

WORCESTER MUNICIPAL CHARITIES (CIO)

Registered Charity No. 1166931



Predecessor charities
founded 1559 & 1836

TRUSTEES' REPORT AND AUDITED ACCOUNTS 1st JULY - 31st DECEMBER 2016

This is the First Report of the CIO charity which was created specifically by the trustees as the successor charity for Worcester Municipal Exhibitions Foundation and Worcester Consolidated Municipal Charity. They are both in the process of being wound up once their bank accounts have nil balances and can be closed. The new charity is incorporated but has similar objects to the two predecessor charities which it replaces. All the business, property, assets and liabilities of the two former charities were transferred to this new CIO charity at midnight on 30th June 2016.

The Trustees present their report and the audited financial statements of the Charity for the six months' period ended 31st December 2016 ("the Period"). The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (FRS 102) in preparing the report and financial statements of the Charity.

The financial statements for the Charity have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with the Charity's governing document, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland published on 16 July 2014 (as amended by Update Bulletin 1 published on 2 February 2016).

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Berkeley's Hospital Chapel and Almshouses - Grade 1 Listed Building
The Charities' offices, community meeting room, and residents' sheltered housing

WORCESTER MUNICIPAL CHARITIES (CIO)

"The Charity"

REPORT FOR THE 6 MONTHS' PERIOD ENDED 31st DECEMBER 2016 ("The Period")

For ease of understanding "the Charity" also refers generally to the two predecessor charities in respect of events prior to "The Period"

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Note - the ancient history of the Charity is now published separately. Copies are available, without charge, from the office.

1. CONSTITUTIONAL CHANGES LEADING TO THE PRESENT DAY

- a) After Henry VIII dissolved the monasteries (1536 - 40) the new church inspired little confidence and benefactors began leaving money in trust to the local Municipal Corporations instead. Kateryn Heywood, the first such local donor, in her will of 1559, "gave unto the Corporation of Worcester, 100 marks, to be delivered to the Chamber of the said City, to the end that it might be bestowed in lands for the poor people for ever." Very many other benefactors followed suit.
- b) However these corporations comprised self-appointed freemen and aldermen, and widespread concern nationally grew about their ability to manage the charities properly. Charity Commissioners were appointed in the first part of the 19th Century to inspect all the charities throughout the land, and their national inquiries led directly to the passing of the "Municipal Corporation Reform Act" in 1836. In Worcester all the money that remained from the original 29 charitable bequests was then transferred from the old un-elected Corporations to new independent bodies of charity trustees, initially appointed by the Lord Chancellor.
- c) In 1836 the 15 remaining relief in need charities were handed over to the new independent Worcester Municipal Charity Trustees, and they were consolidated into one holding charity in 1899, **the Worcester Consolidated Municipal Charity**. The 7 remaining educational charities were consolidated into **the Worcester Municipal Exhibitions Foundation** in 1909.
- d) In 2016 at the request of the trustees, the Charity Commission registered the Worcester Municipal Charities (CIO) as a successor charity to the two unincorporated charities. All the assets and liabilities of the Worcester Municipal Exhibitions Foundation and the Worcester Consolidated Municipal Charity were then transferred to the CIO at midnight on 30th June 2016.
- e) The Charity was registered as a Charitable Incorporated Organisation on 4 May 2016.

2. THE "CHARITABLE OBJECTS" OF THE CIO ARE:

- (a) the relief of persons resident in the City of Worcester who are in conditions of need, hardship or distress including by making grants of money to individuals, or to organisations which provide relevant services; or providing or paying for items, services or facilities calculated to reduce the need, hardship or distress of such persons;
- (b) the provision of social housing, which may include almshouses, and affordable social housing in the City of Worcester;
- (c) the advancement of education by promoting education in the area of benefit being the City of Worcester, the Parishes of Powick, Bransford and Rushwick and the area of the Ancient Parish of Leigh, all in the County of Worcestershire, in such ways as the trustees think fit;
- (d) twelve per cent (12%) of the income of the Charity shall be applied for the educational purposes set out in clause (c).

The trustees believe the charitable objects collectively constitute the public benefit requirement of the Charity Commission.

3. "CONSTITUTIONAL GRANT" PRESCRIBED BY THE TRUST DEEDS

By virtue of the intention of the original benefactors and the original constitutions of the predecessor charities, the following grant is automatically payable each year:-

Nought point one per cent (0.1%) of the net income of the CIO or as near as may be applied shall be applied in augmenting the income of the Charity called Palmer's Educational Foundation in the Ancient Parish of Suckley in the County of Worcestershire. Two trustees of this Charity, Paul Griffith and Margaret Jones sit on the Board.

4. ADMINISTRATION OF THE TRUSTEE BODY

Worcester Municipal Charities (CIO) registration no.1166931 was established by the trustees on 4 May 2016, and the business, staff, assets and liabilities of the two predecessor charities were transferred to it at midnight on 30 June 2016. The trustees set up the CIO specifically as the successor charity and this report is the first 6 months' report of the Charity.

The Charity is administered by 19 trustees.

Six are nominated by Worcester City Council; six are nominated by major beneficiary "stakeholder" charities chosen in a ballot of the trustees every 3 years; and seven "independent trustees" are co-opted by the trustee body, being "persons who through residence, occupation, employment or otherwise, have special knowledge of Worcester City".

On appointment, new trustees are provided with induction training, given copies of the Constitution and Rules, the annual report and accounts, a history of the Charity and a copy of the Charity Commission's publication CC3 "the Essential Trustee" which includes a Trustee job description. They are also invited to join the property inspections.

The trustees of the Charity during the Period, and those in office on 31st May 2017 were as follows:

Paul Griffith **I**, (Chairman), Margaret Jones **I**, (Vice Chairman), Roger Berry **I**, Richard Boorn **N**, (from November), Victoria Cooper **Ch**, (from 28th September 2016), Paul Denham **N**, Alan Feeney **N**, Graham Hughes **I**, Susan Humes **Ch**, (to 25th January 2017), Mel Kirk **Ch**, Roger Knight **N**, Cliff Lord **I**, (until September), Stan Markwell **N**, (until November), Sue Osborne **Ch**, Margaret Panter **Ch**, Robert Peachey **N**, Ron Rust **I**, Martyn Saunders **Ch**, Brenda Sheridan **I**, Geraint Thomas **I**, (from November), Tony Whitcher **Ch**, (until June), and Geoff Williams **N**.

"I" independent co-opted by the Board for 5 years,

"N" nominated by the City Council for 4 years,

"Ch" nominated by the six chosen major beneficiary "stakeholder" charities for 3 years i.e. Armchair, CAB/WHABAC, ASHA, Lifestyles, MAGGS and WHAT (Worcester Heritage & Amenity Trust).

5. COMPOSITION OF THE TRUSTEE BODY AND THE ADMINISTRATION

The trustees include people with experience in the Social Services, Child Care, Adult Care, Education, Housing, the Magistracy, Commerce, Finance, Planning, the Law, Property and Social Security. The Board of trustees meets monthly, except in August and December, oversees the policy-making of the Charity, signs cheques, monitors the finances and reviews the Grants Sub-Committee's recommendations.

