

FOLKESTONE MUNICIPAL CHARITIES

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019



FOLKESTONE MUNICIPAL CHARITIES

CONTENTS

	Page
Reference and administrative details of the charity, its trustees and advisers	1
Trustees' report	2 - 3
Trustees' responsibilities statement	4
Independent auditors' report	5 - 7
Statement of financial activities	8
Balance sheet	9
Notes to the financial statements	10 - 16

FOLKESTONE MUNICIPAL CHARITIES

REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS FOR THE YEAR ENDED 31 MARCH 2019

Trustees

Mrs A Berry
Mr J Bonomy
Mrs S Thorne
Mr R C P Medicott
Cllr P Gane
Mrs R Braid
Mrs M Hunter
Cllr M Salmon
Cllr R C West
Cllr P West
Mr S A Warren (resigned 1 November 2018)

Charity registered number

211528

Principal office

Romney House, Cliff Road, Hythe, CT21 5XA

Independent auditors

MHA MacIntyre Hudson, 71 New Dover Road, Canterbury, Kent, CT1 3DZ

FOLKESTONE MUNICIPAL CHARITIES

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2019

The Trustees present their annual report together with the audited financial statements of the charity for the year ended 31 March 2019. The Trustees confirm that the Annual report and financial statements of the charity comply with the Charities Act 2011, the requirements of the charity's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" applicable to Charities preparing their accounts in accordance with the Financial Reporting Standards.

Structure, governance and management

a. CONSTITUTION

The charity is controlled by its governing document, a deed of trust, and constitutes an unincorporated charity. It was registered with the Charity Commission with effect from 29th June 1984 under the charity number 211528.

b. METHOD OF APPOINTMENT OR ELECTION OF TRUSTEES

Trustees are appointed when a vacancy occurs by personal recommendation from existing Trustees and elected at an Annual General Meeting.

c. RISK MANAGEMENT

The Trustees have assessed the major risks to which the charity is exposed, in particular those related to the operations and finances of the charity, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

Objectives and Activities

a. POLICIES AND OBJECTIVES

Objectives

The Charity was constituted on 29th June 1894 by Scheme of the Charity Commissioners of 29th June 1894. The objective of the charity is to provide relief in need to residents of Folkestone by provision of grants to individuals or organisations and by payment of monthly awards to needy residents. The Trustees have complied with the duty under the Charities Act 2011 to have due regard to public benefit guidance published by the Charities Commission.

b. ACTIVITIES FOR ACHIEVING OBJECTIVES

Significant activities

The charity receives referrals from social services and other sources. All cases are referred to the committee of Trustees, or in cases of emergency, to such members of the executive committee as are available.

Relief in need, when sanctioned by the Trustees, is made available, wherever possible, by payment direct to suppliers of goods and services.

c. GRANT MAKING POLICIES

The Trustees as a group meet in order to decide upon grant applications. Grants are made if the Trustees feel the application has merit and is in line with the charity's constitutional aims.

FOLKESTONE MUNICIPAL CHARITIES

TRUSTEES' REPORT (continued) FOR THE YEAR ENDED 31 MARCH 2019

Achievements and performance

a. REVIEW OF ACTIVITIES

The funds that have been required for the relief of need have been generated by income from investments, leaving a net surplus before investment gains for the year of £8,707 (2018: £19,643). The charity continues to hold investments in authorised charitable investments. These investments showed a gain on the previous year's valuation of £173,789 (2018: £16,693) as shown in note 9 of the financial statements.

Financial review

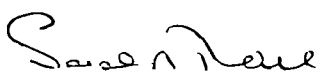
a. RESERVES POLICY

The Trustees maintain a reserve of £33,000 in order to fund any unanticipated expenditure or to cover the normal expenditure of the charity should there be a change in their incoming resources. Any other unrestricted funds are to be spent in accordance with the Charity's constitution.

b. INVESTMENT POLICY AND PERFORMANCE

The Trustees have the power to invest in such assets as they see fit. Due to the present market conditions, the Trustees consider their current investments to be the most appropriate in order to generate income to meet their anticipated expenditure.

This report was approved by the Trustees, on 12 June 2019 and signed on their behalf by:


.....
Trustee

FOLKESTONE MUNICIPAL CHARITIES

TRUSTEES' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

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).

Charity law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity 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;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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 operation.

The Trustees are responsible for keeping proper 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.

FOLKESTONE MUNICIPAL CHARITIES

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF FOLKESTONE MUNICIPAL CHARITIES

OPINION

We have audited the financial statements of Folkestone Municipal Charities (the 'charity') for the year ended 31 March 2019 set out on pages 8 to 16.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has been withdrawn.

