



THE
WILLATS
TRUST

REPORT AND FINANCIAL STATEMENTS

for the year ended 31 December 2021

Charity no: 202269

Mr Willats' Charity

LEGAL AND ADMINISTRATIVE INFORMATION

Governing document and constitution

The Charity was set up under an Indenture dated 13 November 1858 by Mr William Willats. Mr Willats' Corporate Trustee Ltd (MWCTL) is the sole Trustee of Mr Willats' Charity. The Charity has the working title of 'The Willats Trust'. The individuals that served as Directors to the Corporate Trustee during the year are detailed below:

Directors of the Corporate Trustee

Mr R Brown (Removed by Resolution of the Board 21 September 2022)

The Rev'd. R Driver (Appointed as acting Vice Chair 13 February 2022)

Mr T Friend (Appointed 15 April 2021)

The Rev'd. Dr M Ifode-Blease (Appointed as acting Chair 13 February 2022)

Mr P LeRoy

Mr P V Lindon (Resigned 31 January 2022)

Rev'd D Woodall (Resigned 16 July 2021)

All appointments and resignations during the year or up to the time of the signing of these accounts have been noted.

Clerk and Receiver to the Corporate Trustee and its Directors

Mr Q T S Elston (Resigned 8 September 2022)

Property Manager

Mrs E L Palfreyman

Grants Administrator

The Rev'd. Méri Schoeman

Principal office

Basement 19 Rivers Street
Bath BA1 0AQ

Website

www.willatstrust.org

Bankers

C Hoare & Co
37 Fleet Street
London EC4P 4DQ

Solicitors

Thrings
2 Queen Square
Bath BA1 2HQ

National Westminster Bank plc
39 Milsom Street
Bath BA1 1DS

Royds Withy King
5-6 Northumberland Buildings
Queen Square
Bath BA1 2JE

Auditors

Saffery ChampnessLLP
St Catherine's Court
Berkeley Place
Bristol
BS8 1BQ

Investment managers

Cazenove Capital
1 London Wall Place
London EC2Y 5AU

Mr Willats' Charity

TRUSTEES' REPORT

for the year ended 31 December 2021

OBJECTIVES AND ACTIVITIES

Mr Willats' Charity was established in 1858 by its Founder, William Willats, to support Christian workers to share the good news about Jesus Christ in some of most marginalised communities in the UK. The Charity achieves this by contributing towards the salary of lay pastoral workers ('Guides') in the form of grants. To fund the objectives of the Charity, the Founder created a sizable endowment by bequeathing a significant property portfolio to the Charity. This is managed by the Charity and the surpluses generated through investment income are used to fund the grants given to 'Guides'. 'Guides' may apply for funding for a grant for a three-year appointment. There are two application cycles per year, in the spring and the autumn.

ORGANISATIONAL STRUCTURE

The Charity is governed by a sole 'Corporate Trustee' entitled Mr Willats' Corporate Trustee Limited (MWCTL). The Directors of the Corporate Trustee are the Trustees of the Charity.

The Board of Directors ("the Board") has delegated the day-to-day running of the Charity to its Clerk & Receiver ("Clerk"), to the Property Manager and to the Grants Administrator, all of whom are employees of the Charity. They are supported in their roles by specialist professional contractors who provide services to the Charity as and when they are needed. The Board meets regularly to consider the business of the Charity including the consideration of applications for grants and to receive reports from the Guides, the Clerk & Receiver, the Property Manager, the Grants Administrator and the Charity's professional contractors. Following the resignation of the Clerk on 8 September 2022, the Board will be reviewing the organisational structure to ensure a smooth transition to a new operational lead.

APPOINTMENT OF DIRECTORS TO THE CORPORATE TRUSTEE

The Directors who have served during the year, and since the year end, are set out on page 1. Directors are appointed by the existing Board.

ACHIEVEMENTS AND PERFORMANCE

The day-to-day operations of the Charity

The Charity's Grant Making Activities

The Board sees strategic partnerships with organisations wishing to appoint people to undertake work that fulfils the Founder's intentions, albeit in a more modern context, as being key to ensuring that the Charity makes the most effective use of its grants. Thus, it will continue to seek such partnerships.

During the year, the Grants Administrator undertook visits to a selected number of Guides. The Board saw this as a positive step towards ensuring that it maintains an up-to-date understanding of the work that the Charity supports. In addition, the information gathered will help the Board in formulating any future grant making strategy.

The Charity has increased its online and face-to-face engagement to support the Guides. The Grants Administrator also uses social media to support and connect the Guides to one another. The feedback indicated that the Charity's Guides very much appreciated the contact and support they received. Moreover, regular reports on the Guides kept the Board in touch with how those whom the Charity supports are fulfilling their roles.

During the course of 2021, the Grants Administrator began a new initiative, namely giving personal feedback to the Guides following the submission of their six-monthly reports. This enabled the Charity to provide additional advice and support in relation to the Guides' varied roles and areas of service. More localised professional support and line management is offered by the Guides' supervisors within their local contexts.

During 2021, the Board awarded grants to Guides of £313,326 (2020: £274,532). See note 1 of the accounts for more details.

Mr Willats' Charity

TRUSTEES' REPORT (*continued*)

for the year ended 31 December 2021

ACHIEVEMENTS AND PERFORMANCE (*continued*)

The day-to-day operations of the Charity (*continued*)

The Charity's Properties

As in the previous year, the Board sets a budget at the start of the year with the intention of ensuring that the unrestricted funds maximise income from investments and minimise its direct and indirect costs. The Board is pleased to report that the Charity's investment income, both from properties and other investments, met the budgeted expectation with income of £1,277,412 achieved in the year (2020: £1,208,033). This income was slightly more than that achieved in 2020 and the Trustees are pleased that the investment income was relatively unaffected by the ongoing implications of the COVID-19 pandemic.

