 30 June 2020)

Charity registered number

212828

Principal office

Administrative Offices
Watts Almshouses
Maidstone Road
Rochester
Kent
ME1 1SE

Clerk / Chief officer

Jane Rose

Independent auditor

Kreston Reeves LLP
Chartered Accountants
Montague Place
Quayside
Chatham Maritime
Chatham
Kent
ME4 4QU

Bankers

Barclays Business Banking
263-265 High Street
Chatham
Kent
ME4 4BZ

Richard Watts and the City of Rochester Almshouse Charities

Reference and administrative details of the Charity, its Trustees and advisers (continued) for the year ended 31 December 2020

Solicitors

dgb Solicitors LLP incorporating Winch & Winch
The Captain's House
Central Avenue
Pembroke
Chatham Maritime
Kent
ME4 4UF

Stockbrokers

Canaccord Genuity Wealth Ltd
41 Lothbury
London
EC2R 7AE

Building Surveyors

J A Warner Ltd
The Guard House
Church Lane
The Historic Dockyard
Chatham
ME4 4TE

Chartered Valuation Surveyors

Sibley Pares Chartered Surveyors
1 Ashford Road
Maidstone
Kent
ME13 5BJ

Insurance Brokers

Erskine Murray Ltd
MW House
1 Penman Way
Grove Park
Leicester
LE19 1SY

Richard Watts and the City of Rochester Almshouse Charities

Trustees' report for the year ended 31 December 2020

The Trustees present their annual report together with the audited financial statements of the Richard Watts and the City of Rochester Almshouse Charities (the "Charity") for the year ended 31 December 2020.

Objectives and activities

a. Policies and objectives

In setting objectives and planning for activities, the Trustees have given due consideration to general guidance published by the Charity Commission relating to public benefit, including the guidance 'Public benefit: running a charity (PB2)'.

The Scheme provides for the net income, after payment of certain specified expenses, to be applied by the Trustees for the benefit of the residents of the Almshouses or for relief in sickness or in need of persons resident in the area formerly known as the City of Rochester (hereafter called "the City"). A Charity Commission Scheme dated 23 August 2016 states that "the City" includes those who are resident in postcode areas ME1 and ME2.

There have been no changes in the Charity's objectives since the last annual report.

b. Grant-making policies

The Scheme states that the Charity can only accept applications for funding of projects and grants from within the ME1 and ME2 postcode areas and from those assisting persons resident in these postcode areas.

Achievements and performance

a. Key performance indicators

The Trustees monitor the Charity's performance throughout the year. KPIs have been identified for each of the Board Committees. The following KPIs are reviewed annually:

House and Grants

Achieve at least 95% occupancy of almshouse accommodation
Allocate and spend at least 90% of the Grant Funds.

Estates/Health & Safety

Arrears level to be kept to a minimum – seek speedy settlement of rents owed - achieve at least 95% of all rents due.
Achieve at least 95% occupancy of all commercial and residential properties

Finance & Investment

In the context of the Annual Budget, the Income, Expenditure & the net out-turn to be + or – 10% of projections.
Balance of unrestricted Income Funds to be at least 6 months' running costs (50% budgeted expenditure for the year)
Investment Income to be achieved within + or - 10% of the PIMFA (Personal Investment Management and Financial Advice Association) Income Yield

Remuneration & Staffing

Overtime costs to be no more than 4% of the total wage bill
Staff sickness rates to be less than 5%

Trustee Commitment

Meeting attendance – overall 85% attendance pa
Less than 12.5% turnover (excluding scheduled retirements)

Richard Watts and the City of Rochester Almshouse Charities

Trustees' report (continued) for the year ended 31 December 2020

Achievements and performance (continued)

b. Review of activities

In addition to the Chair, Mrs Alex Clarabut and Vice Chair, Mrs Linda Reay, a number of Trustees held key positions during the year:-

Estates – Chair – Mr Michael Bailey, Vice Chair - Mr Martin Cook
House & Grants – Chair - Mrs Catherine Gore, Vice Chair – Mrs Liz Janz
Remuneration & Staffing – Chair - Mr Colin McCarthy, Vice Chair - Mrs Linda Reay
Finance & Investment - Chairman – Mr Peter Smith and Vice Chair – Mrs Kam Tesse
Internal Auditor – Mrs Kam Tesse

New probationary Trustee, Keith Povey has been appointed. Following the introduction of a Trustee Code of Conduct and Trustee Recruitment Policy, he will not be formally confirmed in post until he completes his probationary period.

2020 has been a very challenging year with the Coronavirus pandemic permeating almost everything. To all intents and purposes, it has been business as usual though behind the scenes, life wasn't the same. Trustees continued to make decisions though most meetings were conducted using Zoom. Hand sanitising, maintaining a distance and wearing face masks soon became the norm. Thankfully no residents or staff were lost to Covid 19 though one resident tested positive and various members of staff have had to self-isolate. Despite everything, during 2020, the Charity continued to provide almshouse accommodation and support needy people within ME1 & ME2. Sadly one resident who had been suffering mental health issues died when she fell from a window of her second floor flat. The coroner recorded a narrative conclusion: it was not possible to establish they had intended to take their own life or whether this was due to a psychotic episode. Seven new residents were accepted with five of them moving into the almshouses before year end. Through the work of the House & Grants Committee together with the support of the staff, there was an occupancy rate of 97.6% of the almshouse accommodation during the year. The Weekly Maintenance Contribution from residents was increased by a further planned 15% in January 2020 to £64.65 for single occupancy and £91.02 for couples to help fund the running costs and maintenance works programme.

