

The Bequest of Joseph Ewart

Report and Financial Statements

Year ended 31 March 2016

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 2016.

The annual report and accounts for the year ended 31 March 2016 have been prepared by the Trustee 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 for Smaller Entities published on 16 July 2014, the Financial Reporting Standard for Smaller Entities (FRSSE), and the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015. 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 UK LLP
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 £100,854 (excluding depreciation) against income of £181,166. The surplus of £80,312 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:

Trustee's Responsibilities Statement

The trustee is responsible for preparing the Trustee's Annual Report and the financial statements in accordance with applicable law and regulations.

The Charities Act 2015 requires the trustee to prepare financial statements for each financial year. The trustee has to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The trustee must not approve the financial statements unless they are satisfied that they 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 trustee is required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in 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 business.

The trustee is 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 2015, 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.

The trustee confirms that:

- so far as the trustee is aware, there is no relevant audit information of which the charity's auditor is unaware; and
- the trustee has taken all the steps that they ought to have taken as a trustee in order to make themselves aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

The trustee is responsible for the maintenance and integrity of the corporate and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of Main Accounting Policies

1. General Principles

The financial statements summarise the Ewart Bequest Trust's transactions for the 2015/2016 financial year and its position at the year-end on 31 March 2016. 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 2015. The accounting convention adopted is historical cost, modified by the revaluation of certain categories of tangible fixed assets.

No material uncertainties that may cast significant doubt about the ability of the entity to continue as a going concern have been identified by the trustee, therefore, the entity is expected to continue as a going concern for at least 12 months from the balance sheet date.

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 7 on page 12.

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

2014/2015		Unrestricted Funds £'000	2015/2016 Endowment Funds £'000	Total Funds £'000
£'000				
	Incoming Resources			
	Incoming Resources from generated funds			
(7)	Investment Income (Interest on cash balance)	(9)		(9)
(97)	Rental Income	(98)		(98)
(82)	Benefits Subsidy	(74)		(74)
(186)	Total Incoming Resources	(181)	0	(181)
	Resources Expended			
	Charitable activities			
11	Premises (Building Maintenance)	17		17
2	Audit Fee	2		2
73	Benefits paid	72		72
9	Support Costs	10		10
(109)	Depreciation and Revaluations		36	36
(14)	Total Resources Expended	101	36	137
(200)	Net incoming/outgoing resources	(80)	36	(44)
	Other Recognised Gains			
(254)	Gains on the revaluation of fixed assets		0	0
(454)	Net Movement in Funds	(80)	36	(44)
	Reconciliation of Funds			
(2,223)	Funds brought forward as at 1 April 2015	(1,103)	(1,574)	(2,677)
(454)	Net Movement in Funds	(80)	36	(44)
(2,677)	Funds carried forward as at 31 March 2016	(1,183)	(1,538)	(2,721)

Balance Sheet as at 31 March 2016

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

31 March 2015		31 March 2016		Total
£'000		Unrestricted Funds £'000	Endowment Funds £'000	£'000
	Tangible Fixed Assets			
1,574	Other Land and Buildings - Trust dwellings		1,538	1,538
	Current Assets			
1,103	Deposits with Waverley Borough Council	1,186		1,186
	Less: Current Liabilities			
0	Creditors & Receipts in Advance	(3)		(3)
1,103	Net Current Assets	1,183	0	1,183
2,677	Total Assets less Current Liabilities	1,183	1,538	2,721
	The Funds of the Charity:			
(1,103)	Unrestricted Funds	(1,183)		(1,183)
(1,574)	Endowment Funds		(1,538)	(1,538)
(2,677)	Total Charity Funds	(1,183)	(1,538)	(2,721)

The notes on pages 10 to 12 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 2015/2016.

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 2015/2016 Accounts will be charged to 2016/2017.

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

2014/2015		2015/2016
£		£
2,000	External Audit Fees	2,000
£2,000		£2,000

4. Fixed Assets

Movement on Fixed Assets

Operational Assets

	Other Land and Buildings £'000
Cost or Valuation	
At 1 April 2015	1,609
At 31 March 2016	<u>1,609</u>
Depreciation and Impairments	
At 1 April 2015	(35)
Charge for 2015/2016	(36)
At 31 March 2016	<u>(71)</u>
Balance Sheet amount at 31 March 2016	<u>1,538</u>
Balance Sheet amount at 31 March 2015	1,574

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. Creditors

31 March 2015 Closing Balance £'000		31 March 2016 Closing Balance £'000
0	Trade Creditors	(3)
<u>0</u>	Total of Creditors	<u>(3)</u>

6. Analysis of Charitable Funds

	1 April 2015 Opening Balance £'000	Incoming Resources £'000	Resources Expended £'000	31 March 2016 Closing Balance £'000
Unrestricted Funds	1,103	181	(101)	1,183
Endowment Funds	1,574	0	(36)	1,538
	<u>2,677</u>	<u>181</u>	<u>(137)</u>	<u>2,721</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 on2016.