The Board carries out annual inspections of all property owned.

There are two whole day inspections a year; each property is visited once in every two years. The properties of both former charities are vested in the CIO as Custodian Charity.

A Grants Sub-Committee

The committee meets monthly, to deal with the large numbers of individual applications for grants, that require detailed consideration. The Committee has authority to approve grants up to £1,000. The Chairman and Vice Chairman have delegated authority to make grants up to £500 in an emergency.

6. PROFESSIONAL ADVISERS TO THE CHARITY

The Charity retains Philip Jones, Chartered Surveyor, of GJS Dillon, Adrian Robinson, Chartered Surveyor of ARC, Peter Sweetland of Lett & Sweetland as Architect/Surveyor, Sally Bishop of Bishop's Accountancy Ltd. as Auditors, and Unity Trust as Bankers. The trustees wish to place on record their thanks to all these officials for their work in helping the Charity to deliver a worthwhile service to Worcester's needy citizens. Thanks are also due to Maggie Inglis (Office Manager), Margaret Green and Jo Hooper (until November) (administrators) who do the day to day office work for the Charity with great efficiency, and to Yvonne Parker (Finance Manager, "One to One Admin") who keeps the Books with great care. (Full details of the Professional Advisers are on page 20)

7. THE "MISSION" STATEMENT, THE PUBLIC BENEFIT REQUIREMENT, AND EQUAL OPPORTUNITIES

Public Benefit

The trustees' "Mission" is to seek to achieve the public benefit objects set out in the Trust Deed, in compliance with the Charity Commission's guidance, and in the most efficient and effective way. The Charity attempts to earn as much as reasonably possible from its investments, and spends all of its income (after the expense of administration) on the Charity's Public Benefit Objects.

Equal Opportunities

The trustees do not discriminate against anyone in respect of employment and the provision of services because of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, or sexual orientation.

Permitted Discrimination

The Equality Act 2010 allows a charity to limit its benefits to people who share what are called "protected characteristics" i.e. those who are entitled to be considered in respect of granting the benefits the Charity offers. In other words:-

- the governing document restricts benefits to people with a shared protected characteristic; and
- the benefits are provided in order to tackle a particular disadvantage or need linked to that protected characteristic.

8. A SUMMARY OF WHAT THE CHARITY ACHIEVED IN THE PERIOD

A. Major Events/Decisions by the Trustees in the Period

- At midnight on 30/06/2016 the trustees transferred to the new CIO the business, staff, assets, liabilities, contracts etc. of the two predecessor charities.
- The trustees made an application to the Homes and Communities Agency for the CIO to become a registered housing provider.
- At the end of the year work was almost complete on the first 3 of 25 flats for the homeless with a potential income of c. £130,000. The HCA has committed a grant of about £500,000 in respect of self-contained one bed flats only.
- The Charity has continued helping three organisations in particular, being those that provide the most help to the poorest and those in greatest need in Worcester. Maggs Day Centre for the Homeless, Citizens Advice WHABAC and Armchair Furniture Re-Cycling have all been provided with free premises and grants to assist with their work.
- The Charity fulfilled a contract with the City Council to manage the purchase and distribution of £74,639 worth of white goods in Worcester as part of the DWAS Scheme.
- In case the need arises, the Charity continued making plans to replace the DWAS provision of white goods & carpets for the poor, as far as possible, and within budgetary constraints.
- The Charity began investigating the possibility of registering a NILS (no interest loan scheme) with the D.W.P.
- The Charity increased grants to major organisations, & staff salaries etc. by 1%.
- The Charity sold one functional property as the tenant charity was wound up.
- The Charity attempted to exchange contracts with the purchaser of 33 acres of the Bricklehampton smallholdings but was thwarted by Land Registry problems.
- The Charity reached agreement to sell the remaining three acres at Bricklehampton.
- The Charity reached agreement to sell a retail shop for a considerable profit.
- The Charity purchased 59/60 the Tything as a new charity shop for MAGGS, for their administrative offices and a free clothes store for street-sleepers. The two flats on the second floor will be used for the homeless by SmartLets.

B. Income and Expenditure

Income of £628,871 (excluding the donations from the 2 predecessor charities) was received, (mainly rent from properties); and expenditure was £414,555

C. Summary of Property Owned

There are now 27 Investment Properties with rental income, 10 "functional" properties fulfilling the objects of the Charity as "facilities in kind" (see pages 14 and 18), and 3 vacant properties being re-modelled as flats for the homeless. There are two Sheltered Housing sites (32 almshouses) and two affordable Housing sites (12 flats). Two commercial investment office properties in Hereford are void and are being marketed with residential planning consent. Nine of the properties are leasehold & commercial. (see page 18 for the property portfolio).

D. Rent Reviews and Accommodation Charges

In the Period Almshouses' accommodation charges were reviewed and scheduled rent reviews were completed. No rents or maintenance charges were increased in the Period.

E. The Grants Sub-Committee met 6 times in the Period

Education, Relief in Need, Hardship or Distress Grants

- (a) A constitutional grant of £328 was awarded by the Charity to the Palmer's Educational Foundation in Suckley.
- (b) The Grants Committee awarded relief in need grants of £20,787, and administered DWAS relief in need grants to individuals in need worth £74,639, (details page 12).
- (c) The Charity has helped three organisations in particular, being those that provide the most help to the poorest and those in greatest need in Worcester. The Maggs Day Centre for the Homeless, Citizens Advice WHABAC and Armchair Furniture Re-Cycling have all been provided with free premises and grants to assist with their work.
- (d) In 2012 the Charity agreed to fund a Money Advice Post based at the Citizens Advice Bureau which has greatly improved communication between us in respect of mutual clients with financial problems.
- (e) In 2012 the Charity ceased making grants for school uniform due to the Pupil Premium being paid to schools. Clothing grants for school children were however introduced, based on the family's income and expenditure and their clothing needs.
- (f) In 2013 the Charity agreed to fund a legal advice scheme in partnership with the CAB and Worcester Law School whose students provide supervised free legal advice to poor people. (An average financial benefit of £5,841 per client was the outcome).
- (g) In 2016 the Charity purchased for MAGGS Day Centre for the Homeless a building for a Charity shop, administrative offices and a free clothes store mainly for street sleepers, to be let to MAGGS on a peppercorn rent.
- (h) The Committee awarded grants totalling £53,465 to 3 organisations providing educational facilities in Worcester (see page 12)
- (i) The Committee awarded two grants totalling £1,500 to individuals in need of financial assistance with their education (see page 12)
- (j) The Committee continued leasing the Tudor House Museum, to Worcester Heritage and Amenity Trust at a nominal rent together with agreeing to pay the salary of a part-time curator for a further two years from the expiry of the previous grant.

9. ALMSHOUSES

The Charity owns two sites of Almshouses:-

Berkeley's Court, The Foregate - 7 flats.