The Charity owns a number of substantial Georgian listed properties in Bath, a UNESCO World Heritage City. The properties continue to provide a healthy income for the Charity to support its 'Guides', the Charity's primary beneficiaries. Given the geographical location of the properties, they require considerate, careful and sympathetic planned maintenance and refurbishment. There remain some residential properties that are in need of refurbishment and modernisation before they will be in a position to be let at their full market rent, but progress continues to reduce their number. In addition, a few of the residential properties continue to be let to 'Protected Tenants' who enjoy a high degree of statutory protection and a restriction upon the rent that can be levied. The Board expects that over the coming years the number of such tenants will continue to decline.

When considering the need for and any plans for refurbishment of a property, the Board will base its decisions upon information relating to the current market value, anticipated costs of refurbishment and rental income arising thereafter of each of the relevant properties, in essence, the return on investment. The Board is well-served by professional advice in this regard and plan to continue to review the Charity's existing properties as and when necessary and possible with a view to maximising the Charity's rental income and grant expenditure.

The letting and rent reviews of the Charity's residential properties have been handled by the Trustees' Property Manager, with additional assessments conducted when required or advised to ensure that properties are let at the market rate. The properties are advertised on the Charity's web site and through external letting web sites. This has proved very successful. The Trustees are pleased to report that the vacancy rate and turnover periods are very low. Moreover, the Charity has many repeat tenants. Providentially and through the good stewardship of the Board and the Charity's staff, the Charity has a reputation of being a good landlord. Recommendations are often made by current and former tenants which results in many of the Charity's properties being let through word-of-mouth.

Covid-19

The impact of the COVID pandemic upon the Charity's day-to-day operations eased in 2021 as the country gradually emerged from lock-down restrictions and 'normal' life resumed. Thankfully, the Charity's income has been sustained throughout the pandemic and the Charity has been able to operate effectively within the required restrictions. Although some Guides were placed on furlough in 2021, the numbers were significantly fewer than in the previous year. The Charity was able to suspend the grant payments to those Guides over the furlough periods, thereby increasing the length of the grants to the affected Guides to cover the furlough suspension.

Mr Willats' Charity

TRUSTEES' REPORT (*continued*)

for the year ended 31 December 2021

FUTURE PLANS

The Focus of the Charity in 2022 will be two-fold: to ensure stable and effective operational leadership and to begin a strategic review to ensure that the Charity continues to meet its objects and reach the maximum number of beneficiaries. The awarding of grants to 'Guides' will continue on a bi-annual basis with an increase in the amount awarded if financially viable. As part of its broader review, the Charity will also review its grant-making strategy to ensure that it continues to meet its objectives in supporting those working in marginalised and underserved communities. Key and urgent maintenance work will also be undertaken on specific properties. Further, the Board will seek new members to support the decision-making and develop committees to undertake specific projects and areas of work. One such project will be the full professional valuation of the Charity's property portfolio at the end of 2022. The Board is anticipating selling one of its properties to facilitate the refurbishment of some of its property portfolio as well as investing in the stock market portfolio with the intention of diversifying its investment portfolio.

FINANCIAL REVIEW

The Charity's work is entirely reliant on income and investment returns from its endowment fund which is, predominantly, invested in residential properties in Bath.

The Charity made an unrestricted fund surplus of £143,574 (2020: £247,906) in the year. This surplus is lower than last year's surplus but is higher than the budgeted surplus for the year. As predicted last year, the reason for this year's fall in surplus was due to a planned increase in the level of expenditure on property maintenance as the Charity caught up on essential works deferred in previous years. It is anticipated that this level of expenditure will continue in future years as the Charity continues to catch up with this deferred expenditure.

The unrestricted funds brought forward at the start of the year were £698,353 (2020: £450,447) and the surplus of £143,574 (2020: £247,906) for the year was added to this figure giving a total unrestricted fund value of £841,927 (2020: £698,353) carried forward at the year end.

The endowment funds brought forward at the start of the year were £39,398,966 (2020: £34,504,171). During the year the endowment fund made a surplus of £976,544, (2020: £4,894,795) in relation to realised and unrealised gains on stock market investments and revaluation of properties, which was added to this fund giving a total endowment fund of £40,375,510 (2020: £39,398,966) carried forward at the year end.

The total reserves carried forward at the year-end amounted to £41,217,437 (2020: £40,097,319).

INVESTMENT POLICY AND PERFORMANCE

The investment powers of the Board are governed by the Trust Deed, as amended by relevant legislation. The Charity holds a small stock market investment portfolio, and the Board seeks to obtain, through its investment manager, a balance in income return and capital growth from the Charity's quoted stocks and shares. During the year the stock portfolio was managed by Cazenove.

In light of benchmark indicators, the Board is satisfied with the performance of the stock portfolio during the year which resulted in the portfolio achieving realised and unrealised gains of £36,889 (2020: gain of £32,686). Dividend income was in line with expectations. See note 5 for more details.

Mr Willats' Charity

TRUSTEES' REPORT (*continued*)

for the year ended 31 December 2021

INVESTMENT POLICY AND PERFORMANCE (*continued*)

The majority of the Charity's investment assets are held as freehold property. In previous years, one fifth of this property portfolio was professionally revalued on an annual basis and the property values carried forward would then be adjusted, as necessary, to reflect these valuations. These valuations were undertaken by Carter Jonas, the last of which was at the end of December 2017. The Board then agreed that a full professional revaluation of all the properties will only need to be undertaken every 5 years and the value of the property will be adjusted, as necessary, following this revaluation. The next full professional revaluation of the properties held is, therefore, due in December 2022. The Board has reviewed the full property portfolio and their on-going carrying values and, giving particular consideration to commercial properties in consideration of the economic impacts of COVID-19, do not consider that any impairment is deemed to have occurred in relation to the freehold properties. If the Board did have reason to believe that an investment had incurred a significant impairment during the year, the value of the properties would be adjusted to reflect this impairment. Following the Board's review, an uplift of £945,700 (2020: £4,732,920) has been recognised in respect of the residential properties this year. No uplift or impairment has been recognised in respect of the commercial properties this year.

The Board is satisfied that the property values recorded in these accounts are a true reflection of their current market value and are confident that freehold property values will continue to rise in the long-term future and, therefore, continue to be a worthwhile investment for the Charity. The Board continues to seek to maintain and improve the Charity's property portfolio through a planned program of repair and refurbishment to ensure that it maximises the income potential of the assets held.

