

ST JOHN'S WINCHESTER CHARITY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2016

Charity no 250926

ST. JOHN'S WINCHESTER CHARITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

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ST JOHN'S WINCHESTER CHARITY

THE TRUSTEES' ANNUAL REPORT 2015/16 continued

1. Reference and Administration Details of the Charity, its Trustees and Advisors

The Charity is registered with the Charity Commission under charity registration number 250926 and the management of the Charity is determined by a scheme of the Charity Commissioners dated 14th April 1991. The Charity's office is situated at:-

32 St John's South
High Street
Winchester SO23 9LN

The current Trustees of the Charity and those who served during the year are:-

Mr R F J Steel Chairman
Mr M P Lowry Vice-Chairman
Mrs A Anker
Mr P Currie (appointed on 29/03/16)
Mr D Carpanini
Mr P Davies (retired on 28/06/16)
Dr E M Harrison
Ms C Hayward
Mrs E J Kennett
Mr J H Lunt
Dr P J Morris (retired on 29/03/16)
Mr M Noakes
Mrs J Rich (appointed on 24/11/15)
Mr H U D Verney (retired on 24/11/15)
Mr I D Tait

Mr D Carpanini is a nominee of the Bishop of Winchester. Mr I Tait and Mrs J Rich are nominees of Winchester City Council. The remaining Trustees are co-opted. At present there are 12 Trustees.

To better manage the affairs of the Charity, the Trustees operate the following committees which report regularly to the main meetings of the Trust Board which in turn take place approximately every quarter:-

AUDIT, FINANCE AND RISK

Mrs. EJ Kennett (Chair)
Mr M P Lowry
Mr M Noakes
Mr R F J Steel

CARE PROVISION

Ms C V Hayward (Chair)
Mrs A Anker
Mr D Carpanini
Dr E M Harrison
Mr I Tait

ST JOHN'S WINCHESTER CHARITY

THE TRUSTEES' ANNUAL REPORT 2015/16 continued

GOVERNANCE AND STAFF

Mr D Carpanini (Chair)

Mr P Currie

Mr J H Lunt

Mrs J Rich

PROPERTY MANAGEMENT AND DEVELOPMENT

Mr M P Lowry (Chair)

Mr P Currie

Mr I Tait

The senior executive officers of the Charity are as follows:-

Director: Mr C Cook
Assistant Director: Mrs A McLaird
Finance Director: Mrs E Redmond
Property Manager: Mr A Ross

The Director is the Chief Executive Officer of the Charity who is in charge of the day-to-day management of the Charity on behalf of the Trustees.

The Charity's main advisors are as follows:-

Bankers: National Westminster Bank plc
105 High Street, Winchester SO23 9AW

Auditors: Nexia Smith and Williamson
Imperial House
18-21 Kings Park Road
Southampton SO15 2AT

Solicitors: Blake Morgan
New Kings Court, Tollgate
Chandlers Ford, Eastleigh SO53 3LG

Property Consultants: Carter Jonas
9a Jewry Street
Winchester SO23 8RZ

ST JOHN'S WINCHESTER CHARITY

THE TRUSTEES' ANNUAL REPORT 2015/16 continued

2. Structure, Governance and Management

The Charity is an unincorporated association governed by a Charitable Scheme approved and established by the Charity Commission in 1991. The delegation of powers from Trustees to senior management in the day-to-day operation of the Charity.

Following a Governance Review carried out principally in 2015, the Charity adopted a new governance structure and Code in September of 2015. One impact was to reduce the number of trustee sub-committees (committees) from 6 to 4 and reduce the number of meetings, so that the new Committees will meet quarterly, and not on a bi-monthly basis. In addition to finance and governance, the Committees are focused on the Charity's core activities i.e. care and support in our Homes and almshouses and the management and development of our commercial property portfolio, the latter provides us the means to subsidise the care and support we provide to older people in Winchester. The Trustees of the Charity receive regular reports at these committee meetings from the Charity's senior executive officers and also from the Matrons responsible respectively for the Almshouses, Devenish House and Moorside, which are the three main areas of direct care provided by the Charity.