In the year, support grants worth £69,876 (2019: £72,951) were made to 9 local organisations and to 12 schools. 15 children benefitted from awards for school uniform. In addition 9 awards were made for domestic items for families and 6 awards were made to adults who were in financial difficulty. £20,000 was awarded for the counselling initiative managed by North Kent Mind which continued, albeit remotely due to Covid 19, the work they started in 2017 by working in four schools serving children who live within the catchment; Rochester Grammar School, Sir Joseph Williamson Maths School, Strood Academy and Thomas Aveling School. In addition, one to one counselling continued to be provided to young people by Breathing Space, a professional counselling service based in Rochester.

For older members of the community, the Charity provided outpension support to an average of 47.6 individuals (2019: 50.5) with 6 Outpensions discontinuing and 3 new Outpensioners being added during 2020. A gardening service was provided to support 5 people living at home and the Medway Helpline was paid for one person. A subsidised Home Help service was provided for 52 people, 13 of whom had the service provided free of charge.

The financial statements for 2020 continue to reflect the effectiveness of the management and administration of the Charity that is supported by a strong and proactive Board of Trustees through the work of its five Committees. Rental income from investment properties continued to provide the majority of the Charity's income. Rents invoiced for 2020 amounted to £718,731. However, with many businesses being unable to operate, the rental arrears level has been poor by the Charity's usual standards with just under 10% of 2020 rents unpaid. The vast majority of the shortfall is accounted for by unpaid commercial rents (12.9%). Occupancy levels dropped with commercial properties achieving 87% occupancy. However, residential lettings were good, achieving 97.7% occupancy. Repair and quinquennial works at both almshouses and rental properties were kept to a minimum with only two bathroom and three kitchen refurbishments carried out at the almshouses.

**Trustees' report (continued)
for the year ended 31 December 2020**

Achievements and performance (continued)

This year, a new gardener was recruited to replace the one that had retired. In November 2020, Trustees agreed that as of January 2021, staff not on the National Living Wage would receive an inflationary increase of 1.5%.

During 2020 given the situation with Covid 19, The Six Poor Travellers' House did not re-open until August when strict social distancing and other measures were employed. However this did not deter visitors and it remained open until early October, staffed by the Custodian and her partner who had successfully implemented changes to the displays and garden during lock-down that were agreed last year.

In the place of the annual Christmas lunch which could not go ahead, residents and staff received Christmas boxes filled with festive treats.

Overview

The results for the year show a surplus on unrestricted funds before transfers of £106,117 and on endowment funds of £157 meaning that net income before investment gains amounted to £106,274 (2019: £22,859).

Incoming resources decreased from £1,411,319 in 2019 to £1,264,641 in 2020. Investment Income decreased by 10% to £1,012,239 whilst income from charitable activities increased slightly to £238,928.

Total resources expended decreased by 17%, from £1,388,460 to £1,158,367 in 2020.

At year end the charity's investments comprised investment properties of £13,558,500 and listed investments of £7,986,237.

Declines in the above investments together with the surplus for the year, resulted in a negative net movement in funds of £498,111 to be deducted from total funds brought forward, meaning the total assets at 31 December 2020 were £25,605,038. Endowment funds totalled £23,716,278 (2019 - £24,245,179), designated funds totalled £575,460 (2019- £565,727) and general funds totalled £1,313,300 (2019 - £1,292,243).

c. Safeguarding

Prioritising safeguarding is fundamental to the way the Charity operates. Whether it is how residents are treated by staff with daily checks on their wellbeing or looking after their long term best interests when they are facing illness, including dementia. Or whether it is the attitude of Trustees and the decisions they take when assessing grant applicants or even the way Site staff deal with tenants at rental properties who are experiencing difficulties, safeguarding and protecting people come first. Health and safety permeates every aspect of the organisation.

d. Investment policy and performance

The principal objective is to invest funds for capital growth whilst maintaining income levels sufficient to assist in meeting the expenditure of the Charity and the minimum level of reserves. To assist in the objective, the Board of Trustees appoints advisers upon such terms as deemed appropriate to make recommendations as to the sale and/or purchase of investment holdings. Should the likely income be more than sufficient to meet the above requirements then consideration may be given to investing a proportion of the available funds in more growth orientated funds with a switch back to greater income producing funds should the need arise.

The Trustees regularly review the investment returns and actual income and expenditure against budgets.

Richard Watts and the City of Rochester Almshouse Charities

Trustees' report (continued) for the year ended 31 December 2020

Financial review

a. Going concern

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

b. Reserves policy

The 'reserves' of the Charity are the resources that are available to spend on the Charity's purposes once all commitments have been met and planned expenditure covered. They do not include the Endowment or Designated Funds.

The balance of the reserves is maintained in the Unrestricted Income Funds as adjusted for the surplus for the year after transfers. The Charity has a commitment to maintain its properties in good repair, to apply the Charity's income for the benefit of the Almshouse residents and to meet reasonable requests under grant making provisions. To ensure that those commitments may continue to be met should there be a temporary fall in Property and/or Investment Income and/or the need for unplanned expenditure, it is the Trustees' policy that the balance of the Unrestricted Income Funds be maintained between 6 months' and one year's running costs.

Such range is based on past experience and forward financial projections over the next five year period. It is the responsibility of the Finance and Investment Committee to consider that range annually based on the updated five year projections and any agreed development plans and make any appropriate recommendations to the Board of Trustees.

At 31 December 2020 the general reserves amounted to £1,313,300 (see note 18) which is slightly higher than one year's running costs.