Nash's and Wyatt's Court, New Street - 25 flats.

The former Berkeley's Chaplain's house became the Charity's administrative offices in 2013, and the former Nurse's house became the resident warden's house.

The former Chapel was converted to a community room in 1997 and is available for use by charities and non-profit making organisations usually without charge.

The residents' accommodation charges were reviewed in the Period. All bar one of the residents receive Housing Benefit. In the Period no residents left and none was appointed.

The Resident Wardens - Suddenly, and very sadly Dave Uren died of a heart attack in September and is desperately missed. Dave's partner Julie Fenson, and Paul and Lorraine Saunders continue to provide a very high standard of first line support and caretaking, with specialist help from Headway Trust, who support as required.

Applicants for Almshouses must be poor and must have lived in Worcester for at least 5 years. Retired or nearing retirement applicants are preferred, although applicants below retirement age are also considered. However, applicants who may possibly work for a living in the future would normally not be considered because if/when they are employed they are unlikely to remain eligible, as "poor". The charity advertises vacancies when available under "Accommodation Available" with criteria.

General repairs and maintenance of the Almshouses have been carried out throughout the Period. Testing and servicing of all gas appliances is carried out annually with a full inspection done in 2015. Berkeley's Court and the Chapel Community Room were externally redecorated in 2014. Electrical testing is "periodic".



Berkeley's Court, Foregate Street - 7 flats



Nash's and Wyatt's Court, New Street - 25 flats

AFFORDABLE HOUSING FOR THE HOMELESS

Since 2014 the Charity has been pursuing a re-investment strategy of providing affordable housing for the single homeless, and since 2015 has been helped by the Homes and Communities Agency with earmarked grants (subject to registration) to create flats “over the shops” and in empty office buildings. This is an exciting new strategy that makes a reasonable commercial profit from a charitable activity at a time when good investment returns are impossible to find.

All these properties are managed on behalf of the Charity by Citizens Advice WHABAC who run a “Smart-Move” Lettings agency for the homeless, i.e. people who are unable to afford private sector rents. The CAB is paid a 15% commission & management fee.

Existing - 12 Flats



2013 - 9 Sansome Place
6 studio flats - occupied



2014 – 16/17 St. Swithins Street
6 one bedroom flats - occupied



2016 – 21 The Cross – 3 one bedroom flats - void

PLANNED – 25 FLATS



2017 – 19 Foregate Street
5 one bedroom flats, 1 studio flat & a shop



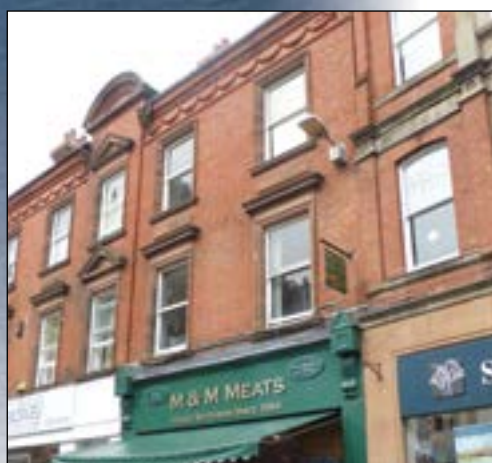
2017 – 59-60 The Tything
2 one bedroom flats (top floor)



2017 – Goodrich House – 10 one bedroom flats
including 6 on the car park



2018 – 8 Sansome Place
3 studio flats proposed



2017 – 15 St. Swithin's Street
House in multiple occupation – 4 units

2016 - at the end of the year the trustees had planning consent for the creation of 25 flats and a shop with a potential income of £130,000. The HCA has committed a grant of about £500,000 towards most of the project subject to registration.

10. GRANTS AWARDED IN THE PERIOD BY THE CHARITY

(Figures are for grants **awarded** rather than actually **paid over** during the financial Period)

RELIEF IN NEED AND EDUCATIONAL GRANTS

Grants determined by Constitution

Palmer's Educational Foundation 0.1% of the Charity's "clear" income 328.00*

"Revenue" Grants to Organisations of £1,000 or more

£

WHAT	Tudor House Museum	41,935.00*
Maggs Day Centre	Running Costs	26,807.00
Dancefest	Dancing lessons	10,030.00*
Headway	Accommodation	8,500.00
Worcester Community Trust	Holiday play schemes	6,000.00
Worcester Action for Youth	Running costs	1,500.00*
Total		<u>94,772.00</u>

Individual Grants

Education grant of £1,000 or more	1,000.00*
Relief in Need grants under £1,000	20,787.00
Education grant under £1,000	500.00*
DWAS Relief in Need grants under £1,000	74,639.00
Total	<u>96,926.00</u>

The grants included Educational Grants and the following essential household and personal items: Washing Machines, Cookers, Microwaves, Carpets, Clothing Grants, Removal Costs, Vacuum Cleaners, Passport and other household items

Grand Total

£192,026.00

* Educational grants of £55,923

WORCESTER MUNICIPAL CHARITIES (CIO)

11. Relief in Need Grants & Grants to Promote Education for Individuals in Need

GENERAL POLICIES & PRACTICES – ADVICE FOR SUPPORT WORKERS & APPLICANTS

It is the Charity's policy not to make a grant if adequate funds are available from:

1. **Family/Friends**
2. **DWAS** for white goods - www.worcester.gov.uk/discretionary-welfare-assistance-scheme
3. **DWP** for a Budgeting Loan - www.gov.uk/budgeting-help-benefits/how-to-claim
4. **Health Authority** for disability aids - www.hacw.nhs.uk/our-services/equipment-service
5. **County Council** for child care services - www.worcestershire.gov.uk/info/20097/children_families_communities
6. **Student Finance England** for promotion of education - www.gov.uk/apply-for-student-finance/how

The application form must be endorsed to show that all 6 options have been considered and with what result. Failure to do so will mean the application will be deferred to enable these enquiries to be made.

The Grants Committee will consider the income and expenditure sheets of each applicant and their ability to meet their own needs, with budgetary assistance from the CAB/WHABAC and the Credit Union if required.

Applications may be turned down if the applicant has not demonstrated financial hardship, or is seriously mismanaging his/her income by spending excess amounts on luxury items like "Sky TV" rather than on necessities like food and clothes. Individual budgetary advice may be provided by the CAB Money Adviser in such cases.

To consider, as a condition of any grant to an individual, the possibility of debt advice, usually with help from CAB/WHABAC and sometimes from the 6 Towns Credit Union also.

Not to commit the Charities to repeat a grant to an individual or organisation.

The Trustees reserve their complete discretion in all cases.

GRANTS FOR RELIEF IN FINANCIAL NEED

Can be considered for people living in Worcester City only.

All applications from an individual for a relief in need grant must be endorsed by a support worker from the statutory or voluntary bodies in Worcester, using the forms available on the Charity's web-site. The support workers are relied upon to provide to applicants such additional help that the applicant may require e.g. in respect of their vulnerability and other needs.