With regard to the appointment of new Trustees, the process of appointment is dependent upon whether the appointment is for a Nominated or Co-opted Trustee. Two Trustees are currently nominated by Winchester City Council, one by the Bishop of Winchester, and the balance are co-opted by resolution of the Trustees. It is the practice of Winchester City Council to determine at its own meetings whom to nominate as its Nominated Trustees and that these persons should normally be serving city councillors (but not in all cases). It is the Bishop of Winchester's practice to consult the Charity when exercising his power of nomination of one Trustee. Following amendment to the Charitable Scheme in 2009, Nominated Trustees and Co-opted Trustees serve for a three year term, which can be renewed. The Charity is currently in discussions with the Charity Commission to change its Scheme and this may impact the number of Trustees nominated by Winchester City Council.

The Governance Code adopted by the Charity reflects best practice being based upon the 'Good Trustee Guide' published by the Charity Commission and other sources of good governance practice.

The Trustees consider that the current Board of Trustees continues to reflect an appropriate skills mix including, as it does, a practising chartered accountant, a retired solicitor, a former founder and Chief Executive of a highly successful charity, a retired chartered surveyor, a businessman, the former Lieutenant Governor of Chelsea Hospital, a former senior HR director working in Human Resources in a global pharmaceuticals company, a former GP, a working senior civil servant and a former physiotherapy manager and professional advisor to the Solent NHS Trust.

Newly appointed Trustees receive a detailed induction pack, visit our Homes and are given a tour of many of the properties which make up our property portfolio. Reporting occurs now on a quarterly basis with the Trustees being provided with quarterly management accounts and a quarterly management report. Trustees of the Charity are invited to training programmes arranged by the Almshouse Association. The Charity has also joined the LANG Almshouse Group to further keep abreast of other training, which is arranged on an ad hoc basis.

St John's has applied to the Charity Commission for 'in-principle' approval of a new Scheme to enable the Charity to operate in a modern setting. The implementation of this new Scheme is taking longer than anticipated as the Charity is seeking to change its objects, which can be a long and challenging process under existing Charity law.

ST JOHN'S WINCHESTER CHARITY

HE TRUSTEES' ANNUAL REPORT 2015/16 continued

Operational decisions e.g. the hiring of new staff and the management of the Charity's property portfolio are delegated to the Senior Management of the Charity, although the Director may consult with the Chair and other individual Trustees to take advantage of their individual expertise and experience. Material decisions regarding the disposal or acquisition of investment properties or significant new investments would be determined by the Trustee Board, following advice from Senior Management and external advisors. It is the role of the Trustee Board to scrutinise management actions and determine the strategic direction of the Charity.

Our Residents' Forum was established in February of 2014 and meets quarterly to provide St John's almshouse residents with the opportunity to express their views and concerns of both day-to-day and strategic nature and more broadly. The Forum is now chaired by a resident, chosen by the Forum. It also provides Senior Management with the opportunity to consult with residents on major initiatives. A full residents' meeting takes place twice a year.

The major risks to which the Charity is exposed, as identified by the Trustees, have been reviewed and systems or procedures have been established to manage those risks. The Charity has detailed policies relating, amongst other things, to the provision of care and its provision of almshouse accommodation. The Charity is in the process of finalising a Risk Register.

3. Objectives and Public Benefit

The main objective of the Charity is the care of older people who lack financial means in Winchester and beyond, through the provision of sheltered almshouse accommodation on four sites of housing and the provision of nursing care in its two nursing homes. There is also a Day Centre at Moorside and a respite room intended to provide temporary respite to elderly people with dementia and their carers. Our respite room at Moorside is proving very popular and provides vital relief and support to carers who need a break.