Endowment Funds

These comprise the Permanent Endowments of the Charity.

Designated Funds

Cyclical Maintenance Fund

Established under the Charity Commissioner's Scheme to provide for the ordinary maintenance of the Poor Traveller's House and the Almshouses belonging to the Charity.

Extraordinary Repairs Fund

Established compulsorily under the Charity Commissioner's Scheme to provide for the extraordinary repair, improvement or rebuilding of the Poor Traveller's House and the Almshouses.

General Repairs Fund

Established voluntarily under the Charity Commissioner's Scheme to provide for the extraordinary repair, improvement or rebuilding of the property belonging to the charities other than the Almshouses.

Planned Maintenance Fund

Established in 1985 in accordance with provisions in the leases to provide for the maintenance, major repair and refurbishment works to certain properties in the High Street, Chatham. The fund comprises leaseholders' service charge payments.

Memorial Fund

Established voluntarily in 2014, this fund comprises legacies and in memoriam gifts to be applied to projects for the enjoyment of residents and staff.

Richard Watts and the City of Rochester Almshouse Charities

Trustees' report (continued) for the year ended 31 December 2020

Financial review (continued)

Poor Travellers' House Fund

This fund comprises donations received at the House which are applied to the acquisition of small items for the House and garden.

Apprenticeship Support Fund

This fund comprises a grant received towards work with apprentices.

Structure, governance and management

a. Constitution

The Charity was originally founded under the will of Richard Watts in 1579. It is regulated by a Scheme of the Charity Commissioners dated 29 November 1977 when the Charities of Richard Watts, Sir John Hayward's Almshouses and St. Catherine's Hospital were grouped for administration purposes. The Charity is linked with the Sir John Hayward and Richard Watts Educational Charities and the William Mantle Trust following an order issued by the Charity Commission in 2015. The Charity Commission amended the Scheme on 23 August 2016 to clarify that any reference to the City of Rochester includes those who are resident in postcode areas ME1 and ME2. Finally, in January 2018, the Charity Commission agreed that those people who wished to return to Rochester to be close to their friends and family in their old age, but who at the time of applying do not themselves live within ME1 or ME2, could be considered.

b. Methods of appointment or election of Trustees

The management of the Charity is the responsibility of the Trustees who are elected and co-opted under the terms of the Charity Commission Scheme.

c. Organisational structure and decision-making policies

The Charity's structure is comprised of five Committees which are constituted annually. Each Committee has a Chairman.

The Clerk/Chief Officer and the Finance & Estates Manager are empowered by the Board of Trustees to sign cheques to a maximum of £10,000. Cheques in excess of this sum are signed by a Trustee and the Clerk/Chief Officer or Finance & Estates Manager. To ensure that a proper system of controls exists for the operation of delegated authority, one Trustee has been appointed to carry out random inspections of activities. The Trustee carrying out the inspection reports their findings to the Board at the following meeting.

Finance and Investment Committee (meets 4 times a year)

The Committee considers the estimates of income and expenditure and audited accounts and discusses any appropriate matters with the auditors and reports thereon to the Board of Trustees. It is authorised to make changes in the investment portfolio and to subsequently report to the Board of Trustees. The effects of the on-going financial conditions continued to be felt as the level of interest from the bank deposits remained low. In addition, the stock market showed a downturn this year. Together with the professional support of the Charity's brokers, the Committee has been able to achieve a level of income to assist the Board to continue its valuable work in support of those in greatest need in the ME1 and ME2 postcode areas.

House and Grants Committee (full meeting every other month and mini meeting in between as required for decision making purposes)

The Committee deals with the general administration of the Almshouses and considers applications for accommodation, outpensions and grants.

Richard Watts and the City of Rochester Almshouse Charities

Trustees' report (continued) for the year ended 31 December 2020

Structure, governance and management (continued)

Estates Committee (meets six times a year)

The Committee has the responsibility to ensure the maintenance of the fabric and structure of the Almshouses and investment properties. It also has the responsibility for the day to day management of the property portfolio.

The Committee is authorised by the Board of Trustees to consider all proposals for the sale, grant and surrender of leases, insurance matters and generally to protect and enhance the value of the estate. The Committee makes its recommendations after taking advice from the appointed Chartered Valuation Surveyor and Building Surveyor.

Remuneration and Staffing Committee (meets three times a year)

The Committee reviews and makes recommendations to the Board on matters concerning employee remuneration and staffing. Good employee relations in the work place are necessary for the effective performance of the Charity's objectives. This is best achieved by clear communications based on mutual understanding and respect between management and staff entailing the deployment of clearly defined HR systems and procedures. The Committee is tasked to challenge and evaluate these ongoing arrangements through scrutiny of reports received from the Clerk/Chief Officer.

