

To: All Members of the Council

Emma McQuillan, Democratic Services
Manager

Policy and Governance

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Calls may be recorded for training or monitoring

Date: 4 December 2015

Dear Councillor

COUNCIL (ACTING AS TRUSTEE OF THE EWART BEQUEST TRUST) MEETING -
TUESDAY, 15 DECEMBER 2015

A MEETING of the WAVERLEY BOROUGH COUNCIL will be held in the COUNCIL CHAMBER, COUNCIL OFFICES, THE BURYS, GODALMING on **TUESDAY, 15 DECEMBER 2015 at 7.45 pm (or at the conclusion of the meeting of the Shottermill Recreation Ground Trust)** and you are hereby summoned to attend this meeting.

The Agenda for the Meeting is set out below.

Yours sincerely

ROBIN TAYLOR

Head of Policy and Governance

AGENDA

1 **MINUTES**

To confirm the Minutes of the Meeting of the Trust held on 14 October 2014 (to be laid on the table half-an-hour before the meeting).

2 **APOLOGIES FOR ABSENCE**

To receive any apologies for absence.

3 **DECLARATION OF INTERESTS**

To receive from members, declarations of interest in relation to any items included on the agenda for this meeting in accordance with the Waverley Code of Local Government Conduct.

4 REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015 (Pages 3 - 16)

The report seeks approval of the Annual Trustee's Report and accounts of the Ewart Bequest for the year ended 31 March 2015.

Recommendation

It is recommended that the Annual Trustee's Report and annual accounts for the year ending 31 March 2015 be approved.

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WAVERLEY BOROUGH COUNCIL

COUNCIL ACTING AS TRUSTEE OF THE JOSEPH EWART BEQUEST 15 DECEMBER 2015

Title:

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

[Portfolio Holders: Cllrs Wyatt Ramsdale and Carole King]

Summary and purpose:

This report seeks approval of the Annual Trustee's Report and accounts of the Ewart Bequest for the year ended 31 March 2015.

Legal Implications:

There are no direct legal implications relating to this report. In December 2011 the Trust approved a delegation to the Executive, acting as Trustee, to make all decisions on behalf of the full Trustee Board. The only exception was the approval of the annual report and financial statements because it is a requirement of the Charity Commission that this is approved by Full Council, acting as Trustees.

Officers have investigated whether the constitution of the Trust could be changed to give full delegation to the Executive to avoid the Council having to meet as Trustee once a year. It is clear that this would require significant officer time and legal costs to be met by the Trusts.

Introduction

1. The Charity prepares an annual report and accounts in accordance with Charity Commission requirements which are then independently examined and filed with the Charity Commission.

Report and Financial Statements for the year ended 31 March 2015

2. The Annual Trustee's Report and accounts for the year ended 31 March 2015 have been prepared in accordance with the Charities Act 2011 and were subject to an independent examination.
3. A copy of the trustee's report and accounts are attached as Annexe 1 and the Independent Examiner's report from Grant Thornton will follow.
4. The transactions relating to the Joseph Ewart Bequest also have to be included in the Council's Group Accounts because the Council, as sole trustee, has a significant interest and influence over it, which, in consideration of accounting statements overrides the legal form of the relationship.

Independent Examiner

5. The independent examination of the Trust's accounts was carried out by Grant Thornton, for the third year, as part of a three year contract.

Recommendation

It is recommended that the Annual Trustee's Report and annual accounts for the year ending 31 March 2015 be approved.

Background Papers

There are no background papers (as defined by Section 100D(5) of the Local Government Act 1972) relating to this report.

CONTACT OFFICER:

Name: Graeme Clark

Telephone: 01483 523099

E-mail: graeme.clark@waverley.gov.uk

The Bequest of Joseph Ewart

Report and Financial Statements

Year ended 31 March 2015

The Charity's Accounts are detailed below and comprise:

- **The Trustees Annual Report**
- **Accounting Policies**
- **Statement of Financial Activity** – showing incoming resources and resources expended.
- **Balance Sheet** – showing assets and liabilities.
- **Notes to the Accounts**

The Trustees' Annual Report

The Trustees present their report together with the Annual Accounts for the financial year ending 31 March 2015.