RESERVES POLICY

The Trustees have agreed that they will aim to maintain free unrestricted funds at a level that equates to approximately three months of its expenditure. This decision was reached on the basis that this level of reserves will provide sufficient funds for the Charity to meet its obligations to staff, contractors and beneficiaries at any given point in time. The Trustees consider that this level of free reserves is sufficient given the regular and reliable income receivable from the rental of let properties.

Based on the expenditure in 2021, costs for three months amount to approximately £285k. As previously stated, the balance held in unrestricted funds at the end of the year is £841,927 and the fixed assets held by unrestricted funds are £478,988 (see note 11), therefore, the Charity holds free reserves of £362,939 which exceeds the target set out in its reserves policy. There is currently an inter-fund loan account between the unrestricted and endowment funds (see note 10 for further details) which arose in prior years when the Charity used unrestricted funds to finance capital improvements to the property investment portfolio which, had the funds been transferred from the unrestricted funds to the endowment funds, would have taken the unrestricted funds of the Charity below an acceptable level. Now that the free reserves of the Charity are increasing year on year, the Trustees are considering that they may be able to write off the inter-fund loan account at the end of 2022.

PUBLIC BENEFIT

The Trustees are aware of the provisions of the Charities Act 2011 concerning public benefit, the guidance published by the Charity Commission on this subject and the obligation to report on ways in which they believe Mr Willats' Charity meets the public benefit requirements established by the Act. Fuller details of the Charity's objectives and activities undertaken in support of these objectives will be found in other sections of this report. The Board believes that the Charity's grant distributions and associated activities benefit society through the funding of costs relating to Guides who, in order to comply to the grant criteria, must meet a specified amount of direct contact time with those the Charity seeks to benefit who are the 'lowest and poorest members of society'. In more modern parlance, this means that Guides work in the most deprived areas of the UK, supporting underserved communities. The Charity uses the Index of Multiple Deprivation (IMD) as part of its criteria for awarding grants to Guides. Through their work, the Guides are not only preaching the Gospel but also providing support and assistance to those most in need.

Mr Willats' Charity

TRUSTEES' REPORT (*continued*)

for the year ended 31 December 2021

GRANT MAKING POLICY

Whilst the expectation of the Charity is that the predominance of the Guide's work must be with their 'client group', the Board recognises that today the duties of a lay worker in an organisation will often include some administrative work. The Board expects, however, that if appointed as a Guide, this aspect of their work must be minimal.

All grants are awarded subject to finances permitting and the Board reserves the right to withdraw a grant at any time without notice. All new grants are awarded for a maximum period of three years. At the expiry of the three years, the organisation who has sponsored the application may not make a further application in respect of the same person, within 12 months of the previous grant expiring.

All grants are reviewed by the Board twice a year to monitor whether each Guide continues to fulfil the requirements of the Charity. Applications for grants will only be considered by the Directors if they are in receipt of correctly completed application forms.

There has been a continued emphasis on making grants to organisations (who are registered charities) who minister to the "lowest and poorest members of society". The Board continues to keep under review the Charity's grant making activities and, in this regard, see additional comments made by the Board under the heading 'Future Plans'.

GOVERNANCE

The Board has identified the need to appoint additional Directors to broaden the skills and expertise present on the Board. This process is already underway and will continue into 2023 with a view to appointing at least two new Trustees.

The Trustees, having regard to the *Charity Governance Code* and in particular Principle 6 of the *Code* (Equality, Diversity & Inclusion), also intend to look at how they can enhance their approach to supporting this Principle in its own practice and governance. This will be a key consideration in the appointment of new Directors.

DIRECTORS' INDUCTION AND TRAINING

New Directors undergo an induction scheme to brief them on all the work of the Charity and their legal obligations under both charity and company law. Directors are encouraged to attend appropriate external training events where these facilitate the undertaking of their role. In addition, Directors are kept up to date with charity related matters through the forwarding of regular relevant publications, reports and advice from the Charity's staff and professional contractors.

Mr Willats' Charity

TRUSTEES' REPORT (*continued*)

for the year ended 31 December 2021

RISK MANAGEMENT

The Board considers that the principal risks faced by the Charity relate to its obligations to its tenants and to carrying out the aims of its Founder. The Board will review its risk register and related policies annually, reflecting any statutory updates and mitigating actions in line with best practice.

The Charity carries a risk in relation to third party liability to ensure the health and safety of any tenant residing within its properties. To mitigate this risk, the Charity employ the services of professional surveyors who regularly visit and assess all residential lets. The Charity prides itself on maintaining the buildings held within its property portfolio to a high standard with a view to not only providing tenants with high quality accommodation but also ensuring their safety and acting as a witness to the faith of the Founder. The Charity's surveyors, the Charity's Property Manager and the Clerk meet regularly to discuss the property portfolio and review issues arising and agree action plans. The Charity's Clerk, staff and contractors seek to ensure that the Charity is compliant with all relevant landlord legislation.

PAY POLICY FOR KEY MANAGEMENT STAFF

The Directors consider that the Board, the Clerk, the Property Manager and the Grants Administrator are the *Key Management Personnel* of the Charity in charge of directing and controlling, running and operating the Charity on a day-to-day basis. Supplementary professional support is provided when required by contractors. The Directors give their time freely and no Director received remuneration in the year.

The pay for the Clerk, Property Manager and Grants Administrator are reviewed by the Board annually. The salaries of the employees may be increased in accordance with average salary increases nationally and those within the charity sector.

RELATED PARTIES

None of the Directors receive remuneration from their work with the Charity. The Charity does repay expenses incurred by the Directors during the fulfilment of their role as Directors. In addition, the Charity provides some Directors with iPads or laptops to enable the Directors to access Board papers through an online portal hosted by *DirectorPoint*. In addition, the Board accesses and reviews applications for grants and six-monthly reports from guides through an online portal hosted by *Wizehive*. These online portals have reduced the need for the papers, applications and reports to be printed, copied and sent to each Director for Board meetings. This has thus reduced administration time and costs. There is, nevertheless, regular review of these online portals to ensure value for money and cost effectiveness. Further details connected to transactions with related parties can be found in note 12.