Chairman's Committee (meets up to three times a year)

The Committee reviews Committee Policies and deals with any specific Policy matters. It is also responsible for and co ordinates the range of work and interests of the Charity.

d. Policies adopted for the induction and training of Trustees

All Trustees are encouraged to attend training courses and seminars on a regular basis. All Trustees have Trustee Handbooks that they keep up to date with all relevant policies, accounts and other background information about the Charity.

e. Related party relationships

Trustees regularly "declare an interest" as appropriate and all have completed the questionnaire.

f. Risk management

The Charity's Trustees have given consideration to the major risks to which the Charity is exposed and satisfied themselves that systems or procedures are established in order to manage those risks. In order to do this they review annually the major risks and their potential impacts on the way Trustees, supporters or beneficiaries might deal with the Charity. The risks fall into the following categories:

- Governance – from problems recruiting Trustees to adherence to the Scheme
- Operations – from computer systems failure to personal safety
- Finances – from shortfalls in income to insurance cover
- External factors – from adverse publicity to impact of local government policies
- Compliance with law and regulation – from Data Protection to Health & Safety

In addition, new risks are identified and reported at meetings throughout the year and reviewed to ensure that they have minimum impact. Not surprisingly, during the last year, risks tended to focus on coronavirus and its impact on all aspects of operations as well as the impact on our residents and staff, both physically and mentally. A recruitment policy and Trustee Code of Conduct were agreed as well as a change to the number of trustees that are needed. A Business Continuity Plan was agreed for the organisation and moves taken to protect data systems from cybercrime. Attention also focused on fire safety with a number of changes planned. A review of the number of high level windows was carried out and plan to affix window closers on all of them is ready to be enacted once access to the properties involved can be obtained.

Richard Watts and the City of Rochester Almshouse Charities

Trustees' report (continued) for the year ended 31 December 2020

Plans for future periods

The focus for the coming year will continue to be the management of the Charity's property portfolio, particularly with so many voids to fill. Work continues on refurbishing Almshouse kitchens and bathrooms in order to ensure that they are more accessible to those residing in them. In addition, commercial tenants' service charges and their relationship to quinquennial works has been reviewed and changes in payment levels are planned for many tenants. Planning will commence on the changes required to residential properties in order that they meet the new EPC standards in 2025.

Statement of Trustees' responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charity's transactions and disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements comply with the Charities Act 2011, 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.

Auditor

The auditors, Kreston Reeves LLP, have indicated their willingness to continue in office. The designated Trustees will propose a motion reappointing the auditors at a meeting of the Trustees.

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

Linda Reay
Chair

Date:

Richard Watts and the City of Rochester Almshouse Charities

Independent auditor's report to the Trustees of Richard Watts and the City of Rochester Almshouse Charities

Opinion

We have audited the financial statements of Richard Watts and the City of Rochester Almshouse Charities (the 'charity') for the year ended 31 December 2020 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 charity's affairs as at 31 December 2020 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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 charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

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 Auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the charity, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements. 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.

Richard Watts and the City of Rochester Almshouse Charities

Independent auditor's report to the Trustees of Richard Watts and the City of Rochester Almshouse Charities (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the Trustees' report 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; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Trustees' responsibilities statement, set out on page 9, the Trustees are responsible for the preparation of 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.

Independent auditor's report to the Trustees of Richard Watts and the City of Rochester Almshouse Charities (continued)

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Capability of the audit in detecting irregularities, including fraud

The objectives of our audit are to identify and assess the risks of material misstatement of the financial statements due to fraud or error; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud or error; and to respond appropriately to those risks.

Based on our understanding of the charity and the charitable sector generally, and through discussion with the trustees and other management (as required by auditing standards), we identified that the principal risks of non-compliance with laws and regulations related to health and safety, GDPR and employment law. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Charity SORP 2019 and other charity legislation. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. We evaluated Trustees' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks related to fraudulently or erroneously amending income and expenditure levels. Audit procedures performed by the engagement team included:

- Discussions with management and Trustees and assessment of known or suspected instances of non-compliance with laws and regulations (including health and safety) and fraud; and
- Performing analytical procedures to identify any unusual or unexpected relationships, including related party transactions, that may indicate risks of material misstatement due to fraud; and
- Identifying and testing journal entries, in particular any manual entries made at the year end for financial statement preparation; and
- Review of significant and unusual transactions and evaluation of the underlying financial rationale supporting the transactions.

There are inherent limitations in the audit procedures described above and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve

Richard Watts and the City of Rochester Almshouse Charities

Independent auditor's report to the Trustees of Richard Watts and the City of Rochester Almshouse Charities (continued)

- collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the charity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- Conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

Kreston Reeves LLP
Chartered Accountants

Chatham Maritime

Date:

Kreston Reeves LLP are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

Richard Watts and the City of Rochester Almshouse Charities

Statement of financial activities for the year ended 31 December 2020

	Note	Unrestricted funds 2020 £	Endowment funds 2020 £	Total funds 2020 £	Total funds 2019 £
Income and endowments from:					
Donations and legacies	4	13,474	-	13,474	51,804
Charitable activities	5	238,928	-	238,928	233,958
Investments	6	1,002,222	10,017	1,012,239	1,125,557
Total income and endowments		1,254,624	10,017	1,264,641	1,411,319
Expenditure on:					
Raising funds	7,8	232,654	-	232,654	308,642
Charitable activities		915,853	9,860	925,713	1,079,818
Total expenditure		1,148,507	9,860	1,158,367	1,388,460
Net income before net (losses)/gains on investments		106,117	157	106,274	22,859
Net gains/(losses) on investments		(75,327)	(529,058)	(604,385)	761,764
Net movement in funds		30,790	(528,901)	(498,111)	784,623
Reconciliation of funds:					
Total funds brought forward		1,857,970	24,245,179	26,103,149	25,318,526
Net movement in funds		30,790	(528,901)	(498,111)	784,623
Total funds carried forward		1,888,760	23,716,278	25,605,038	26,103,149

The Statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 17 to 36 form part of these financial statements.