The subsidised sheltered housing and nursing care offered to older people by the Charity meets the housing and nursing needs of all those assisted by the Charity in a way which the Trustees consider relieves those in need by reason of age, ill health and financial hardship. The almshouses and two care homes benefit from very significant subsidies from investment income which result in a very high standard of care and support. The numbers so benefitting vary from year to year but currently there are 82 residents within the almshouses and 38 in the Care Homes. This latter figure is increased though by those receiving short stay respite or convalescent care from the wider community. There were 33 placements of this type last year.

The aim and objective of the Charity for the public benefit, as defined by the Charities Act 2011, are pursued. The guidance published by the Charity Commission in respect of the subject of public benefit has been followed. This annual report provides sufficient information as to the ways in which public benefit is achieved.

4. Achievements and Performance

The Charity's focus during the year under review has remained the provision of care and support for older people of the highest possible standard. The Trustee Board considers that in order to meet its goals it must ensure that its almshouse accommodation is fit for purpose. Following an Away Day just after the year end the Board adopted a Long Term Development Plan referred to below which will benefit existing and future residents.

ST JOHN'S WINCHESTER CHARITY

THE TRUSTEES' ANNUAL REPORT 2015/16 continued

During the financial year reported on, a total of £100,679 was spent on extraordinary repairs and maintenance in our almshouses and £36,618 in our Care Homes. This makes a difference to the lives of residents. In addition, during the year the Charity increased the staffing on our almshouse support team, brought in a highly experienced Matron who had managed a care home and a domiciliary care service and launched yoga and exercise classes for residents. In addition we opened a Wellness Clinic which takes place every month for almshouse residents to attend and is staffed by a Wellness Matron appointed for that purpose.

Nursing care is provided in Devenish House, which cares for the physically frail and Moorside, our home for residents with dementia. The average age of residents is 90 in Devenish House and 84 in Moorside. When residents are admitted they generally have multiple health care needs and a critical task within the homes is ensuring appropriate care planning in order to meet residents' ongoing needs.

The Charity's approach to its care is reflected in reports made by the Care Quality Commission on the almshouses and Moorside in 2013/2014, both of which were judged to have satisfied those standards which the CQC assesses on and which quoted relatives of residents as viewing our care and support as excellent. Following the year end Devenish House was inspected in May 2016. In three of the five categories laid down by CQC, including as to our care, and the safety of our residents, we were rated as 'Good'. However as a result of requiring improvement in two categories our overall rating was 'Requires Improvement'.

We are focused on ensuring that we are rated 'Good' in all categories, and have recently appointed a new Matron who has been a 'hands on' senior nurse with the Charity for more than 14 years. We have also appointed a new Matron at Moorside who has experience in a variety of practical and academic fields in the nursing profession. She was responsible for the administration of the Nursing BA at Surrey University for many years.

During November 2015 we repeated our survey of almshouse residents to gauge their level of satisfaction with life at St Johns and the support they are receiving. The results were very positive with residents reflecting a high level of satisfaction. For example, 83% of our residents rated the care and support delivered by our Welfare Team as Outstanding or Good and 88% of our residents rated our Maintenance Team (a vital service) as Outstanding or Good.

In January 2015 the Board adopted three core strategic goals, which are summarised below:

Deliver – on our Caring Mission – Fit for Purpose

Invest in our people, systems and governance to ensure we are best placed to deliver on our Caring Mission.

Enhance our care

Continuously improve our standards of Care and Support.

Expand our care

Bring our care to greater numbers with the support of the wider Winchester Community, whilst preserving and enhancing our unique St John's community.