One-off grants can be considered for "essential" items like cookers, fridges, fridge freezers, washing machines, clothes airers, food, clothes, fuel bills, carpeting, a television, a vacuum cleaner, other household items; exceptionally help may be considered for holidays or holiday activities.

The Trustees judge as "essential" those items that people generally nowadays feel they cannot manage without, and that form part of an expected way of life in today's society.

GRANTS TO PROMOTE EDUCATION

Can be considered for people in need, of any age, living in Worcester City, the Parishes of Powick, Bransford and Rushwick, and the Ancient Parish of Leigh.

Applicants for educational grants do not need a support worker but references/reports may be requested from the institution concerned.

Applications may be considered from people of any age who live outside these areas but who have attended school in the City for at least two years.

The Trustees will not normally consider applications from persons attending educational establishments in the City who, prior to enrolling, lived outside these areas for two years or more, and/or who still live outside them.

The Trustees will not normally consider applications from persons attending educational establishments with national catchment areas e.g. the New College (for the blind) and Worcester University, unless they were resident in the area of benefit for at least two years, or attended school in the area of benefit for at least two years, prior to enrolling at the relevant institution.

Applications in respect of fee-paying institutions, for travel abroad, and awards beyond 1st Degree level are normally excluded.

Assistance with school uniform grants is not provided in the light of the Government's Pupil Premium payments to schools for such purposes. Any requests for non-distinctive clothing may be considered for a "relief in need" grant based on family income and expenditure.

WORCESTER MUNICIPAL CHARITIES (CIO)

Free use of property facilities in the Period

12. A Social Investment Programme

The Charities SORP (FRS 102) requires that facilities and services donated to a charity for its own use which it would otherwise have purchased must be included in the Charity's accounts when received, provided the value can be measured reliably. Value to the Charity is the amount that the Charity would pay on the open market for an alternative item that would provide a benefit to the Charity equivalent to the donated item.

Worcester Municipal Charities (CIO), as the donors of these "facilities" to the charities concerned, have estimated the rental values based on 8% of their capital value as contained in their Quinquennial Valuation of 2015 as follows, with the exception of leasehold properties which have been estimated individually based on the advice from their Chartered Surveyors, and any actual bills paid in the Period.

No.	Property - Let to:	Capital	Rental Value (6 months)
28/29.	1/2 Inglethorpe Court (50 years' Leasehold 2001) CAB/WHABAC	£110,000.00	£4,400.00
37.	8 Sansome Place Maggs Day Centre Utilities paid by WMC	£120,000.00	£4,800.00 £87.00
40/41.	Old Glove Factory, 13, 13A, 13B & 15 Lowesmoor (Service Charges paid by WMC £19,014.33 total Rental value £68,000 Rent contributions £15,625)	£850,000.00	
40.	Headway Charity Shop, 13 Lowesmoor (12% of total) 6 Towns Credit Union (4.65% of total)		£538.00 £1581.00
40/41.	Old Glove Factory, 13A, 13B & 15 Lowesmoor CAB/WHABAC (42% of total) Asha (2.58% of total)		£10,009.00 £ 877.00
43.	St. Albans, Deansway (150 years' leasehold 2008) Maggs Day Centre	£50,000.00	£5,000.00
44.	Tudor House, Friar Street (125 years' leasehold 2008) WHAT. Lease £1,000 p.a. being paid.	£100,000.00	£3,500.00
45.	7 Copenhagen Street (6 years' leasehold 2012) Maggs Day Centre Annexe Rent £2,987, Insurance £290, Utilities £382	N/A	£3,659.00
46.	Medway Youth & Community Trust (50 years leasehold 2002) Utilities	£75,000.00	£3,000.00 £276.00
	Total gifts in kind in this Period		£37,727.00

13. CAPITAL ASSETS, REINVESTMENT & THE CHARITY'S EARNED INCOME

The Charity's annual income is composed almost entirely of rents from its properties.

1980s. Following an investment policy review in the late 1980s, the Charity began a wholesale transition from agricultural to commercial investments, resulting in very large rental increases. Building on that success, the Charity also disposed of all its stock-market holdings and reinvested that money also in commercial property with similarly improved returns. This policy proved wholly successful for about 30 years.

2012 onwards the High St. recession began to affect the viability of the commercial shops and the trustees began reviewing their investment policies looking at alternative forms of investments given the low interest rates which were still falling.

The trustees' review concluded that the reinvestment policies that had been pursued following the 1980s review, were effective, and were the best that could be devised at the time for the Charity, and its beneficiaries, both short and long term. Spreading the property portfolio over a wide range, minimised the risks as far as possible. The guaranteed rental reviews of commercial properties were reflected in increased capital values, with financial stability over the longer term period, thereby reducing the financial risks. However the buoyant days of the High St. shops and city centre offices were clearly on the wane, and new strategies had become urgent.

In the review, special consideration was also given to one property with a large rent and a real risk of non-renewal at termination time in 2018. It was agreed to commit £50,000 a year to a sinking fund to help with the possible transition to a new use if this became essential. At the end of the period, this appears to be an increasing risk.

In 2013 some of the Charity's city centre shop tenants were struggling to pay the rent and the Charity suggested taking the empty rooms upstairs out of the leases. This was agreed and considerable investment was then made in developing flats above the shops that the Charity owned at 15, 16 & 17 St. Swithin's St. This provided a reasonable return and 10 new flats for people on low incomes at risk of homelessness. These developments also brought about reductions in rent for the tenant shopkeepers trading below, and helped to make their businesses sustainable and affordable.

In 2014 resulting from the need to reinvest the very large proceeds from the sale of Wargrave House in Hereford, and in view of the recession on the High Street and the growth of on-line purchasing, the trustees reviewed the entire investment portfolio of the Charity as required by the Trustee Act 2000. It was decided generally to continue investing in the High Street, but only if the particular shop, its location and its type of sales looked sustainable despite on-line shopping. A Pizza Take-Away in New Street, with a buoyant trade, was considered suitably sustainable, and was purchased using part of the Wargrave House proceeds. In addition, having learned from the shops' experience, part of the proceeds was committed to the purchase of the Samaritans' office at 9 Sansome Place which in 2014 was turned into 6 flats for people on low incomes, at risk of homelessness with a reasonable return on the investments as well.

In 2014 following the entire loss of its County Council income by Home-Start, the trustees discussed with their trustees the long term future of the Charity and the "peppercorn" lease

of their large office and car park. Mutually acceptable terms were agreed for the surrender of Goodrich House with re-location to one of the Charity's properties on a rent free basis. Plans were then made to develop the office building into 4 flats and to create a further 6 flats on the car park, all for single people on low incomes who were potentially homeless. Planning consent was secured for the office conversion in 2015 and for the car park in early 2016.

In 2015, as part of this strategic change of investment direction, the trustees decided to register with the Homes and Communities Agency as a registered housing provider as this opened the door to applications for grants to help develop affordable housing. Registration as a Social Housing Provider depended on registration as a CIO first, and this was lodged with the Charity Commission in 2015 and registered in May 2016. Following that a preliminary application to register as a Housing Provider was also accepted.