Richard Watts and the City of Rochester Almshouse Charities

Balance sheet as at 31 December 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	13	3,476,123	3,476,123
Investments	15	7,986,237	8,296,542
Investment property	14	13,558,500	13,812,005
		<u>25,020,860</u>	<u>25,584,670</u>
Current assets			
Debtors	16	272,372	218,474
Cash at bank and in hand		623,714	556,221
		<u>896,086</u>	<u>774,695</u>
Creditors: amounts falling due within one year	17	(311,908)	(256,216)
Net current assets		<u>584,178</u>	<u>518,479</u>
Net assets		<u><u>25,605,038</u></u>	<u><u>26,103,149</u></u>
Charity funds			
Endowment funds	18	23,716,278	24,245,179
Unrestricted funds	18	1,888,760	1,857,970
Total funds		<u><u>25,605,038</u></u>	<u><u>26,103,149</u></u>

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

Linda Reay
Chair

Peter James Smith
Vice Chair

Date:

The notes on pages 17 to 36 form part of these financial statements.

Richard Watts and the City of Rochester Almshouse Charities

Statement of cash flows for the year ended 31 December 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Net cash used in operating activities	21	(904,171)	(1,159,867)
Cash flows from investing activities			
Dividends, interests and rents from investments		1,012,239	1,125,557
Proceeds from sale of investments		616,733	882,833
Purchase of investments		(657,308)	(759,097)
Net cash provided by investing activities		971,664	1,249,293
Change in cash and cash equivalents in the year		67,493	89,426
Cash and cash equivalents at the beginning of the year		556,221	466,795
Cash and cash equivalents at the end of the year	22	623,714	556,221

The notes on pages 17 to 36 form part of these financial statements

Richard Watts and the City of Rochester Almshouse Charities

Notes to the financial statements for the year ended 31 December 2020

1. General information

Richard Watts and the City of Rochester Almshouse Charities is a Charity registered in England. The Charity's registered address is Administrative Offices, Watts Almshouses, Maidstone Road, Rochester, Kent ME1 1SE.

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 Charities Act 2011.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair' view. This departure has involved following the Charities SORP (FRS 102) published in October 2019 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

Richard Watts and the City of Rochester Almshouse Charities 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.

2.2 Going concern

The Trustees assess whether the use of going concern is appropriate, i.e., whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Charity to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Charity has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Charity's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Whilst the impact of the Covid-19 pandemic has been assessed by the Trustees, so as far as is reasonably possible, due to its unprecedented impact on the worldwide economy it is difficult to evaluate with any certainty the potential outcomes on the Charity's future activities. However taking into consideration the Charity's level of reserves and the actions they've taken, the Trustees believe that the Charity will be able to continue in operational existence for the foreseeable future.

**Notes to the financial statements
for the year ended 31 December 2020**

2. Accounting policies (continued)

2.3 Income

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

The recognition of income from legacies is dependent on establishing entitlement, the probability of receipt and the ability to estimate with sufficient accuracy the amount receivable. Evidence of entitlement to a legacy exists when the Charity has sufficient evidence that a gift has been left to them (through knowledge of the existence of a valid will and the death of the benefactor) and the executor is satisfied that the property in question will not be required to satisfy claims in the estate. Receipt of a legacy must be recognised when it is probable that it will be received and the fair value of the amount receivable, which will generally be the expected cash amount to be distributed to the Charity, can be reliably measured.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

Other income is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

2.4 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 on raising funds includes all expenditure incurred by the Charity to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the Charity's objectives, as well as any associated support costs.

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.

All expenditure is inclusive of irrecoverable VAT.

2.5 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Charity; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

2.6 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 the 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 presented as 'Net Gains/(Losses) on investments' in the Statement of financial activities.

**Notes to the financial statements
for the year ended 31 December 2020**

2. Accounting policies (continued)

2.7 Debtors

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

2.8 Cash at bank and in hand

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

2.9 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 Charity 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.

2.10 Financial instruments

The Charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

2.11 Pensions

The Charity operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Charity to the fund in respect of the year.

2.12 Fund accounting

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

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the Trustees' Report.

Endowment funds comprise the permanent endowments of the Charity.

2.13 Freehold properties - Almshouses

Freehold properties are included at valuation as at 1 January 1973 or 31 December 1977 or at subsequent cost as detailed in note 13 to the financial statements.

Freehold properties are not depreciated. In no case is the estimated useful life of the building less than fifty years and the estimated residual value is likely to be more than the amount at which the properties are carried in the balance sheet. Any depreciation would, therefore, be immaterial and no provision has been made in the financial statements.

**Notes to the financial statements
for the year ended 31 December 2020**

2. Accounting policies (continued)

2.14 Investment properties

Investment properties are long-term assets, which generate income. They are included at market value in accordance with the Statement of Recommended Practice on accounting by charities. Please see note 14 to the financial statements.

2.15 Furniture and equipment

The cost of furniture and equipment has been charged to the Statement of Financial Activities on acquisition.

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 Charity 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.

Critical areas of judgment:

Investment properties at Market value

The Charity holds investment property with fair value of £13,558,500 at the year end (see note 14). In order to determine the fair value of investment property the Charity has engaged independent valuation specialists with experience in the location and nature of the property being valued. They have used a valuation technique based on comparable market data. The determined fair value of the investment property is most sensitive to fluctuations in the property market.

Tangible fixed assets - Cost model

The Charity has recognised tangible fixed assets with a carrying value of £3,476,123 at the reporting date (see note 13). These assets are stated at their cost less provision for depreciation and impairment. The Charity's accounting policy sets out the approach to calculating depreciation for immaterial assets acquired. For material assets such as land and buildings the Charity determines at acquisition reliable estimates for the useful life of the asset, its residual value and decommissioning costs. These estimates are based upon such factors such as the expected use of the acquired asset and market conditions. At subsequent reporting dates the Trustees consider whether there are any factors such as technological advancements or changes in market conditions that indicate a need to reconsider the estimates used.