The Charity has begun to implement actions around these three strategic goals. In financial year 2015/2016 the Charity has:

Delivered on our Caring Mission-Fit for Purpose

- submitted an application to the Charity Commission for reform of its Charitable Scheme to facilitate the future expansion of the care and support provided by the Charity
- adopted a new Governance Code and structure
- commissioned a strategic review of its commercial property portfolio and benchmarked its performance against national indices
- conducted a third party review on the 'fitness for purpose' of its almshouses
- continued to refresh our Board of Trustees with new members who have key skills to benefit the Charity

ST JOHN'S WINCHESTER CHARITY

THE TRUSTEES' ANNUAL REPORT 2015/16 continued

Enhanced our Care

- begun work on reforming those of our Southside almshouse units that can be adapted to support older people in independent living, introducing wet rooms and level access to support those with mobility challenges
- introduced yoga and exercise classes for our almshouse residents
- begun to operate a Wellness clinic designed to support our residents and bring them greater peace of mind

Expanded our Care

- The Charity is actively examining options for how it can expand its care in wider Winchester

5. **Financial Review**

The Charity incurred a net deficit in the year ended 31 March 2016 of £362,030, compared with a net deficit during 2014/2015 of £94,080. This has been a challenging financial year with a decrease in net income from investment properties due to an increase in essential maintenance and professional fees and an increase in the subsidy given to the care homes. The rise in the subsidy that maintains a high level of care in the care homes is a result of a decrease in occupancy; along with operating in a difficult recruitment market for staff, resulting in a reliance on expensive agency staff.

Total income decreased by 1% from £3,923,563 to £3,884,803. Income from the care homes accounted for much of this decrease during the year, with a fall in occupancy at Devenish House to 81.4% (2014/2015:90.3%); Moorside occupancy remained high at 94.07% (2014/2015: 94.2%).

A major proportion of the Charity's income is derived from its investments in commercial property, consisting of primary and secondary retail units and office premises, mostly in the Winchester area. It is a central objective of the Trustees to optimise the rental income from these properties whilst keeping them in a good state of repair. The rental market has improved in Winchester and we expect this to be sustained in the immediate future.

The Charity's other investments are in unitised funds and cash deposits with an overall strategy of obtaining a reasonable return without incurring high risk. The Trustees carried out a review of its investments in 2013 and intend to do this again in 2016/2017.

The capital value of the investment portfolio has remained strong with a total unrealised gain in the year of £2,915,303 (2014/2015 £2,820,748), this is a 6.88% increase in the value of assets over the year.

The Charity's expenditure increased by 6% to £4,246,833 (2015/2016 :£4,017,643).

Costs of managing investments have increased by 33% from £373,111 to £497,757. High professional fees were incurred in the year as number of prolonged and complex rent reviews and leases renewals were completed. There were also increased 'special' maintenance expenditure on the properties which increased by £48,010, much of this increase was accounted for by work completed to a fire damaged property, some of which was not covered by insurance.

Overall expenditure on charitable activities has increased by 2.87% from £3,644,532 in 2014/2015 to £3,749,076 in 2015/2016. Notable increases have been incurred in staff costs and support costs.

The Charity's total net assets increased by 5.2% from £48,952,075 to £51,505,348. This was largely accounted for by the re-valuation of the Charity's commercial property portfolio and the net increased value of its other financial investments detailed above.

ST JOHN'S WINCHESTER CHARITY

THE TRUSTEES' ANNUAL REPORT 2015/16 continued

It remains the Trustees' policy to make a significant subsidy in order to maintain care within the care homes at the highest level. There has been some increase in the rates of public funding for those with limited means, but this has still not fully caught up with past underfunding.

As detailed below in plans for future periods, significant investment is expected in both our Charitable and Investment properties. During this exciting time large deficits are initially expected, but upon completion the projects are expected to enable the Charity to be more financially sustainable into the future.

The deficit incurred in 2015/2016 will be funded by the accumulated income reserve.

The Trustees draw on designated reserves for extraordinary property repairs, as necessary (expected to be required in the next financial year).

Existing designated reserves are as follows:

Investment property reserve fund: This was established to provide funds for extraordinary property repairs and improvements on investment properties.

Charitable property extraordinary repairs reserve fund: This was established to provide funds for extraordinary repairs on the almshouses and nursing homes.

As the year end the Charity held £14,255,945 unrestricted reserves, of this £12,652,828 were designated as detailed above; and £57,869 restricted funds. The remaining reserves of £37,191,534 represent the permanent endowment made to the Charity.