Mr Willats' Charity

STATEMENT OF THE CORPORATE TRUSTEE'S RESPONSIBILITIES

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

The law applicable to charities in England and Wales requires the Board 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 of the Charity for that period. In preparing these financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Board are responsible for keeping sufficient accounting records that 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 applicable Charity (Accounts and Reports) Regulations and the provisions of the Trust Deed. It is 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 Board is responsible for the maintenance and integrity of the Charity 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.

Approved by the Board on 26 October 2022

Signed by order of the Board:

Roger Driver

Rev'd R Driver
Trustee

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MR WILLATS' CHARITY

OPINION

We have audited the financial statements of Mr Willats' Charity for the year ended 31 December 2021 which comprise Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Charity's affairs as at 31 December 2021 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 OF OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

OTHER INFORMATION

The Trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MR WILLATS' CHARITY (CONTINUED)

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- the charity has not kept sufficient accounting records; 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 THE TRUSTEES

As explained more fully in the Trustees' Responsibilities Statement set out on page 8, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they 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.

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE FINANCIAL STATEMENTS

We have been appointed as auditors under the Charities Act 2011 and report in accordance with regulations made under that Act.

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.

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

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the charity's financial statements to material misstatement and how fraud might occur, including through discussions with the trustees, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the charity by discussions with trustees and updating our understanding of the sector in which the charity operates.

Laws and regulations of direct significance in the context of the Charity include the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008 and guidance issued by the Charity Commission for England and Wales.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MR WILLATS' CHARITY (CONTINUED)

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

Audit response to risks identified:

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the charity's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the charity's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

Michael Strong

Michael Strong (Senior Statutory Auditor)
For and on behalf of Saffery Champness LLP
Chartered Accountants and Statutory Auditors
St Catherine's Court
Berkeley Place
Bristol
BS8 1BQ

Date: 26 October 2022

Saffery Champness LLP is eligible to act as an auditor under the terms of Section 1212 of the Companies Act 2006.

Mr Willats' Charity
STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 December 2021

	Note	Unrestricted Funds £	Endowment Funds £	Total 2021 £	Total 2020 £
Income and endowments from:					
Investment property income		1,271,403	-	1,271,403	1,202,603
Other investment income		6,009	-	6,009	5,430
Total income		1,277,412	-	1,277,412	1,208,033
Expenditure on:					
<i>Cost of raising funds:</i>					
Let property expenditure	2	736,299	-	736,299	601,311
Investment management fees	2	-	5,345	5,345	4,811
<i>Expenditure on charitable activities:</i>					
Grants for parish Guides	1,2	396,839	-	396,839	358,816
Total expenditure	2	1,133,138	5,345	1,138,483	964,938
Unrealised gains on revaluation of fixed assets	3	(700)	(700)	(1,400)	134,000
Unrealised gains on revaluation of investment properties	4	-	945,700	945,700	4,732,920
Net gains on stock market investments	5	-	36,889	36,889	32,686
Net income on ordinary activities		143,574	976,544	1,120,118	5,142,701
<i>Reconciliation of funds</i>					
Funds brought forward		698,353	39,398,966	40,097,319	34,954,618
Funds carried forward	11	841,927	40,375,510	41,217,437	40,097,319

The Charity has no recognised gains or losses other than the results for the year as set out above. All of the activities of the Charity are classed as continuing.

See note 14 for fund accounting comparative figures.

The notes on pages 15 to 29 form part of these financial statements.

Mr Willats' Charity

BALANCE SHEET

as at 31 December 2021

	Notes	2021 £	2020 £
Fixed assets			
Tangible assets	3	975,888	1,003,444
Freehold investment property	4	39,429,700	38,484,000
Other investments	5	632,508	600,964
		<hr/>	<hr/>
		41,038,096	40,088,408
Current assets			
Debtors	6	106,567	96,711
Cash at bank		920,522	694,367
		<hr/>	<hr/>
		1,027,089	791,078
Creditors: amounts falling due within one year	7	(596,415)	(572,084)
		<hr/>	<hr/>
Net current (liabilities)/assets		430,674	218,994
Creditors: amounts falling due after more than one year	8	(251,333)	(210,083)
		<hr/>	<hr/>
Total net assets		41,217,437	40,097,319
		<hr/> <hr/>	<hr/> <hr/>
Funds:			
Endowment funds		40,375,510	39,398,966
Unrestricted funds		841,927	698,353
		<hr/>	<hr/>
	11	41,217,437	40,097,319
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 15 to 29 form part of these financial statements.

The financial statements on pages 12 to 29 were approved and authorised for issue by the Board of Trustees on 26 October 2022 and signed on its behalf by:

Roger Driver

Rev'd R Driver
Trustee

Mr Willats' Charity

CASH FLOW

as at 31 December 2021

	Notes	2021 £	2020 £
Net cash inflow/(outflow) from operating activities	15	221,855	300,314
Cash flows from investing activities:			
Investment income received		6,009	5,430
Cash flows from financing activities:			
Expenditure on tangible fixed assets	3	(1,709)	(3,090)
Change in cash and cash equivalents in the year		<u>226,155</u>	<u>302,654</u>
Cash and cash equivalents brought forward		<u>694,367</u>	<u>391,713</u>
Cash and cash equivalents carried forward		<u><u>920,522</u></u>	<u><u>694,367</u></u>

The notes on pages 15 to 29 form part of these financial statements

Mr Willats' Charity

ACCOUNTING POLICIES (*continued*)

for the year ended 31 December 2021

Basis of accounting

The financial statements have been prepared under the historical cost convention as modified for investment assets (see below) and in accordance with the Charities Act 2011, the Financial Reporting Standard 102 (FRS102) and the requirements of the Charities Statement of Recommended Practice (FRS102) based thereon.

The accounts 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 are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £1.

The Charity is a public benefit entity as defined under FRS102. There are no material uncertainties affecting the ability of the Charity to continue as a going concern. Please refer to the section of the Trustees' Report entitled 'COVID-19', on page 3, for further comments relating to the impact of COVID-19 upon the Charity's going concern.