Where there are indicators that the carrying value of tangible assets may be impaired the Charity undertakes tests to determine the recoverable amount of assets. These tests require estimates of the fair value of assets less cost to sell and of their value in use. Wherever possible the estimate of the fair value of assets is based upon observable market prices less incremental cost for disposing of the asset. The value in use calculation is based upon a discounted cash flow model, based upon the Charity's forecasts for the foreseeable future which do not include any restructuring activities that the Charity is not yet committed to or significant future investments that will enhance the asset's performance. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well expected future cash flows and the growth rate used for extrapolation purposes.

Richard Watts and the City of Rochester Almshouse Charities

Notes to the financial statements for the year ended 31 December 2020

4. Income from donations and legacies

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Donations	5,695	5,695	11,804
Legacies	7,779	7,779	40,000
	<u>13,474</u>	<u>13,474</u>	<u>51,804</u>
	<u><u>51,804</u></u>	<u><u>51,804</u></u>	
Total 2019			

5. Income from charitable activities

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Residents' maintenance contributions	211,935	211,935	199,156
Home Help income	17,481	17,481	24,516
Other income	9,512	9,512	10,286
	<u>238,928</u>	<u>238,928</u>	<u>233,958</u>
	<u><u>233,958</u></u>	<u><u>233,958</u></u>	
Total 2019			

Richard Watts and the City of Rochester Almshouse Charities

Notes to the financial statements for the year ended 31 December 2020

6. Investment income

	Unrestricted funds 2020 £	Endowment funds 2020 £	Total funds 2020 £	Total funds 2019 £
Rents receivable	718,731	-	718,731	755,385
Service charges receivable	22,501	-	22,501	23,538
Income from listed investments	253,043	10,017	263,060	337,599
Bank interest	-	-	-	35
Insurances recoverable	7,947	-	7,947	9,000
Total 2020	1,002,222	10,017	1,012,239	1,125,557
Total 2019	1,114,252	11,305	1,125,557	

7. Property expenditure

Costs of raising voluntary income

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Commercial property repairs and maintenance	32,759	32,759	48,782
Residential property repairs and maintenance	45,279	45,279	114,139
Voids expenditure	4,697	4,697	3,402
Rent payable	1,471	1,471	1,838
Insurances	15,172	15,172	13,634
Land and estate agents	32,081	32,081	47,132
Solicitors	15,586	15,586	3,849
Surveyors	23,333	23,333	40,792
Bad debts	37,497	37,497	8,796
Total 2020	207,875	207,875	282,364
Total 2019	282,364	282,364	

Richard Watts and the City of Rochester Almshouse Charities

Notes to the financial statements for the year ended 31 December 2020

8. Investment management costs

	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Stockbroker's fees	24,779	24,779	26,278
Total 2019	26,278	26,278	

9. Analysis of grants

	Grants to Institutions 2020 £	Grants to Individuals 2020 £	Total funds 2020 £	Total funds 2019 £
Grants payable	60,941	8,936	69,877	72,951
Total 2019	55,933	17,018	72,951	

10. Analysis of expenditure by activities

	Direct costs 2020 £	Grants payable (note 9) 2020 £	Support costs 2020 £	Total funds 2020 £	Total funds 2019 £
Almshouse	493,000	69,877	272,796	835,673	986,910
Outpensions	38,200	-	-	38,200	40,615
Home Help	27,848	-	-	27,848	31,680
Poor Traveller's House	23,992	-	-	23,992	20,613
Total 2020	583,040	69,877	272,796	925,713	1,079,818
Total 2019	699,948	72,951	306,919	1,079,818	

Notes to the financial statements
for the year ended 31 December 2020

10. Analysis of expenditure by activities (continued)

Analysis of direct costs

	Almshouse 2020 £	Out- pensions 2020 £	Home Help 2020 £	Poor Traveller's House 2020 £	Total funds 2020 £	Total funds 2019 £
Staff costs	232,183	-	27,608	7,305	267,096	256,748
General and water rates	14,749	-	-	1,136	15,885	19,054
Insurances	14,340	-	-	1,024	15,364	12,691
Oil, gas and electricity	45,963	-	-	823	46,786	44,076
Repairs, maintenance and cleaning	125,212	-	-	10,703	135,915	266,451
Garden upkeep	7,290	-	-	-	7,290	5,871
Telephone	1,340	-	-	473	1,813	2,245
Sundry expenses	13,806	-	240	2,528	16,574	14,433
Outpensions	-	38,200	-	-	38,200	40,615
Health and safety	38,117	-	-	-	38,117	37,764
Total 2020	493,000	38,200	27,848	23,992	583,040	699,948
Total 2019	607,040	40,615	31,680	20,613	699,948	

Richard Watts and the City of Rochester Almshouse Charities

Notes to the financial statements for the year ended 31 December 2020

10. Analysis of expenditure by activities (continued)

Analysis of support costs

	Total funds 2020 £	Total funds 2019 £
Staff costs	217,176	205,030
Printing, stationery and advertising	5,323	8,079
General and water rates	1,253	1,239
Telephone	1,058	3,834
Oil, gas and electricity	2,275	1,779
Insurance	12,359	11,424
Furniture	311	349
Repairs	4,709	23,838
Office machinery	6,575	10,300
Pensions to former employees	1,824	1,780
Legal and professional fees	1,284	6,064
Sundry expenses	368	15,657
Computer equipment	6,735	6,491
Health and safety	224	117
Auditors' remuneration	9,435	8,100
Auditors' remuneration - non audit	1,887	2,838
Total 2020	272,796	306,919

**Notes to the financial statements
for the year ended 31 December 2020**

11. Staff costs

	2020	2019
	£	£
Wages and salaries	415,480	397,188
Social security costs	30,603	27,206
Other pension costs	38,189	37,384
	484,272	461,778

The average number of persons employed by the Charity during the year was as follows:

2020	2019
No.	No.
27	27

The average headcount expressed as full-time equivalents was:

2020	2019
No.	No.
16	17

No employee received remuneration amounting to more than £60,000 in either year.