In 2015 the three empty upper floors of Betfreds at 21 The Cross were spotted during a trustees' property inspection and the owners agreed to sell the Charity a 150 years' lease for the development of three flats for single people on low incomes who are potentially homeless. Planning consent was obtained and the property was purchased on a 150 years' lease. The conversion work will be completed in early 2017.

In 2015 the trustees purchased the freehold of 19 Foregate St. after obtaining planning consent for 5 flats for the homeless. In 2016 planning consent was obtained for a 6th (studio) flat and a shop on the ground floor there.

2016 - at the end of the year the trustees had planning consent for the creation of 25 flats and a shop with a total potential income of £130,000. The HCA has committed a grant of about £500,000 in respect of self-contained one bed flats only.

The trustees took professional advice in relation to all the investment policies reviewed in the Period and in respect of the purchases.

14. INVESTMENT REVIEW AND PERFORMANCE - RESULTS OF THE CAPITAL REINVESTMENT PROGRAMME

The reinvestment programme has now been pursued from 1985 to 2016. The results are that the earned income from investments has risen from 1985 by an average compound increase of approximately 6.6% every year.

15. THE COST OF ADMINISTRATION

The more a charity earns, and the less it spends on administration, the more there is available for direct charitable expenditure and grants. The trustees therefore remain anxious to ensure that there is no unnecessary waste on administration or on any of the Charity's regular expenditure.

Every effort is made to keep the cost of administration to a minimum. The trustees themselves do not claim expenses. However, with 22 Trustee meetings, two property inspections a year and the inevitably high cost of servicing a huge volume of individual applications for assistance, there is an inbuilt unavoidable administration cost. In the Period the Charity spent £89,749 (14.3% of gross income excluding the donations from the predecessor charities) on support costs and governance.

16. PROPERTY REVALUATIONS

In 2015 the trustees commissioned a quinquennial property revaluation exercise. The Commercial Properties were valued by Guise Jones Sawyer and the agricultural properties by ARC Surveyors. The "Functional Properties", occupied by the Charity and others with similar objects, were also re-valued based on vacant possession.

17. PROPERTY INSURANCES

In 2010 the trustees commissioned a complete revaluation of property insurance including accurate rebuilding costs and loss of rent calculations. The insurers are still Ecclesiastical Insurance Office Plc, arranged through Hazleton Mountford Ltd

18. RESERVES POLICY AND FINANCIAL RISK ASSESSMENTS

In 2010 the trustees reconsidered their reserves policies and decided to set aside reserves on an "ad hoc" basis when required e.g. for a capital programme. Usually the income received provides sufficient reserves from revenue each year to warrant not establishing a general reserve fund for routine repairs etc. Each year a contingency sum of approximately 10% is set aside by the Charity in its annual budget for unforeseen expenditure. The unspent contingency money is transferred to the reserves to purchase new investment properties to help the Charity keep pace with inflation.

"New Risks" form the first agenda item for all Board meetings. In 2016 the Trustees began publishing internally their "Financial Risk Register & Narrative" as part of their Business Plan.

The Charity's unrestricted reserves amounted to £3,526,921, of which £862,998 is regarded as free reserves, after allowing for £2,431,923 tied up in tangible fixed assets and £232,000 set aside as sinking funds for future repairs to properties. The free reserves have been built up to fund investment in affordable one bed flats for the single homeless in 2017/18. Restricted reserves amounted to £8,000, being contributions from the tenants of one of the social investment properties towards a sinking fund. The permanent endowment reserve amounted to £12,294,029, giving total reserves of £15,828,950.

19. STAFF REMUNERATION

The trustees review the pay of all paid staff and self employed staff at the January meeting of the Board each year and generally, subject to affordability, increase salaries of both groups by UK CPIH inflation.

20. SERIOUS INCIDENTS

The trustees confirm that in the Period ended 31st December 2016 there were no "serious incidents" to report.

21. THE CHARITIES' PROPERTY PORTFOLIO FOR THE PERIOD

	ADDRESS	PROPERTY	ACQUISITION	CHARITY	TENANT/OCCUPANT
1.**	2 St Swithin's St	Shop	1560	St Thomas's Day	Timpson Ltd
2.**	3 St Swithin's St	Shop	1560	St Thomas's Day	Miss Sarah Johnson
3.	15 St Swithin's St, Ground Floor	Shop + 1st floor room	1560	St Thomas's Day	M & M Meats (Nelmes Family)
3A.	15 St Swithin's St	2nd & 3rd Floors	1560	St Thomas's Day	CAB/whabac 4 HMO tenants
4.	1 The Cross	Bank	1618	Inglethorpe's	National Westminster
5.	16 St Swithin's St, Ground Floor	Shop	1618	Inglethorpe's	Headway
6.	17 St Swithin's St, Ground Floor	Shop	1618	Inglethorpe's	SCOPE
6A.	16/17 St Swithin's St, Upper Floors	6 Flats	1618	Inglethorpe's	CAB/WHABAC 6 tenants
7.	Nash's & Wyatt's Court	25 Almshouse Flats	1661	Nash's	25 Residents
8.	25 Nash's & Wyatt's Court	1 Flat	1661	Nash's	Caretaker's Flat
9.	13 Nash's & Wyatt's Court	Community Room	1661	Nash's	Residents
10.*	Berkeley's Court	7 Almshouse Flats	1705	Berkeley's	7 Residents
11.*	Kateryn Heywood House	Charities' Offices	1705	Berkeley's	WMC & Laslett's Charities
12.*	Berkeley's Chapel	Community Room	1705	Berkeley's	Residents & charities
13.*	The Gatehouse, Berkeley's	Caretaker's House	1705	Berkeley's	Caretakers House
14.*	The Cellar, Berkeley's	Electricity sub-station	1705	Berkeley's	Western Power Distribution
15/16.	2 Hawthorn Cottages & Hopfield	Cottage & Hopfield	1878	Inglethorpe's etc	Mr James
17.	22 The Cross, Ground 1st, 2nd & 3rd	Shop & Flat	1990	WMEF	Mr Spyros Tsangarakis
18.**	3 - 4 Shaw St	Offices & Car Park	1994	WCMC/WMEF	The Home Office
19.#	6A Checkett's Lane Ind. Est.	Offices & Day Centre	1996	WCMC	ASHA
20.#	6B Checkett's Lane Ind. Est.	Furniture Store	1996	WCMC	Armchair
21.	Castle House, Castle St	Offices & Car Park	1997	WCMC	Swanswell Charitable Trust
22.	20 Church St, Evesham	Charity Offices	1997	WCMC	Evesham & District Mental Health
25.**	23A St Owen St. Hereford	Offices/Residential	1997	WCMC	Void. For Sale. Under offer
26.	48 Gaol St. Hereford	Residential	1997	WCMC	Void. Sold S.T.C.
27.	Goodrich House, Sansome Place	Offices & Car Park	1997	WCMC	Void. Being converted to 10 flats
28.#	1 & 2 Inglethorpe Court	Offices	2000	WCMC	CAB/WHABAC offices and Law School
32.	Crown Lane Wychbold 1	Warehouse Offices & Carpark	2000	WCMC	Worcestershire CC
33.	Crown Lane Wychbold 2 & 3	Wheelchair Clinic & W'shops	2002	WCMC	Worcs. Health & Care NHS Trust
37.**	8 Sansome Place	Clothing Store	2002	WCMC	Maggs Clothing Project
40.**	Old Glove Factory (13 Lowesmoor)	Charity Shop	2006	WCMC	Headway Worcester Trust
41.**	Old Glove Factory (13 A & B & 15)	Offices	2006	WCMC	CAB/WHABAC & others
43.**AM #	St Albans, Deansway	Day centre for the homeless	2009	WCMC	Maggs Day Centre
44.**#	Tudor House, Friar St.	Heritage Centre /Museum	2008	WMEF	WHAT
45.**#	7 Copenhagen Street	Maggs Day Centre offices	2012	WCMC	Maggs Day Centre
46.#	Medway Road Community Centre	Offices, Youth Club, Hall	2012	WMEF	Worcester Action for Youth who licence
47.	40/41 New Street	Pizza Take-Away	2013	WCMC	Pan Pizza - Iqbal & Ali - Sold S.T.C.
48.**	9 Sansome Place	6 one bed studio flats	2013	WCMC	CAB/WHABAC 6 tenants
49.	Land at Welland	45.1 acres arable land	1702	Shewringes & Gouldings	Mr Bullock - Life-Time tenancy
50.	Land at Bricklehampton	Smallholdings, 33 acres	1974	Shewringes & Gouldings	Sold S.T.C.
51.**#	21 The Cross	3 one bed flats	2014	WCMC	Void being converted
52.**	19 Foregate Street	Shop	2015	WCMC	Void being refurbished/converted
52A**	19 Foregate Street	6 Flats	2015	WCMC	Void being converted
53	59 The Tything	2 Flats	2016	WMC	Void being refurbished/converted
54	60 The Tything	Charity Shop & Offices	2016	WMC	Void being refurbished