The annual report and accounts for the year ended 31 March 2015 have been prepared by the Trustee in accordance with the Charities Act 2011 and the Charities (Accounts and Reports) Regulations 2005. The Trustees have also complied with the duty in section 4 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charities Commission.

Charity name: Bequest of Joseph Ewart

Charity number: 237580

Principal Office: Waverley Borough Council
The Burys
Godalming
Surrey
GU7 1HR

Name of Trustees: Waverley Borough Council
(address as above)
Contact: Mr G Clark

Bank details: The Trust currently uses the Bank Account of Waverley Borough Council.
HSBC Bank plc
110 High Street
Godalming
Surrey
GU7 1DP

Independent Examiner: Grant Thornton
Grant Thornton House
Melton Street
Euston Square
London
NW1 2EP

Structure, governance and management:

The governing document is the last will of the late Joseph Ewart. The former Farnham Urban District Council inherited the bulk of the estate of the late Joseph Ewart in 1958. The monies were left in trust for the purchase of a piece of land in or near Farnham, the building and the subsequent maintenance of small dwellings suitable for elderly people of limited financial resources. In 2000/2001, following approval given by the Charity Commission, the Bequest financed the construction of a further three bungalows in Farnham, to provide additional accommodation on the same terms as the original Bequest. The three new bungalows were completed at the beginning of 2001/2002 and were originally reflected in the Balance Sheet at the construction cost, however, since then the District Valuer has revalued the properties and the revaluations are reflected in the accounts below.

Waverley Borough Council is sole trustee of the Trust. The last will of the late Joseph Ewart made the original Bequest to the former Farnham Urban District Council. Following the Local Government reorganisation in 1974, the Farnham Urban District Council was merged, together with several other district councils, to form Waverley Borough Council. Waverley Borough Council then became Trustee of the Ewart Bequest and fulfils its duty by ensuring that funds are spent in accordance with the terms of the Bequest.

Decision taking: The day-to-day business of the Trust is the maintenance of the dwellings. This does not require decisions to be taken but in the event that a decision has to be made a report is taken to a Council meeting of Waverley Borough Council in its capacity as trustee. Approval is also sought from the Charity Commission. This is to ensure the proposed decision is appropriate.

Risk Exposure: Consideration has been given to the major risks to which the Trust is exposed. In the event that the Ewart Bequest falls into difficulty it is reasonable to assume that Waverley Borough Council would step in to resolve the situation in line with its corporate priority of 'Affordable Housing'.

Aims and Objectives of the Charity for the public benefit:

The objectives of the Trust are the provision of small bungalow cottages suitable as homes for the elderly people with limited financial resources who have lived in the former Farnham Urban District area for at least five years.

In line with the requirement to report on the charity's public benefit, the Trustees have considered the Charities Commission guidance on public benefit including the guidance on geographical restrictions and restrictions based on charitable need. The restrictions imposed by the

governing document and aims and objectives of the charity are deemed reasonable as they address a charitable need.

Achievements and Performance: The dwellings were maintained so as to be fit for purpose as set out in the aims and objectives.

Expenditure totalled £95,854 (excluding depreciation) against income of £186,025. The surplus of £90,171 was transferred to the Unrestricted Funds Account, which remains in surplus.

Reserves Policy: The Trust will maintain a reasonable level of reserves, which will be used entirely in the execution of its aims and objectives.

Plans for the future: For the continued provision of dwellings as set out in the last will of the late Joseph Ewart.

Graeme Clark
Director of Finance and Resources and Section 151 Officer of Waverley Borough Council

Date:

Statement of Main Accounting Policies

1. General Principles

The financial statements summarise the Ewart Bequest Trust's transactions for the 2014/2015 financial year and its position at the year-end on 31 March 2015. The Accounts have been prepared in accordance with the *Accounting and Reporting by Charities: Statement of Recommended Practice* (the SORP 2005), applicable accounting standards and the Charities Act 2011. The accounting convention adopted is historical cost, modified by the revaluation of certain categories of tangible fixed assets.

2. Funds Structure

The Charity has two funds, which are:

- Unrestricted Funds – these are funds which are available to the trustees to apply for the general purposes of the charity as set out in its governing document. These are 'general funds' which are free to be used for any of the charity's purposes.
- Endowment Funds – these are held on trust to be retained for the benefit of the charity as a capital fund. This fund is formed from the initial gift and any subsequent increases or decreases.