Fund structure

The Charity has a permanent endowment that was established by Mr Willats when he created the Charity through the gifting of a significant number of properties to the Charity. The endowment funds are invested in perpetuity and the majority of those funds remain invested in properties that formed part of the original portfolio gifted by Mr Willats. The income arising on the endowment fund can be used for the general activities of the Charity and are, therefore, unrestricted funds.

Unrestricted income funds comprise those funds which the Charity is free to use for any purpose in furtherance of its charitable objects.

Income

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

Rental income is recognised in the month that it falls due. Unpaid rent is accounted for in debtors and any rents received in advance are accounted for as deferred income.

Dividend income is recognised when it has been received by the Charity's fund manager.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the Charity to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs relating to the category. All expenses are either apportioned or directly allocated to the applicable expenditure headings. For more information on this allocation refer to 'allocation of support costs' within the accounting policies.

Grants for parish Guides are payments made to third parties in the furtherance of the charitable objects of the Charity. The majority of the grants awarded are multi-year grants and these are recognised in full when the commitment is initially made. Although there are certain conditions that could arise which would forfeit a beneficiary's right to future grants, habitually, most beneficiaries meet all required criteria. For this reason, it was agreed that the Charity would recognise future grant commitments.

Financial instruments

Debtors and creditors receivable or payable within one year of the reporting date are carried at their transactional price. Debtors and creditors that are receivable or payable in more than one year and not subject to a market rate of interest are measured at the

Mr Willats' Charity

ACCOUNTING POLICIES *(continued)*

for the year ended 31 December 2021

present value of the expected future receipts or payments, discounted at a market rate of interest.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand and short-term deposits with a maturity date of three months or less.

Allocation of support costs

Expenditure categorised as support costs are those costs that are not directly attributable to the applicable expenditure headings. They include the following costs:

- Audit and accountancy
- Staff costs
- Services of the Clerk

All of these costs have been apportioned to the applicable expenditure headings based on an analysis of time spent by the individuals and the professional advisors in relation to those areas of work during the year.

Other costs relating to the running of the office and governance are categorised as administration costs and these are also apportioned to the applicable expenditure headings based on an overall assessment of the total time spent in relation to those areas of work by the key management personnel.

Full details of the allocation of costs can be found in Note 2.

Costs of raising funds

The costs of raising funds consist of let property repairs and maintenance and professional fees in respect of the properties. It also includes investment management fees in respect of the investments held.

Pension costs

The Charity complies with the Government's requirements in relation to auto-enrolment and contributes to a fund that meets all necessary criteria. During the year the Charity made contributions to this defined contribution money purchase scheme. The assets of the scheme were held separately from those of the Charity in independently administered funds. The pension charge in the accounts represents employer's contributions payable by the Charity to this pension fund amount to £2,254 (2020: £2,477). There were no outstanding liabilities (2020: nil) in relation to this pension fund at the year end.

The Charity also made provision to make contributions to a private pension fund of one employee. Although agreed deductions have been taken from the employee's salary and accruals have been made in relation to the employer's contribution, the Charity has unable to transfer these funds to the employee's pension fund as the employee has failed to make the necessary arrangements to enable this to happen. The pension charge within the accounts represents employer's contributions payable to this pension fund amounted to £2,546 (2020: £1,667). The total of the employee's and employer's pension liability in relation to this pension fund amounted to £8,092 (2020: £3,000) at the year end.

Mr Willats' Charity

ACCOUNTING POLICIES *(continued)*

for the year ended 31 December 2021

Tangible fixed assets

Freehold property is recorded at market value and regularly revalued for that purpose.

Other fixed assets are initially recorded at cost and written off over their estimated useful life. The depreciation rates applied were as follows:

- Office equipment – 20% straight line
- Furniture and fittings – 20% straight line
- Website – 25% straight line

Capital purchases in excess of £500 are treated as fixed assets.

Critical accounting judgements and key sources of estimation uncertainty

In preparing financial statements it is necessary to make certain judgements, estimates and assumptions that affect the amounts recognised in the financial statements. The following judgements and estimates are considered by the Trustees to have most significant effect on amounts recognised in the financial statements:

- **Investment property valuations**

The Charity has a large property portfolio which is held for the purposes of rental income and, as such, is classified as investment properties. The fair value is assessed annually by the Trustees, further details on how the fair value is assessed is noted in note 4 of these accounts, 'Freehold Investment Properties'.

Mr Willats' Charity

ACCOUNTING POLICIES (*continued*)

for the year ended 31 December 2021

Tangible fixed assets (continued)

Freehold property is not depreciated because the Directors of the Charity have adopted a revaluation policy in relation to this asset. The property will be professionally revalued every 5 years and the value of the property will be adjusted as necessary following this revaluation. The next full professional revaluation of the properties held by the Charity is due in December 2022. A valuation review will be performed by the Board between professional revaluations. If there is some indication that impairment has occurred, the carrying value of the property would be reduced in accordance with that review. If there is an indication that the property is materially undervalued, an uplift will be recognised in accordance with the review.

Investment assets

Properties:

The Charity's investment properties are carried forward at market value. In previous years one fifth of this property portfolio was professionally revalued on an annual basis and the property values carried forward would be adjusted, as necessary, to reflect these valuations. These valuations were undertaken by Carter Jonas, the last of which was at the end of December 2017. The Board has now agreed that a full professional revaluation of all the properties will be undertaken every 5 years and the value of the property will be adjusted as necessary following this revaluation. The next full professional revaluation of the properties held is, therefore, due in December 2022. A valuation review will be performed by the Board between professional revaluations. If there is an indication that impairment has occurred, the carrying value of the properties would be reduced in accordance with that review. If there is an indication that the properties are materially undervalued, an uplift will be recognised in accordance with the review.

Any cost of work carried out on modernisation and improvements between valuations is capitalised at cost.

Other investments:

These are shown in the balance sheet at middle market value.