* Grade 1 Listed **Grade 2 Listed AM = Ancient Monument # Leasehold - Properties are freehold except 19, 20, 28, 43, 44, 45, 46 & 51

22. CONCLUSION AND COMMENT

- a) **The ancient trusts** now managed as Worcester Municipal Charities (CIO) were largely founded between 1559 and 1899, and originally came into being to provide almshouses, pensions, financial help for the poor, and education for the poor.
- b) **In the 20th Century**, after the creation of the Welfare State in the late 1940s, the work of charities was realigned to fill some of the gaps left. Charities were free to concentrate on innovation - new work that, if successful, would probably eventually be taken over by the State, whose welfare provision was increasing year by year. Charities looked for the small "gaps" left by the Welfare State and filled them.
- c) **Housing Benefit, State Pensions and Income Support** brought by far the biggest change in the administration of Almshouse Charities as they meant that the money originally endowed for the provision of rent free housing and pensions for residents has become available for other purposes e.g. grant making and social investment.
- d) **In the 21st Century** the State began rolling back its traditional boundaries of support for citizens and spending less each year on welfare. Work, originally taken off charities, is now being handed back by the Health and Social services in the wholly unrealistic expectation that it can all be done by volunteers, without any need for paid staff to recruit, DBS check, train, organise and support them. This strategy seems doomed to fail, leading to the collapse of charities that were created during better financial periods.
- e) **In 2013 the Government Social Fund** which provided help to poor people in an emergency was all but wound up and replaced in Worcester by the DWAS (Discretionary Welfare Assistance Scheme). The Charity agreed to act as agents for the Scheme and in the Period bought white goods to the value of £74,639.00, greatly reducing the number of grants requested from the Charity. It seems the DWAS money may run out in 2017/18 and the trustees are considering how best to respond to what appears to be a possible crisis for Worcester's poor.
- f) **In 2015** Home-Start lost its County Council funding and was forced to dramatically down-size, relocate and rely on its reserves to survive.
- g) **In 2016** Worcestershire Lifestyles was forced to close due to reduced County Council funding.
- h) **The Country** seems to be on a retrograde journey, back to the old Victorian welfare values of "help yourself or go without". The pace of this process has been accelerated by the recession, and the Government imposed reductions in grant aid to charities.
- i) **On paper this principle** of "self help and find a job" may be a laudable objective, but there will remain a rump of poor, often socially excluded, sometimes mentally impaired, perhaps addicted drug users, or alcohol abusers - people whose problem actually is an inability to help themselves no matter how hard they try, or who cannot try, because it is that inability that is their weakness.
- j) **This Charity**, and many others, will continue to do their best to help, but poverty and homelessness are very much on the increase and way beyond the resources of charities on their own.
- k) **As well as offering help to individuals in need**, the Charity is also empowered to help organisations that provide help to them.

Page 14 sets out the "Facility Gifts in Kind" to a number of charities valued at £37,727 for the Period.

Page 12 provides details of the grants made to organisations for the Period worth £94,772.

23. PRINCIPAL ADVISERS TO THE CHARITY

BANKERS

Unity Trust Bank Plc

Nine Brindley Place

Birmingham B1 2HB

Tel: 0121 631 2743

ARCHITECT/SURVEYOR

Peter Sweetland, B.A. Arch. (Hons), Dip Arch, R.I.B.A.

Lett and Sweetland, Architects

58 London Road

Worcester WR5 2DS

Tel: 01905 353768

COMMERCIAL VALUER

Philip Jones, M.R.I.C.S.

GJSDillon, Chartered Surveyors

9 Edgar Street

Worcester WR1 2LR

Tel: 01905 28684

BUSINESS MANAGER Adrian Robinson, M.R.I.C.S.

ARC Surveyors Ltd.

Chartered Surveyors & Land Agents

The Estate Office

Madresfield

Malvern WR13 5AH

Tel: 01684 588400

AUDITORS

Sally Bishop F.C.A.

Bishop's Accountancy Ltd.

Chartered Accountants

Hallow Park Offices, Hallow

Worcester. WR2 6PG

Tel: 01905 642722

TRUSTEES' APPROVAL

The foregoing Report of the Trustees, pages 1 – 20, was approved by the Board of Trustees on 31 May 2017, together with the audited Accounts pages 21 - 38 and was signed on behalf of the Trustees by:

PAUL GRIFFITH M.B.E. (Chairman)

MARTYN SAUNDERS (Vice-Chairman)

24. Audited Accounts - Worcester Municipal Charities (CIO)

Worcester Municipal Charities (CIO) Statement of Trustees' Responsibilities

The trustees are responsible for preparing the Trustees' Annual 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 trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any 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 operation.

The trustees are responsible for keeping proper 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 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 trustees are 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.