During the year, the four (2019 - four) key management personnel received remuneration and benefits, including employer's national insurance contributions, of £174,649 (2019 - £156,081).

12. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2019 - £NIL).

During the year ended 31 December 2020, no Trustee expenses have been incurred (2019 - £NIL).

**Notes to the financial statements
for the year ended 31 December 2020**

13. Tangible fixed assets

	Freehold property £
Cost or valuation	
At 1 January 2020	3,476,123
At 31 December 2020	3,476,123
Net book value	
At 31 December 2020	3,476,123
At 31 December 2019	3,476,123

Cost and valuation figures include valuations made by the Clerk to the Trustees as at 1 January 1973 and 31 December 1977. The valuation at 1 January 1973 revalued all properties held at that date (£103,200) and the valuation at 31 December 1977 comprised the properties held within Sir John Hayward's Almshouses and St Catherine's Hospital following the amalgamation of the Charities on 29 November 1977 (£130,000). The balance of £3,242,923 comprises subsequent additions at cost.

Notes to the financial statements
for the year ended 31 December 2020

14. Investment property

	Freehold investment property £
Valuation	
At 1 January 2020	13,812,005
Deficit on revaluation	(253,505)
At 31 December 2020	<u>13,558,500</u>

The investment properties were valued in 2020 by an independent firm of Chartered Surveyors on an open market value for existing use basis.

15. Fixed asset investments

	Listed investments £
Cost or valuation	
At 1 January 2020	8,296,542
Additions	657,308
Disposals	(751,772)
Revaluations	(215,841)
At 31 December 2020	<u>7,986,237</u>
Net book value	
At 31 December 2020	<u>7,986,237</u>
At 31 December 2019	<u>8,296,542</u>

Richard Watts and the City of Rochester Almshouse Charities

Notes to the financial statements for the year ended 31 December 2020

16. Debtors

	2020 £	2019 £
Due within one year		
Trade debtors	89,858	31,680
Prepayments and accrued income	159,236	166,623
Insurance recoverable	23,278	20,171
	<u>272,372</u>	<u>218,474</u>

17. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	25,102	16,530
Other taxation and social security	2,000	4,250
Accruals and deferred income	284,806	235,436
	<u>311,908</u>	<u>256,216</u>
Deferred income at 1 January 2020	158,472	95,778
Income deferred during the year	172,642	158,472
Amounts released from previous periods	(158,101)	(95,778)
Deferred income at 31 December 2020	<u>173,013</u>	<u>158,472</u>

Notes to the financial statements
for the year ended 31 December 2020

18. Statement of funds

Statement of funds - current year

	Balance at 1 January 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 December 2020 £
Designated funds						
Cyclical Maintenance Fund	39,950	-	-	5,500	-	45,450
Extraordinary Repairs Fund	122,172	-	(21,550)	3,600	(4,751)	99,471
General Repairs Fund	233,551	8,321	(8,213)	15,000	(16,048)	232,611
Planned Maintenance Fund	123,221	22,501	(13,055)	-	-	132,667
Memorial Fund	46,833	7,779	-	-	-	54,612
Poor Travellers House Fund	-	-	-	4,436	-	4,436
Apprenticeship Support Fund	-	-	-	6,213	-	6,213
	565,727	38,601	(42,818)	34,749	(20,799)	575,460
General funds						
General Income Fund	1,292,243	1,216,023	(1,105,689)	(34,749)	(54,528)	1,313,300
Total Unrestricted funds	1,857,970	1,254,624	(1,148,507)	-	(75,327)	1,888,760

Richard Watts and the City of Rochester Almshouse Charities

Notes to the financial statements for the year ended 31 December 2020

18. Statement of funds (continued)

Endowment funds						
Richard Watts	22,689,534	-	-	-	(478,587)	22,210,947
Chatham Intra	1,612	-	-	-	(120)	1,492
Sir John Hayward's Charitable Fund	594,093	-	-	-	(468)	593,625
St Catherine's Hospital	650,721	-	-	-	(12,660)	638,061
Sir John Hayward's Educational Charity	28,345	613	(200)	-	(328)	28,430
William Mantle Trust	280,874	9,404	(9,660)	-	(36,895)	243,723
	24,245,179	10,017	(9,860)	-	(529,058)	23,716,278
Total of funds	26,103,149	1,264,641	(1,158,367)	-	(604,385)	25,605,038