Realised and unrealised gains and losses

Gains and losses on the sale of property and investments in excess of the brought forward valuation are treated as realised gains or losses and are credited or debited to the Statement of Financial Activities.

Unrealised gains or losses arising on the revaluation of properties and investments are credited or debited to the Statement of Financial Activities.

Mr Willats' Charity
NOTES TO THE ACCOUNTS
for the year ended 31 December 2021

1 Grants for parish Guides	2021	2020
	£	£
Total grant commitments made in the year	313,326	274,532
Cost allocation		
Services of the Clerk	29,745	25,133
Staff and consultancy costs	22,168	21,911
Audit, Accountancy & valuation fees	8,472	11,066
Administration costs	23,128	26,174
	<hr/>	<hr/>
Total costs as stated in the SOFA (see note 2)	396,839	358,816
	<hr/> <hr/>	<hr/> <hr/>
Reconciliation of grant commitments		
Commitment brought forward at the start of the year	458,958	410,966
Commitment made in the year:		
Grants for parish Guides	313,326	274,532
Payments made during the year:		
Grants for parish Guides	(275,201)	(226,540)
	<hr/>	<hr/>
Commitments carried forward at the end of the year	497,083	458,958
	<hr/> <hr/>	<hr/> <hr/>
Split of commitments carried forward:		
Grants for parish Guides due within one year (see note 7)	245,750	248,875
Grants for parish Guides due in greater than one year (see note 8)	251,333	210,083
	<hr/>	<hr/>
	497,083	458,958
	<hr/> <hr/>	<hr/> <hr/>

All grants were paid to institutions who act as intermediary grant recipients on the basis that the grants paid were to support the employment costs of specific individuals acting as Guides whilst fulfilling their ministry.

Mr Willats' Charity
NOTES TO THE ACCOUNTS *(continued)*
for the year ended 31 December 2021

2 Total expenditure

2021

	Services of Clerk £	Staff Costs £	Audit & Accounts Services £	Admin Costs £	Other Direct Costs £	Total £
Let property expenditure	29,745	41,168	15,734	34,693	614,959	736,299
Investment management fees	-	-	-	-	5,345	5,345
Grants for parish guides (see note 1)	29,745	22,168	8,472	23,128	313,326	396,839
	<u>59,490</u>	<u>63,336</u>	<u>24,206</u>	<u>57,821</u>	<u>933,630</u>	<u>1,138,483</u>

2020

	Services of Clerk £	Staff Costs £	Audit & Accounts Services £	Admin Costs £	Other Direct Costs £	Total £
Let property expenditure	25,133	40,691	20,552	39,262	475,673	601,311
Investment management fees	-	-	-	-	4,811	4,811
Grants for parish guides (see note 1)	25,133	21,911	11,066	26,174	274,532	358,816
	<u>50,266</u>	<u>62,602</u>	<u>31,618</u>	<u>65,436</u>	<u>755,016</u>	<u>964,938</u>

In analysing the total expenditure by the Charity some costs have been apportioned. The apportionments used are detailed below:

	Services of Clerk %	Staff Costs %	Audit & Accountancy %	Admin Costs %
2021				
Let property	50	65	65	60
Grants for parish Guides	50	35	35	40
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
2020				
Let property	50	65	65	60
Grants for parish Guides	50	35	35	40
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

Mr Willats' Charity
 NOTES TO THE ACCOUNTS *(continued)*
 for the year ended 31 December 2021

2 Total expenditure (continued)

All remaining costs are shown under the heading 'other direct costs' and are charged directly to the three cost headings as appropriate.

Included within grant expenditure are grants payable of £313,326 (2020: £274,532) relating to individual grants payable to Guides. All grants are given for the same charitable purpose which is to assist parishes in the churches of England, Wales and Ireland by contributing towards the salaries/expenses of lay pastoral workers.

Total governance costs were £34,733 (2020 £40,070). These costs have been split proportionately between let property costs and grants for parish Guides.

Auditor's remuneration

Included within audit and accountancy services expenditure above, amounts payable to the Charity's auditor are detailed as follows: audit fees for the current year of £13,794 (2020: £12,245); no other fees (2020: £43) were paid to the auditors during the year.

3 Tangible fixed assets

2021

	Freehold Property £	Office Equipment £	Furniture & Fittings £	Website £	Total £
Cost					
At the start of the year	944,000	41,828	276,813	22,948	1,285,589
Additions	-	1,709	-	-	1,709
Revaluations	(1,400)	-	-	-	(1,400)
As the end of the year	942,600	43,537	276,813	22,948	1,285,898
Depreciation					
At the start of the year	-	31,695	238,976	11,474	282,145
Charge for the year	-	4,511	17,617	5,737	27,865
As the end of the year	-	36,206	256,593	17,211	310,010
Net book value					
As the end of the year	942,600	7,331	20,220	5,737	975,888

Mr Willats' Charity

NOTES TO THE ACCOUNTS *(continued)*

for the year ended 31 December 2021

3 Tangible fixed assets (continued)

2020

	Freehold Property £	Office Equipment £	Furniture & Fittings £	Website £	Total £
Cost					
At the start of the year	810,000	38,738	276,813	22,948	1,148,499
Additions	-	3,090	-	-	3,090
Revaluations	134,000	-	-	-	134,000
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
As the end of the year	944,000	41,828	276,813	22,948	1,285,589
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation					
At the start of the year	-	25,606	219,769	5,737	251,112
Charge for the year	-	6,089	19,207	5,737	31,033
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
As the end of the year	-	31,695	238,976	11,474	282,145
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value					
As the end of the year	944,000	10,133	37,837	11,474	1,003,444
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The freehold property is not being depreciated as the Trustees have agreed to carry forward this property at current market value and, as such, this property will be professionally revalued at the end of December 2022 when the Charity's investment properties will also be revalued. An interim valuation review was performed by the Board between professional revaluations and the carrying value of the property was increased in accordance with that review.

If revalued assets were stated on an historical cost basis rather than a fair value basis, the carrying amounts would have been approximately £810,000 (2020 - £810,000).