This has been done in order for the accounts to provide a true and fair view in accordance with the Generally Accepted Accounting Practice effective for reporting periods beginning on or after 1 January 2015.

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 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 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

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 Auditors' 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.

FOLKESTONE MUNICIPAL CHARITIES

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF FOLKESTONE MUNICIPAL CHARITIES

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 (Accounts and Reports) Regulations 2008 requires 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 and returns; 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 4, 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.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' 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.

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

FOLKESTONE MUNICIPAL CHARITIES

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF FOLKESTONE MUNICIPAL CHARITIES

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 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 its trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

MHA MacIntyre Hudson

MHA MacIntyre Hudson

Chartered Accountants


Statutory Auditors

71 New Dover Road

Canterbury

Kent

CT1 3DZ

 June 2019

MHA MacIntyre Hudson are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

FOLKESTONE MUNICIPAL CHARITIES

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2019**

	Note	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
INCOME FROM:				
Investments	2	123,606	123,606	118,098
TOTAL INCOME		123,606	123,606	118,098
EXPENDITURE ON:				
Charitable activities		114,899	114,899	98,455
TOTAL EXPENDITURE		114,899	114,899	98,455
NET INCOME BEFORE INVESTMENT GAINS		8,707	8,707	19,643
Net gains on investments	9	173,789	173,789	16,693
NET INCOME BEFORE OTHER RECOGNISED GAINS AND LOSSES		182,496	182,496	36,336
NET MOVEMENT IN FUNDS		182,496	182,496	36,336
RECONCILIATION OF FUNDS:				
Total funds brought forward		3,601,956	3,601,956	3,565,620
TOTAL FUNDS CARRIED FORWARD		3,784,452	3,784,452	3,601,956

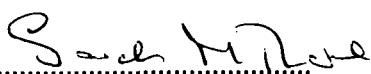
The notes on pages 10 to 16 form part of these financial statements.

FOLKESTONE MUNICIPAL CHARITIES

**BALANCE SHEET
AS AT 31 MARCH 2019**

	Note	£	2019 £	£	2018 £
FIXED ASSETS					
Investment property	8		168,500		168,500
Investments	9		3,520,568		3,346,779
			3,689,068		3,515,279
CURRENT ASSETS					
Debtors	10	3,599		-	
Cash at bank and in hand		95,860		88,177	
		99,459		88,177	
CREDITORS: amounts falling due within one year	11	(4,075)		(1,500)	
NET CURRENT ASSETS			95,384		86,677
NET ASSETS			3,784,452		3,601,956
CHARITY FUNDS					
Unrestricted funds	12		3,784,452		3,601,956
TOTAL FUNDS			3,784,452		3,601,956

The financial statements were approved by the Trustees on 12 June 2019 and signed on their behalf, by:



 Trustee

The notes on pages 10 to 16 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

1. ACCOUNTING POLICIES

1.1 General information and basis of preparation of financial statements

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 on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to these accounts. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and Charities Act 2011.

The charity has applied Update Bulletin 1 as published on 2 February 2016 and does not include a cash flow statement on the grounds that it is applying FRS 102 Section 1 A.

Folkestone Municipal Charities constitutes a public benefit entity as defined by FRS 102.

1.2 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.

1.3 Resources expended

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

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

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.

1.4 Going concern

The trustees are of the view that the charity holds sufficient reserves to fund activities for the next 12 months in the absence of any income, and so the going concern basis is appropriate.

FOLKESTONE MUNICIPAL CHARITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1. ACCOUNTING POLICIES (continued)

1.5 Taxation

The charity is exempt from tax on its charitable activities.

1.6 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 notes to the financial statements.

1.7 Investments

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

1.8 Debtors

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

1.9 Judgements in applying accounting policies and key sources of estimation uncertainty

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.

FOLKESTONE MUNICIPAL CHARITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

2. INVESTMENT INCOME

	Total funds 2019 £	Total funds 2018 £
Rents received	4,735	4,995
Dividends received	118,725	113,084
Bank interest received	146	19
	123,606	118,098
Total 2018	118,098	

In 2019, all investment income of £123,606 (2018: £118,098) was attributable to unrestricted income funds.

3. CHARITABLE ACTIVITIES - SUPPORT COSTS

	Unrestricted funds £	Total 2019 £	Total 2018 £
Management	5,200	5,200	4,761
Auditors' remuneration	1,617	1,617	2,462
	6,817	6,817	7,223
Total 2018	7,223	7,223	

In 2019, all support costs of £6,817 (2018: £7,223) were attributable to unrestricted funds.