**Notes to the financial statements
for the year ended 31 December 2020**

18. Statement of funds (continued)

Statement of funds - prior year

	Balance at 1 January 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 December 2019 £
Designated funds						
Cyclical Maintenance Fund	30,000	-	(5,050)	15,000	-	39,950
Extraordinary Repairs Fund	99,396	5,594	(159,900)	159,900	17,182	122,172
General Repairs Fund	208,427	-	(50,153)	50,153	25,124	233,551
Planned Maintenance Fund	127,227	23,538	(27,544)	-	-	123,221
Memorial Fund	6,833	40,000	-	-	-	46,833
	<u>471,883</u>	<u>69,132</u>	<u>(242,647)</u>	<u>225,053</u>	<u>42,306</u>	<u>565,727</u>
General funds						
General Income Fund	<u>1,217,959</u>	<u>1,330,882</u>	<u>(1,140,633)</u>	<u>(225,053)</u>	<u>109,088</u>	<u>1,292,243</u>
Total Unrestricted funds	<u>1,689,842</u>	<u>1,400,014</u>	<u>(1,383,280)</u>	<u>-</u>	<u>151,394</u>	<u>1,857,970</u>

Richard Watts and the City of Rochester Almshouse Charities

Notes to the financial statements for the year ended 31 December 2020

18. Statement of funds (continued)

Endowment funds

Richard Watts	22,128,760	-	-	-	560,774	22,689,534
Chatham Intra	1,420	-	-	-	192	1,612
Sir John Hayward's Charitable Fund	593,346	-	-	-	747	594,093
St Catherine's Hospital	630,521	-	-	-	20,200	650,721
Sir John Hayward's Educational Charity	26,249	974	(200)	-	1,322	28,345
William Mantle Trust	248,388	10,331	(4,980)	-	27,135	280,874
	<u>23,628,684</u>	<u>11,305</u>	<u>(5,180)</u>	<u>-</u>	<u>610,370</u>	<u>24,245,179</u>
Total of funds	<u>25,318,526</u>	<u>1,411,319</u>	<u>(1,388,460)</u>	<u>-</u>	<u>761,764</u>	<u>26,103,149</u>

**Notes to the financial statements
for the year ended 31 December 2020**

19. Summary of funds

Summary of funds - current year

	Balance at 1 January 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 December 2020 £
Designated funds	565,727	38,601	(42,818)	34,749	(20,799)	575,460
General funds	1,292,243	1,216,023	(1,105,689)	(34,749)	(54,528)	1,313,300
Endowment funds	24,245,179	10,017	(9,860)	-	(529,058)	23,716,278
	26,103,149	1,264,641	(1,158,367)	-	(604,385)	25,605,038

Summary of funds - prior year

	Balance at 1 January 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 December 2019 £
Designated funds	471,883	69,132	(242,647)	225,053	42,306	565,727
General funds	1,217,959	1,330,882	(1,140,633)	(225,053)	109,088	1,292,243
Endowment funds	23,628,684	11,305	(5,180)	-	610,370	24,245,179
	25,318,526	1,411,319	(1,388,460)	-	761,764	26,103,149

20. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Unrestricted funds 2020 £	Endowment funds 2020 £	Total funds 2020 £
Tangible fixed assets	-	3,476,123	3,476,123
Fixed asset investments	1,352,728	6,633,509	7,986,237
Investment property	-	13,558,500	13,558,500
Current assets	847,940	48,146	896,086
Creditors due within one year	(311,908)	-	(311,908)
Total	1,888,760	23,716,278	25,605,038

**Notes to the financial statements
for the year ended 31 December 2020**

20. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior period

	Unrestricted funds 2019 £	Endowment funds 2019 £	Total funds 2019 £
Tangible fixed assets	-	3,476,123	3,476,123
Fixed asset investments	1,428,054	6,868,488	8,296,542
Investment property	-	13,812,005	13,812,005
Current assets	686,132	88,563	774,695
Creditors due within one year	(256,216)	-	(256,216)
Total	1,857,970	24,245,179	26,103,149

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

	2020 £	2019 £
Net income/expenditure for the period (as per Statement of Financial Activities)	(498,111)	784,623
Adjustments for:		
Gains/(losses) on investments	604,385	(761,764)
Dividends, interests and rents from investments	(1,012,239)	(1,125,557)
Increase in debtors	(53,898)	(130,646)
Increase in creditors	55,692	73,477
Net cash used in operating activities	(904,171)	(1,159,867)

22. Analysis of cash and cash equivalents

	2020 £	2019 £
Cash in hand	623,714	556,221

Richard Watts and the City of Rochester Almshouse Charities

Notes to the financial statements for the year ended 31 December 2020

23. Analysis of changes in net debt

	At 1 January 2020 £	Cash flows £	At 31 December 2020 £
Cash at bank and in hand	556,221	67,493	623,714

24. Operating lease commitments

At 31 December 2020 the Charity had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2020 £	2019 £
Not later than 1 year	976	638
Later than 1 year and not later than 5 years	3,660	-
	4,636	638

25. Related party transactions

During the year the Charity paid a grant of £100 (2019 - £100) to Sir Joseph Williamson's Charitable Trust, of which Mrs H Harwood is also a trustee. There were no amounts outstanding at the balance sheet date (2019 - £Nil).

During the year the Charity paid a grant of £100 (2019 - £100) to Rochester Grammar School for Girls Charity, of which Mr M Bailey is also a trustee. There were no amounts outstanding at the balance sheet date (2019 - £Nil).

During the year the Charity paid grants of £Nil (2019 - £16,000) to North Kent Mind. This grant was distributed to four schools. One of which was the Thomas Aveling School, of which Mr M Bailey is a Governor. There were no amounts outstanding at the balance sheet date (2019: £Nil).

During the year the Charity paid grants of £411 directly to the Thomas Aveling School. There were no amounts outstanding at the balance sheet date (2019: £Nil).