During 2016/2017 the Trustees will review the Charity's reserves policy in light of planned activities.

The Trustees monitor the balance between funding the work of the Charity and maintaining necessary reserves for extraordinary expenditure. They remain satisfied that the Charity's assets attributable to each of its individual funds are available and adequate to fulfil its obligations in relation to those funds.

6. Plans for the Future

The Charity has adopted a Long Term Development Plan with respect to its almshouse accommodation post year end which addresses, amongst other things, the upgrading of up to 20 of our Southside properties, and the development of the Colebrook and Chesil sites which the Charity has decided in principle it wants to develop to build almshouses that are fit for the future and support older people to live independently for as long as possible.

The immediate future continues to bring some financial challenges for the Charity with some significant areas of expenditure required on the Charity's almshouse and commercial properties. The Charity will be looking carefully at the subsidies it applies to all its activities to ensure that its activities are sustainable and it can fulfil its strategic goals.

ST JOHN'S WINCHESTER CHARITY

THE TRUSTEES' ANNUAL REPORT 2015/16 continued

7. Statement of Trustees' Responsibilities

The trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations.

The Charities Act 2011 requires the trustees to prepare financial statements for each financial year. The trustees have to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland. The Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the 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 in the Charities SORP
- make judgements and estimates that are reasonable and prudent
- state whether applicable 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 business.

The trustees are responsible for keeping 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 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.

In so far as the trustees are aware:

- there is no relevant audit information of which the Charity's auditors are unaware;
and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

ON BEHALF OF THE TRUSTEES

Martin Lowry – Vice-Chairman

Dated XXXXXXXXXXXXXXXX

Nexia Smith & Williamson

Independent auditor's report to the trustees of St John's Winchester Charity

We have audited the financial statements of St John's Winchester Charity for the year ended 31 March 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting standard applicable in the United Kingdom and Republic of Ireland'.

This report is made solely to the charity's trustees, as a body, in accordance with Section 144 of the Charities Act 2011 and regulations made under Section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an 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 the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 8, the trustees are responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2016, 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.

Nexia Smith & Williamson

Independent auditor's report to the trustees of St John's Winchester Charity *continued*

Matters on which we are required to report by exception

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

- the information given in the Trustees' Annual 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.

Nexia Smith & Williamson
Chartered Accountants
Statutory Auditor
Date:

Imperial House
18-21 Kings Park Road
Southampton
SO15 2AT

Nexia Smith & Williamson is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

ST. JOHN'S WINCHESTER CHARITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

1. PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with 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 2015) - (Charities SORP (FRS102)), and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102).

(a) Basis of accounting

The Charity meets the definition of a public benefit entity under FRS102. Under this definition financial statements are prepared on the historical cost basis of accounting with the exception of the values of the freehold investment property and investments. The accounts are prepared on a going concern basis.

(b) Reconciliation with Generally Accepted Accounting Practice

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS102 and the Charities SORP FRS 102 the restatement of comparative items was required.

At the date of transition (1 April 2014) in applying the requirement to recognise liabilities arising from employee benefits, a liability was recognised for short-term compensated absence arising from employee entitlement of the charity to paid annual leave. The additional liability recognised at the date of the transition was for the holiday entitlement arising in the year but not taken. The initial liability was for £19,006. No other restatements were required. In accordance with the requirements of FRS 102 a reconciliation of opening balances is provided.

Reconciliation of funds and balances

	<u>1 April 2014</u>	<u>1 April 2015</u>
	<u>£</u>	<u>£</u>
Fund balances as previously stated	46,244,413	48,978,472
Short-term compensated absences	(19,006)	(26,397)
	-----	-----
Fund balance restated	46,255,407	48,952,075
	=====	=====

ST. JOHN'S WINCHESTER CHARITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 **(CONTINUED)**

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

(c) Income

Charitable income represents maintenance contributions receivable in the case of the almshouses, and charges due in the case of Devenish House and Moorside. Income is recognised in the period to which it relates. All income is included in the SOFA when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy, except for grants and donations where the donor:

- Specifies that donations and grants given to the charity must be used in future accounting periods, the income is then deferred to those periods.
- Imposes conditions which have to be fulfilled before the charity becomes entitled to use such income, the income is deferred and not included in incoming resources until the pre-conditions for use have been met.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of the legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Lease premiums are accounted for over the period the lease if a reduced rent is secured due to the premium paid, if there is no reduction the full amount of the premium is recognised in the year it received.