On behalf of the Board of Trustees

Paul Griffith MBE
Chairman

Kateryn Heywood House
Berkeley Court
The Foregate
Worcester

31 May 2017

Worcester Municipal Charities (CIO)

Independent auditor's report to the trustees of Worcester Municipal Charities (CIO)

We have audited the financial statements of Worcester Municipal Charities (CIO) for the period ended 31 December 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the charity's trustees, as a body, in accordance with section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

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

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2016 and of its incoming resources and application of resources for the period 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.

Matters on which we are required to report by exception

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

- the information given in the Trustees' Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Bishop's Accountancy Limited
Accountants and Statutory Auditors

Hallow Park Offices
Hallow
Worcester
WR2 6PG

Bishop's Accountancy Limited is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Worcester Municipal Charities (CIO)
Statement of Financial Activities
for the period from 1 July 2016 to 31 December 2016

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2016 (6 months) £
Income from:					
Donations and legacies	3	3,313,672	7,500	12,273,106	15,594,278
Investments					
Rental income	4	337,574	-	-	337,574
UK bank interest		3,556	-	-	3,556
UK investment income		5,663	-	-	5,663
Charitable activities	5	156,066	75,139	-	231,205
Other income					
Profit on disposal of social investment property		50,306	-	-	50,306
Total income		<u>3,866,837</u>	<u>82,639</u>	<u>12,273,106</u>	<u>16,222,582</u>
Expenditure on:					
Raising funds					
Investment management costs	6	47,982	-	-	47,982
Charitable activities					
Grant making	7	167,411	74,639	-	242,050
Sheltered housing	7	89,256	-	-	89,256
Social housing	7	13,164	-	-	13,164
Social investment properties	7	22,103	-	-	22,103
Total expenditure		<u>339,916</u>	<u>74,639</u>	<u>-</u>	<u>414,555</u>
Net gains/(losses) on investments		-	-	20,923	20,923
Net income/(expenditure)		<u>3,526,921</u>	<u>8,000</u>	<u>12,294,029</u>	<u>15,828,950</u>
Transfers between funds	18	-	-	-	-
Net movement in funds		<u>3,526,921</u>	<u>8,000</u>	<u>12,294,029</u>	<u>15,828,950</u>
Reconciliation of funds					
Total funds brought forward		-	-	-	-
Total funds carried forward	18	<u>3,526,921</u>	<u>8,000</u>	<u>12,294,029</u>	<u>15,828,950</u>

All income and expenditure derive from continuing activities.

The Statement of Financial Activities includes all gains and losses recognised during the period.

**Worcester Municipal Charities (CIO), Worcester Consolidated Municipal Charity and Worcester Municipal Exhibitions Foundation
Combined Statement of Financial Activities
for the year ended 31 December 2016**

Notes	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total 2016 £	Total 2015 £
Income from:					
Donations and legacies	639	-	-	639	-
Investments					
Rental income	675,353	-	-	675,353	681,615
UK bank interest	8,183	-	-	8,183	9,418
UK investment income	10,940	-	-	10,940	11,530
Charitable activities	302,893	139,791	-	442,684	431,871
Other income					
Profit on disposal of social investment properties	96,952	-	-	96,952	-
Total income	<u>1,094,960</u>	<u>139,791</u>	<u>-</u>	<u>1,234,751</u>	<u>1,134,434</u>
Expenditure on:					
Raising funds					
Investment management costs	65,551	-	-	65,551	44,151
Charitable activities					
Grant making	463,583	138,791	-	602,374	651,884
Sheltered housing	228,609	1,260	-	229,869	163,076
Social housing	27,398	-	-	27,398	129,147
Social investment properties	48,610	-	-	48,610	154,027
Other					
Loss on disposal of social investment property	-	-	-	-	50,000
Total expenditure	<u>833,751</u>	<u>140,051</u>	<u>-</u>	<u>973,802</u>	<u>1,192,285</u>
Net gains/(losses) on investments	200	-	25,064	25,264	(1,057,653)
Net income/(expenditure)	<u>261,409</u>	<u>(260)</u>	<u>25,064</u>	<u>286,213</u>	<u>(1,115,504)</u>
Transfers between funds	-	-	-	-	-
	261,409	(260)	25,064	286,213	(1,115,504)
Other recognised gains/losses					
Gains/(losses) on revaluation of fixed assets	-	-	-	-	307,709
Net movement in funds	<u>261,409</u>	<u>(260)</u>	<u>25,064</u>	<u>286,213</u>	<u>(807,795)</u>
Reconciliation of funds					
Total funds brought forward	3,265,512	8,260	12,268,965	15,542,737	16,350,532
Total funds carried forward	<u>3,526,921</u>	<u>8,000</u>	<u>12,294,029</u>	<u>15,828,950</u>	<u>15,542,737</u>

**Worcester Municipal Charities (CIO)
Balance Sheet
as at 31 December 2016**

	Notes	2016 £	<i>Predecessor charities 2015 £</i>
Fixed assets			
Tangible assets	13	4,276,903	4,068,820
Investments	14	9,684,117	10,022,457
		<u>13,961,020</u>	<u>14,091,277</u>
Current assets			
Debtors	15	171,472	280,148
Investments held as current assets	16	1,399,037	1,065,974
Cash at bank and in hand		534,460	292,578
		<u>2,104,969</u>	<u>1,638,700</u>
Creditors: amounts falling due within one year	17	(237,039)	(186,240)
Net current assets		<u>1,867,930</u>	<u>1,452,460</u>
Net assets		<u>15,828,950</u>	<u>15,543,737</u>
Charity Funds			
Endowment Funds		12,294,029	12,268,965
Restricted Funds		8,000	8,260
Unrestricted Funds:			
Designated		2,663,923	2,363,000
General		862,998	902,512
Total charity funds	18	<u>15,828,950</u>	<u>15,542,737</u>

Approved by the Trustees on 31 May 2017

Paul Griffith MBE
Trustee

Martyn Saunders
Trustee

Worcester Municipal Charities (CIO)
Statement of Cash Flows
for the period from 1 July 2016 to 31 December 2016

	Notes	2016 £
Net cash flow from operating activities	20	<u>15,477,888</u>
Payments to acquire tangible fixed assets		(4,278,297)
Payments to acquire investments		(10,578,498)
Receipts from sales of investments		195,611
Interest received		3,556
Dividends received		5,663
Rents received from investing properties		337,574
Net cash flow from investing activities		<u>(14,314,391)</u>
Net increase/(decrease) in cash and cash equivalents		1,163,497
Cash and cash equivalents at 1 July 2016		-
Cash and cash equivalents at 31 December 2016		<u>1,163,497</u>
Cash and cash equivalents consist of:		
Cash at bank and in hand		534,460
Short term deposits		629,037
Cash and cash equivalents at 31 December 2016		<u>1,163,497</u>

Worcester Municipal Charities (CIO)
Notes to the Financial Statements
for the period from 1 July 2016 to 31 December 2016

1 Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The charity constitutes a public benefit entity as defined by FRS 102.

Income recognition

Income is included in the Statement of Financial Activities (SoFA) when the charity is legally entitled to the income after any performance conditions have been met, the amount can be measured reliably and it is probable that the income will be received.