4 Freehold investment properties

2021

	Commercial £	Residential £	Total £
Valuation at the start of the year	3,760,000	34,724,000	38,484,000
Improvements at cost during year	-	-	-
Revaluation of property during year	-	945,700	945,700
	<hr/>	<hr/>	<hr/>
Valuation at the end of the year	3,760,000	35,669,700	39,429,700
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Mr Willats' Charity

NOTES TO THE ACCOUNTS *(continued)*

for the year ended 31 December 2021

4 Freehold investment properties (continued)

2020

	Commercial £	Residential £	Total £
Valuation at the start of the year	3,760,000	29,991,180	33,751,080
Improvements at cost during year	-	-	-
Revaluation of property during year	-	4,732,920	4,732,920
	<hr/>	<hr/>	<hr/>
Valuation at the end of the year	3,760,000	34,724,000	38,484,000
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The Charity's investment properties are carried forward at market value. In previous years one fifth of this property portfolio was professionally revalued on an annual basis and the property values carried forward would be adjusted, as necessary, to reflect these valuations. These valuations were undertaken by Carter Jonas, the last of which was at the end of December 2017. The Board has now agreed that a full professional revaluation of all the properties will be undertaken every 5 years and the value of the property will be adjusted as necessary following this revaluation. The next professional revaluation of the properties held is, therefore, due in December 2022. An interim valuation review has been performed by the Board between professional revaluations, and the carrying value of the properties was increased in accordance with that review.

The Trustees estimate that the market value of the freehold investment properties at 31 December 2021 is £39,429,700 (2020: £38,484,000).

5 Other investments

	2021 £	2020 £
Market value at the start of the year	600,964	573,089
Portfolio fees	(5,345)	(4,811)
Net gain	36,889	32,686
	<hr/>	<hr/>
Market value at the end of the year	632,508	600,964
	<hr/> <hr/>	<hr/> <hr/>
Historical cost at the end of the year	517,621	519,059
	<hr/> <hr/>	<hr/> <hr/>
The investments are held as follows:	2021 £	2020 £
Equities and convertible stocks	393,308	352,893
Gilts and other fixed interest stocks	144,642	104,941
Cash and cash equivalents	94,558	143,130
	<hr/>	<hr/>
	632,508	600,964
	<hr/> <hr/>	<hr/> <hr/>

Mr Willats' Charity
 NOTES TO THE ACCOUNTS *(continued)*
 for the year ended 31 December 2021

5 Other investments (continued)

Analysis by geographical sector	2021 £	2020 £
Investment assets in the UK	171,091	227,364
Investment assets outside of the UK	461,417	373,600
	<u>632,508</u>	<u>600,964</u>

6 Debtors

	2021 £	2020 £
Rents receivable	18,028	24,800
Prepayments	88,539	71,911
	<u>106,567</u>	<u>96,711</u>

7 Creditors: amounts falling due within one year

	2021 £	2020 £
Rents invoiced in advance	39,723	59,048
Trade creditors	127,549	99,390
Accruals	29,668	34,862
Other creditors	153,725	129,909
Grants due to Parish Guides	245,750	248,875
	<u>596,415</u>	<u>572,084</u>

Mr Willats' Charity
 NOTES TO THE ACCOUNTS *(continued)*
 for the year ended 31 December 2021

8	Creditors: amounts falling due after more than one year	2021 £	2020 £
	Grants due to Parish Guides	251,333	210,083
9	Staff costs	2021 £	2020 £
	Salaries and social security	106,187	92,584
	Employer's NI	6,643	5,069
	Pension contributions	4,800	4,115
		117,630	101,768
	Average weekly number of employees during the year, calculated on an average headcount basis	3	3

No individual employed by the charity received remuneration in excess of £60,000 during the current or previous year.

The Key Management personnel of the Charity, as previously stated in the Trustees' Report, comprise of the Directors of the Corporate Trustee, the Clerk, the Property Manager and the Grants Administrator. The total salary and consultancy remuneration paid by the Charity to the Key Management personnel was £117,630 (2020: £112,868).

10 Inter-fund loan

The Charity holds significant endowment funds, the majority of which are invested in property. The Trustees believe that in order to safeguard the asset value and future income streams of the property portfolio it is necessary to maintain and improve the endowment properties. All endowment property improvements are added to the brought forward value of the property portfolio. The endowment funds do not receive any income and, therefore, only hold cash reserves if endowment assets have been sold, as such, the endowment fund does not usually hold sufficient cash reserves to finance the necessary property improvements. Historically, where the endowment funds have not been able to finance the full cost of property improvements, the shortfall is met by a fund transfer from the unrestricted funds. This has the immediate effect of reducing the unrestricted funds' reserves but the Trustees believe that the preservation of the property portfolio has resulted in higher future income generation for that fund.

In 2019 the total value of improvements to the property portfolio was £481,135. These costs were partly financed through the unspent cash reserves held by the endowment fund at the start of the year following a £400,000 draw down from the stock market portfolio in 2018. The unspent cash reserves brought forward from the previous year amounted to £246,137. The balance of costs, being £234,998 was financed from cash held within the unrestricted funds. The Trustees considered that due to insufficient free reserves within the unrestricted fund, the Charity was not in a position to transfer funds from unrestricted funds to endowment funds. Instead, it was agreed that the unrestricted funds would lend the cash shortfall to the endowment funds until such time as the endowment fund was in a position to repay the loan or the unrestricted funds were in a position to write off the loan.

Mr Willats' Charity

NOTES TO THE ACCOUNTS *(continued)*

for the year ended 31 December 2021

10 Inter-fund loan (continued)

No improvements have been made to any of the properties held by the endowment funds during the year so there has been no need to increase the amount lent from the unrestricted funds to the endowment funds and none of the assets held by the endowment fund have been realised in the year, so the endowment fund has not been able to repay this loan during the year. However, in 2020 the Trustees performed a desk top revaluation of the Charity's investment portfolio which included one property that is held by both the endowment and unrestricted fund. The entire value of this property's gain was incorrectly attributed to the endowment fund but £67,000 of the gain should have been attributed to the unrestricted funds. To correct this error, the Trustees have decided that this gain should be written back against the inter-fund loan. Therefore, the balance of the inter-fund loan has reduced from £234,998 at the start of the year to £167,998 at the end of the year.