The Endowment Funds of this charity are classed as Permanent Endowment Funds as the trustees must maintain the whole of the fund. The Endowment Funds comprise the monies left in trust from the last will of the late Joseph Ewart in 1958 and the subsequent dwellings built which form the fixed assets of the charity.

The analysis of the Charitable Funds is disclosed in note 6 on page 11.

3. Incoming Resources

Activity is accounted for in the year that it takes place, not simply when cash is received. Where income has been recognised, but cash has not been received, a debtor for the relevant amount is recorded in the balance sheet.

Where the amount of an item of income relating to the financial year is not known at the 31 March, estimation techniques are applied to ensure that the accounts reflect the most likely position.

The following income is received:

- Investment income – the Ewart Bequest Trust uses Waverley Borough Council's bank account. Interest is calculated on the working balance according to the interest rates obtained on Waverley's investments. Interest earned for the year is credited at the year-end to the Ewart Bequest Trust.
- Rental Income – received from the residents residing in the Trust's dwellings.

4. Resources Expended

Activity is accounted for in the year that it takes place, not simply when cash payments are made. Where expenditure has been recognised, but the payment not made, a creditor for the relevant amount is recorded in the balance sheet.

Where the amount of an item of expenditure relating to the financial year is not known at the 31 March, estimation techniques are applied to ensure that the accounts reflect the most likely position.

- Premises costs – these comprise mainly the cost of up keep of the dwellings.
- The costs of administration is the charge from Waverley Borough Council for support services.

5. VAT

Irrecoverable VAT is charged to the category of resources expended to which it was incurred.

6. Tangible Fixed Assets

Tangible fixed assets have physical substance and are held for use in the provision of services or for administrative purposes on a continuing basis.

Recognition: Expenditure on the acquisition, creation or enhancement of tangible fixed assets is capitalised on an accruals basis provided that it yields benefits for more than one financial year. Expenditure that secures but does not extend the previously assessed standard of performance of assets (eg repairs and maintenance) is charged to revenue as it is incurred.

The de minimis level for the recognition of fixed assets is £10,000 for land and buildings.

Measurement: Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. Assets are then carried in the balance sheet using the following measurement bases:

- land and buildings – lower of net current replacement cost or net realisable value in existing use

Assets included in the balance sheet at current value are revalued where there have been material changes in the value, but as a minimum every five years.

Impairment: following a revaluation, a reduction in value is regarded as additional depreciation and included in the Resources Expended section of the Statement of Financial Activities.

Depreciation: depreciation is provided for on all assets with a determinable finite life by allocating the value of the asset in the balance sheet over the periods

expected to benefit from their use. It is accounted for in the Resources Expended section of the Statement of Financial Activities.

Depreciation is calculated on the following bases:

- buildings – straight-line allocation over the life of the property as estimated by the valuer

Newly acquired/enhanced assets receive a full depreciation charge in their first year, regardless of the precise timing of the expenditure. Assets disposed of receive no depreciation charge in the year of disposal. Where an asset has major components with different estimated useful lives, these are depreciated separately.

Following a revaluation, a full year of depreciation is charged in the year of revaluation.

Waverley Borough Council as Trustee of the Ewart Bequest

Statement of Financial Activities

2013/2014		2014/2015		Total Funds £'000
£'000		Unrestricted Funds £'000	Endowment Funds £'000	
Incoming Resources				
Incoming Resources from generated funds				
(5)	Investment Income (Interest on cash balance)	(7)		(7)
(96)	Rental Income	(97)		(97)
(47)	Benefits Subsidy	(82)		(82)
(148)	Total Incoming Resources	(186)	0	(186)
Resources Expended				
Charitable activities				
12	Premises (Building Maintenance)	11		11
2	Audit Fee	2		2
73	Benefits paid	73		73
4	Support Costs	9		9
36	Depreciation and Revaluations		(109)	(109)
127	Total Resources Expended	95	(109)	(14)
(21)	Net incoming/outgoing resources	(91)	(109)	(200)
Other Recognised Gains				
0	Gains on the revaluation of fixed assets		(254)	(254)
(21)	Net Movement in Funds	(91)	(363)	(454)
Reconciliation of Funds				
(2,202)	Funds brought forward as at 1 April 2014	(1,012)	(1,211)	(2,223)
(21)	Net Movement in Funds	(91)	(363)	(454)
(2,223)	Funds carried forward as at 31 March 2015	(1,103)	(1,574)	(2,677)

Balance Sheet as at 31 March 2015

The assets in this Balance Sheet comprise 16 dwellings in College Gardens, Farnham and 3 dwellings in Arthur Road, Farnham.