(d) Fixed Assets

(i) Charitable Property

Properties acquired are included in the balance sheet at cost less depreciation. Historic assets i.e. properties constructed prior to 1900 are not included in the balance sheet as their costs, which have been fully written off, are not possible to ascertain. These freehold properties have not been included at a valuation due to the impracticality of such valuation and the unwarranted expense from charitable funds that would be otherwise incurred. The Charity's policy is to maintain the properties to a good standard through a continuing programme of refurbishment and maintenance. Depreciation is charged on a straight line basis over 50 years.

(ii) Equipment

Equipment and fittings are included in the balance sheet at cost and depreciated at 10% per annum on the reducing balance basis. A minibus was acquired in May 2004 and is included in the balance sheet at cost less depreciation charged on the straight line basis over twelve years.

ST. JOHN'S WINCHESTER CHARITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

(e) Investments

(i) Investments

Investments are included in the balance sheet at market value. Investment income is recognised in the period to which it relates.

(ii) Investment properties

These are included in the balance sheet at the Trustees' valuation based upon professional advice. The surpluses or deficits on revaluation of individual properties are transferred to the permanent endowment fund. Depreciation is not provided in respect of freehold investment properties.

(f) Defined Contribution Pension Schemes

The pension costs charged to the Statement of Financial Activities represent the amount of contributions payable to the schemes in respect of the accounting period.

(g) Charitable property reserve

This capital reserve represents that proportion of the cost of properties which was financed from the Charity's accumulated income reserve.

(h) Capital recoupment reserves

These reserves represent the recoupment from revenue over an extended period of that proportion of the costs of properties purchased or receiving major improvements in past years which was financed from permanent endowment funds.

(i) Repairs and rebuilding reserves

These reserves represent amounts set aside to carry out future major repairs and rebuilding of charitable and investment properties. The policy for investment in these reserves is the purchasing of units in NAACIF on a quarterly basis. For the investment property reserve, this will be equivalent to 3% of the expected revenue from the investment properties during the year. For the charitable property reserve, investment is in line with the Almshouse Association recommendations.

(j) Value added tax

The Charity was registered for value added tax in July 2005 for the purpose of acquiring the industrial unit in Totton. This is the only property that has been 'opted to tax'. In these financial statements, where applicable, all other expenditure is shown inclusive of VAT.

(k) Resources expended

Liabilities are recognised as resources expended as soon as there is a legal or constructive obligation committing the Charity to the expenditure. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

ST. JOHN'S WINCHESTER CHARITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

(l) Allocation of overhead and support costs

Overhead and support costs relating to charitable activities have been apportioned at 65% and non-housing activities at 35%, based on staff time and salaries.

(m) Financial instruments

The Charity has financial assets and 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 and mortgages which are subsequently measured at amortised cost using the effective interest method

(n) Key sources of judgement and estimation uncertainty

In the application of the charity's accounting policies, described in the account policies above, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The Trustee representatives consider that the following are key estimates;

- Depreciation of fixed assets is charged over the useful economic life of the assets. Trustees and management review the useful economic life on an annual basis.
- Bad debt provisions- Debtors are reviewed regularly to assess likelihood of recoverability. A provision of bad debt is estimated based on these reviews.
- Investment properties- Investment properties are based on the market value of the assets. The Trustees and management, with the advice of professional valuers estimate these values based on market conditions at the date of valuation.