The movements relating to the inter-fund loan are detailed below:

	2021 £	2020 £
Balance brought forward at the start of the year	234,998	234,998
Adjustment for unrealised gain on property revaluation previously incorrectly attributed to the endowment fund in prior year	(67,000)	-
	<u>167,998</u>	<u>234,998</u>

Mr Willats' Charity

NOTES TO THE ACCOUNTS *(continued)*

for the year ended 31 December 2021

11 Analysis of net assets between funds

2021

	Freehold Investment Property £	Other Investments £	Fixed Assets £	Inter-fund Loan £	Net Assets/ (Liabilities) £	Total £
Endowment funds	39,429,700	632,508	481,300	(167,998)	-	40,375,510
Unrestricted funds	-	-	494,588	167,998	179,341	841,927
	<u>39,429,700</u>	<u>632,508</u>	<u>975,888</u>	<u>-</u>	<u>179,341</u>	<u>41,217,437</u>

2020

	Freehold Investment Property £	Other Investments £	Fixed Assets £	Inter-fund Loan £	Net Assets/ (Liabilities) £	Total £
Endowment funds	38,484,000	600,964	549,000	(234,998)	-	39,398,966
Unrestricted funds	-	-	454,444	234,998	8,911	698,353
	<u>38,484,000</u>	<u>600,964</u>	<u>1,003,444</u>	<u>-</u>	<u>8,911</u>	<u>40,097,319</u>

12 Related party transactions and Directors' expenses and remuneration

No related party transactions were entered into during the current or previous year.

During the year, no Director received any remuneration (2020: £nil) but expenses amounting to £194 (2020: £390) were claimed by a total of two Directors in relation to travel and accommodation costs.

13 Capital commitments

At both this year end and the previous year end, the Charity had made no commitment to any future capital expenditure.

Mr Willats' Charity
 NOTES TO THE ACCOUNTS *(continued)*
 for the year ended 31 December 2021

14 Fund accounting comparative figures

2020

	Unrestricted Funds £	Endowment Funds £	Total 2020 £
Income and endowments from:			
Investment property income	1,202,603	-	1,202,603
Other investment income	5,430	-	5,430
	-----	-----	-----
Total income	1,208,033	-	1,208,033
	-----	-----	-----
Expenditure on:			
<i>Cost of raising funds:</i>			
Let property expenditure	601,311	-	601,311
Investment management fees	-	4,811	4,811
	-----	-----	-----
<i>Expenditure on charitable activities:</i>			
Grants for parish Guides	358,816	-	358,816
	-----	-----	-----
Total expenditure	960,127	4,811	964,938
	-----	-----	-----
Unrealised gains on revaluation of fixed assets	-	134,000	134,000
Unrealised gains on revaluation of investment properties	-	4,732,920	4,732,920
Net gains on stock market investments	-	32,686	32,686
	-----	-----	-----
Net income on ordinary activities	247,906	4,894,795	5,142,701
	-----	-----	-----
<i>Reconciliation of funds</i>			
Funds brought forward	450,447	34,504,171	34,954,618
	-----	-----	-----
Funds carried forward	698,353	39,398,966	40,097,319
	=====	=====	=====

Mr Willats' Charity

NOTES TO THE ACCOUNTS *(continued)*

for the year ended 31 December 2021

15 Reconciliation of net movements in funds to net cash generated from operating activities

	2021	2020
	£	£
Continuing activities		
Net movement in funds	1,120,118	5,142,701
Deduct investment income	(6,009)	(5,430)
Add back depreciation of tangible fixed assets	27,865	31,033
Deduct gains on investments	(36,889)	(32,686)
Add back investment management fees	5,345	4,811
Decrease in debtors	(9,856)	10,411
Increase in creditors	65,581	16,394
Unrealised gain on revaluations of investment properties	(945,700)	(4,732,920)
Unrealised loss/(gain) on revaluation of property held in fixed assets	1,400	(134,000)
Net cash outflow from operating activities	<u>221,855</u>	<u>300,314</u>

The following pages do not form part of the statutory financial statements

Mr Willats' Charity
 INVESTMENT PROPERTY
 for the year ended 31 December 2021

	2021	2020
	£	£
PROPERTY INCOME		
Rents receivable for the year	1,268,675	1,198,276
Other property income	2,728	4,327
	<hr/>	<hr/>
Total rental income	1,271,403	1,202,603
	<hr/>	<hr/>
DIRECT LET PROPERTY COSTS		
Property repairs and maintenance	372,109	183,139
Insurance	51,740	50,357
Legal and professional fees	16,834	38,779
Residential and commercial agents' fees	3,960	21,458
Surveyors fees	66,385	58,583
Electricity, gas and water	6,239	7,172
Rents receivable written off as irrecoverable	1,243	18,122
Council tax	9,957	8,124
Cleaning	47,575	42,139
Other property costs	21,300	28,594
Depreciation	17,617	19,206
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	614,959	475,673
	<hr/>	<hr/>
APPORTIONED COSTS		
Services of Clerk	29,745	25,133
Staffing and consultancy costs	41,168	40,691
Audit and accountancy services	15,734	20,552
Administration costs	34,693	39,262
	<hr/>	<hr/>
	121,340	125,638
	<hr/>	<hr/>
TOTAL COSTS	736,299	601,311
	<hr/>	<hr/>
NET RENTAL INCOME	535,104	601,292
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Mr Willats' Charity
ADMINISTRATION
for the year ended 31 December 2021

ADMINISTRATION COSTS	2021 £	2020 £
Legal and professional fees	3,607	6,926
Computer costs	17,628	15,848
Publication and memberships	1,833	3,927
Other office costs and sundries	5,475	9,445
Insurance	10,230	9,042
Telephone, postage and stationery	4,302	4,619
Website costs	3,202	2,520
Depreciation	10,248	11,826
Bank charges	1,102	893
Trustees' expenses and meeting costs	194	390
	<hr/>	<hr/>
TOTAL ADMINISTRATION COSTS	57,821	65,436
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