31 March 2014

31 March 2015

£'000		Unrestricted Funds £'000	Endowment Funds £'000	Total £'000
	Tangible Fixed Assets			
1,211	Other Land and Buildings - Trust dwellings		1,574	1,574
	Current Assets			
1,012	Deposits with Waverley Borough Council	1,103		1,103
1,012	Net Current Assets	1,103	0	1,103
2,223	Total Assets less Current Liabilities	1,103	1,574	2,677
	The Funds of the Charity:			
(1,012)	Unrestricted Funds	(1,103)		(1,103)
(1,211)	Endowment Funds		(1,574)	(1,574)
(2,223)	Total Charity Funds	(1,103)	(1,574)	(2,677)

The notes on pages 9 to 11 form part of these accounts

Graeme Clark
Director of Finance and Resources and Section 151 Officer of Waverley Borough Council

Date:

Notes to the Financial Statements

1. Related Party Transactions

Disclosure is required of any transactions which the Trust or any institution connected with it has entered into with a related party. Such transactions might inhibit the charity from pursuing its own separate interests.

Transparency is important to ensure the reported financial position and results do not include transactions influenced by interests other than the Trusts.

Waverley Borough Council is sole trustee of the Trust and, therefore, the only related party. As trustee, Waverley Borough Council conducts the business of the Trust in accordance with the terms of the Bequest. It does this through its own finance system and bank account.

2. Officers' and Trustees Emoluments

There are no employees with emoluments over £60,000 charged to the Ewart Bequest Trust in 2014/2015.

No remuneration was paid to Trustees or persons connected with the Trustees.

3. Audit Costs

Audit fees are paid in arrears, the fees for the review of the 2014/2015 Accounts will be charged to 2015/2016.

The Ewart Bequest Trust incurred the following fees relating to external audit:

2013/2014		2014/2015
£		£
2,000	External Audit Fees	2,000
<u>£2,000</u>		<u>£2,000</u>

4. Fixed Assets

Movement on Fixed Assets

Operational Assets

	Other Land and Buildings £'000
Cost or Valuation	
At 1 April 2014	1,390
Revaluations	<u>219</u>
At 31 March 2015	1,609
Depreciation and Impairments	
At 1 April 2014	(179)
Charge for 2014/2015	(35)
Revaluations	<u>179</u>
At 31 March 2015	(35)
Balance Sheet amount at 31 March 2015	<u>1,574</u>
Balance Sheet amount at 31 March 2014	1,211

Depreciation Methods used

Land and Buildings

Depreciation on buildings has been calculated on a straight-line basis using asset lives estimated by Waverley Borough Council's Estates and Valuation Manager.

5. Valuation Information

The valuation of the Council's assets:

Land and Buildings

The land and buildings were valued by Waverley's Estates and Valuation Manager, Gary Streets MRICS, in accordance with the Royal Institute of Chartered Surveyors (RICS) Statement of Asset Valuation Practice and Guidance Notes (Red Book) as supplemented by the Manual of Valuation (White Book). The land and buildings are valued at the lower of net current replacement cost or net realisable value in existing use. The de minimis level for land and buildings has been set at £10,000.

6. Analysis of Charitable Funds

	1 April 2014 Opening Balance £'000	Incoming Resources £'000	Resources Expended £'000	31 March 2015 Closing Balance £'000
Unrestricted Funds	1,012	186	(95)	1,103
Endowment Funds	1,211	254	109	1,574
	<u>2,223</u>	<u>440</u>	<u>14</u>	<u>2,677</u>

7. Approval of Accounts

The Accounts were approved by Graeme Clark, Director of Finance and Resources and Section 151 Officer, of Waverley Borough Council on 15th September 2015.

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