4. CHARITABLE ACTIVITIES - DIRECT COSTS

	Unrestricted funds £	Total 2019 £	Total 2018 £
Grants and donations	15,284	15,284	6,924
Monthly grants	63,000	63,000	58,255
Relief in need	29,798	29,798	26,052
	108,082	108,082	91,231
Total 2018	91,231	91,231	

FOLKESTONE MUNICIPAL CHARITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

4. CHARITABLE ACTIVITIES - DIRECT COSTS (continued)

In 2019, all direct costs of £108,082 (2018: £91,231) were attributable to unrestricted funds.

5. AUDITORS' REMUNERATION

The Auditor's remuneration amounts to an Audit and accountancy services fee of £1,617 (2018 - £2,462).

6. TRUSTEES' REMUNERATION AND BENEFITS

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

Trustees' expenses

Mrs M Hunter was reimbursed £457 in respect of expenses during the year (2018: £146).

7. HONORARIA

	2019 £	2018 £
Wages and salaries	3,993	3,750
	-	-

	2019 £	2018 £
The average monthly number of employees during the year	-	-

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

Honoraria represents Officers remuneration. Expenses were also reimbursed to Officers of £120 (2018 - £86) in respect of postage and stationery.

FOLKESTONE MUNICIPAL CHARITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

8. INVESTMENT PROPERTY

	Freehold investment property £
Valuation	
At 1 April 2018 and 31 March 2019	168,500

The 2019 valuations were made by Trustees', based on market changes since the Smith Woolley, Chartered Surveyors valuation dated 15 September 2016 which was prepared on an open market value for existing use basis.

9. FIXED ASSET INVESTMENTS

	Listed investments £
Market value	
At 1 April 2018	3,346,779
Revaluations	173,789
At 31 March 2019	3,520,568

Investments at market value comprise:

	2019 £	2018 £
Listed investments	3,520,568	3,346,779

All the fixed asset investments are held in the UK

10. DEBTORS

	2019 £	2018 £
Prepayments and accrued income	3,599	-

11. CREDITORS: Amounts falling due within one year

	2019 £	2018 £
Other creditors	4,075	1,500

FOLKESTONE MUNICIPAL CHARITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

12. STATEMENT OF FUNDS

STATEMENT OF FUNDS - CURRENT YEAR

	Balance at 1 April 2018 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 March 2019 £
Unrestricted funds					
Designated Revaluation Fund	1,596,854	-	-	173,789	1,770,643
General funds	2,005,102	123,606	(114,899)	-	2,013,809
	<u>3,601,956</u>	<u>123,606</u>	<u>(114,899)</u>	<u>173,789</u>	<u>3,784,452</u>

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 April 2017 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 March 2018 £
General funds					
Designated Revaluation Fund	1,580,161	-	-	16,693	1,596,854
General fund	1,985,459	118,098	(98,455)	-	2,005,102
	<u>1,580,161</u>	<u>118,098</u>	<u>(98,455)</u>	<u>16,693</u>	<u>1,596,854</u>

SUMMARY OF FUNDS - CURRENT YEAR

	Balance at 1 April 2018 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 March 2019 £
General funds	<u>3,601,956</u>	<u>123,606</u>	<u>(114,899)</u>	<u>173,789</u>	<u>3,784,452</u>

SUMMARY OF FUNDS - PRIOR YEAR

	Balance at 1 April 2017 £	Income £	Expenditure £	Gains/ (Losses) £	Balance at 31 March 2018 £
General funds	<u>3,565,620</u>	<u>118,098</u>	<u>(98,455)</u>	<u>16,693</u>	<u>3,601,956</u>

FOLKESTONE MUNICIPAL CHARITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

13. ANALYSIS OF NET ASSETS BETWEEN FUNDS**ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT YEAR**

	Unrestricted funds 2019 £	Total funds 2019 £
Fixed asset investments	3,520,568	3,520,568
Investment property	168,500	168,500
Current assets	99,459	99,459
Creditors due within one year	(4,075)	(4,075)
	<u>3,784,452</u>	<u>3,784,452</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2018 £	Total funds 2018 £
Fixed asset investments	3,346,779	3,346,779
Investment property	168,500	168,500
Current assets	88,177	88,177
Creditors due within one year	(1,500)	(1,500)
	<u>3,601,956</u>	<u>3,601,956</u>

14. RELATED PARTY TRANSACTIONS

During the year, £4,000 (2018: £3,000) was donated to the Town Mayor of Folkestone's Christmas Fund of which Cllr R C West is the Town Mayor.