ST. JOHN'S WINCHESTER CHARITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 **(CONTINUED)**

12. CREDITORS: Amounts falling due within one year

	<u>2016</u>	<u>2015</u>
	<u>£</u>	<u>£</u>
Trade creditors	336,404	114,426
Other creditors	34,034	26,654
PAYE and other taxes	44,923	-
Accruals and deferred income	656,339	741,844
St John's Winchester Developments Limited	100	100
	-----	-----
	1,071,800	883,024
	=====	=====

12. b Deferred income

	<u>2016</u>	<u>2015</u>
	<u>£</u>	<u>£</u>
Balance as at 1 April 2015	460,262	262,533
Amounts released to investment income	(14,579)	(11,610)
Amounts released to income from charitable activities	(445,683)	(250,923)
Amounts deferred in the year	472,785	460,262
	-----	-----
Balance as at 31 March 2016	472,785	460,262
	=====	=====

13. CREDITORS: Amounts falling due after more than one year

The loan from The Housing Corporation is secured by charges on the Charity's housing properties and is repayable in annual instalments with interest rates and final repayment date as follows:-

	<u>Interest</u>	<u>2016</u>	<u>2015</u>
	<u>Rate</u>	<u>£</u>	<u>£</u>
Housing Corporation -			
Final repayment date 30.09.2044	10.250%	53,313	53,625
		-----	-----

14. TRUSTEES' REMUNERATION AND EXPENSES

The Trustees neither received nor waived any emoluments during the year (2015: Nil).
No expenses have been reimbursed to the Trustees.

ST. JOHN'S WINCHESTER CHARITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 **(CONTINUED)**

15. STAFF COSTS

	<u>2016</u>	<u>2015</u>
The average number of employees (both full and part time) employed by the Charity during the year was		
Charitable activities	101	102
Management and administration	8.5	8
	-----	-----
	109.5	110
	===	==
	<u>£</u>	<u>£</u>
Wages and salaries	2,118,017	2,116,959
Social Security costs	178,852	170,733
Pension costs	118,485	127,376
	-----	-----
	2,415,354	2,415,078
	=====	=====
The number of employees whose emoluments as defined for taxation purposes amounted to over £60,000 in the year was:		
£60,000 - £65,000	<u>2016</u>	<u>2015</u>
	1	1
	<u>£</u>	<u>£</u>
Pension contributions paid in respect of higher paid Employees	5,142	4,992

The Key management personnel of the Charity, comprise the trustees, the Director, Assistant Director, Finance Director and Property Manager. The total employee benefits of the key management personnel of the Charity were £242,212 (short term benefits £ 226,410, long term benefits £15,802) (2015: £238,568 (short term benefits £221,897, long term benefits £16,671)).

All pension costs are charged against unrestricted funds.

16. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Capital commitments at the balance sheet date totalled £25,000 (2015: £46,000).

17. TAXATION STATUS

St John's Winchester Charity is a registered charity whose income is generally exempt from liability to corporation tax by virtue of its charitable objectives and activities. As explained in Note 1 (i), the charity is unable to recover the majority of VAT charged on purchases of goods and services.

ST. JOHN'S WINCHESTER CHARITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016 **(CONTINUED)**

19. FINANCIAL INSTRUMENTS

Financial instruments measured at amortised cost

	<u>2016</u> £	<u>2015</u> £
Financial assets at amortised cost	343,882 =====	256,505 =====
Financial liabilities at amortised cost	607,405 =====	476,387 =====

Financial instruments measured at fair value

Investments measured at fair value	45,397,442 =====	42,366,079 =====
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20. RELATED PARTY TRANSACTIONS

The charity has a working relationship with Winchester City Council and the Council has the right to nominate 2 of our trustees (see the Trustees' Annual Report). In the year to 31 March 2016 the Charity received a grant of £19,055 in the form of the refurbishment of an Alms House (2015: NIL).

Details of compensation payable to key management is disclosed in note 15.

There were no transactions between Trustees and the Charity in the year (2015: NIL).

21. POST BALANCE SHEET EVENTS

There were no post balance sheet events.