Expenditure recognition

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 included on an accruals basis, inclusive of any VAT which cannot be recovered, and has been classified under headings that aggregate all costs related to that category.

Grants payable are payments made to third parties in the furtherance of the charitable objects of the charity. Where unconditional grants are offered, this is accrued as soon as the recipient is notified of the grant, as this gives rise to a reasonable expectation that the recipient will receive the grants. Where grants are conditional relating to performance then the grant is only accrued when any unfulfilled conditions are outside of the control of the charity.

Allocation of support and governance costs

Support costs are those that assist the work of the charity but do not directly represent charitable activities, and include office costs, governance costs and administrative payroll costs incurred directly in support of expenditure on the objects of the charity. Where support costs cannot be directly attributed to particular headings they have been allocated to cost of raising funds and expenditure on charitable activities on a basis consistent with use of the resources, as set out in note 9.

Worcester Municipal Charities (CIO)
Notes to the Financial Statements
for the period from 1 July 2016 to 31 December 2016

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation less accumulated depreciation and accumulated impairment losses.

Land and buildings consist of the sheltered housing and flats let out to further the charity's purposes by providing a service to its beneficiaries, together with the charity's offices at Kateryn Heywood House. They are initially measured at cost, except for the sheltered housing, which is measured at its valuation in 1987 as the original cost is not known. It is the charity's policy to revalue the properties every five years, with revaluation gains and losses recognised in the SoFA in accordance with the SORP. The basis of valuation is for a continuing existing use or the open market value for investment purposes or disposal of sale whichever is appropriate.

The SORP requires that a provision be made for depreciation of tangible fixed assets having a finite useful life. However, the Trustees are of the opinion that the residual value at the end of the estimated useful life of the properties is not likely materially to differ from their cost or revalued amount. Therefore, any element of depreciation is considered to be immaterial.

Office equipment costing more than £500 is capitalised and valued at historic cost. Depreciation is charged from the year of acquisition on a straight-line basis over their estimated useful life of four or ten years.

Investment properties

Investment properties are held primarily to generate rental income and/or their capital appreciation. Social investment properties are held specifically to further the charity's charitable purpose by letting at nominal or subsidised rents to other charities with similar objects .

It is the charity's policy to revalue the properties every five years, with revaluation gains and losses recognised in the SoFA in accordance with the SORP. The basis of valuation is for a continuing existing use or the open market value for investment purposes or disposal of sale whichever is appropriate.

Other investments

Other investments represent equities and fixed interest securities, together with a holding of units in the COIF Charities Investment Fund. They are initially recognised at their transaction value and subsequently measured at their market value at the balance sheet date. Net gains and losses arising on revaluation and disposals throughout the year are recognised in 'net gains / (losses) on investments' in the SoFA.

Current asset investments

Current asset investments are short term highly liquid investments and are held at fair value. These include investment and social investment properties which the charity expects to realise within 12 months of the reporting date, together with cash on deposit and cash equivalents with a maturity of less than one year.

Worcester Municipal Charities (CIO)
Notes to the Financial Statements
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Funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes. Unrestricted funds include designated funds where the trustees, at their discretion, have created a fund for a specific purpose.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The aim and use of each restricted fund is set out in the notes to the financial statements.

Endowment funds represent those assets which must be held permanently by the charity, principally property. Income arising on the endowment funds can be used in accordance with the objects of the charity and is included as unrestricted income. Any capital gains or losses arising on the investments form part of the fund.

Pensions

The charity operates a defined contribution pension scheme. Contributions are charged to the Statement of Financial Activities as they become payable in accordance with the rules of the scheme.

2 Net income/(expenditure) for the period

	2016
	(6 months)
	£
This is stated after charging:	
Depreciation	1,394
Auditor's remuneration	4,800
	<u>4,800</u>

3 Donations and legacies

	2016
	(6 months)
	£
Donation from Worcester Consolidated Municipal Charity	14,505,878
Donation from Worcester Municipal Exhibitions Foundation	1,087,833
Sundry donations	567
	<u>15,594,278</u>

The donations from Worcester Consolidated Municipal Charity and Worcester Municipal Exhibitions Foundation include £12,273,106 permanent endowment.

Worcester Municipal Charities (CIO)
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4 Rental income	2016
	(6 months)
	£
Commercial and agricultural properties	332,192
Insurance	4,964
Wayleaves and acknowledgements	418
	<u>337,574</u>
5 Income from charitable activities	2016
	(6 months)
	£
Sheltered housing	110,578
Social housing	33,523
Grant from Worcester City Council	74,639
Other	12,465
	<u>231,205</u>
6 Investment management costs	2016
	(6 months)
	£
Repairs to investment properties	31,288
Investment management fees	238
Insurance	2,571
Support costs allocated	6,705
Governance costs allocated	7,180
	<u>47,982</u>

Worcester Municipal Charities (CIO)
Notes to the Financial Statements
for the period from 1 July 2016 to 31 December 2016

7 Expenditure on charitable activities

	2016
	(6 months)
	£
Grant making:	
Grants awarded (see note 7)	192,026
Support costs allocated	24,155
Governance costs allocated	25,869
	<u>242,050</u>
Sheltered housing:	
Wardens' salaries	21,058
Welfare costs	8,323
Repairs	23,646
Heat and power	10,032
Rates	4,315
Council tax	1,402
Insurance	2,010
Support costs allocated	8,919
Governance costs allocated	9,551
	<u>89,256</u>
Social housing:	
Management costs	5,029
Repairs and other costs	4,238
Insurance	1,232
Support costs allocated	1,287
Governance costs allocated	1,378
	<u>13,164</u>
Social investment properties:	
Utilities re 8 Sansome Place	87
Repairs to 13/15 Lowesmoor	1,669
Unreimbursed costs re 13/15 Lowesmoor	7,270
Rent re 7 Copenhagen Street	2,988
Utilities re 7 Copenhagen Street	382
Utilities re Medway Road	276
Professional fees	738
Insurance	3,988
Support costs allocated	2,272
Governance costs allocated	2,433
	<u>22,103</u>
	<u>366,573</u>

Worcester Municipal Charities (CIO)
Notes to the Financial Statements
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8 Grants payable

	2016
	(6 months)
	£
Grants determined by Constitution	
Palmer's Educational Foundation	<u>328</u>
Institutional grants towards revenue funding	
Tudor House Museum	41,935
Maggs Day Centre	26,807
Dancefest	10,030
Headway Worcester Trust	8,500
Worcester Community Trust	6,000
Worcester Action for Youth	1,500
	<u>94,772</u>
One-off grants to individuals	
Grants over £1,000	1,000
Grants under £1,000	
- direct by charity	21,287
- through DWAS scheme	74,639
	<u>96,926</u>
Total grants awarded in the year	192,026
Less grants awarded in previous years no longer required	<u>-</u>
Total	<u>192,026</u>

Worcester Municipal Charities (CIO)
Notes to the Financial Statements
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9 Allocation of support and governance costs

	Basis of <u>apportionment</u>	2016 (6 months) £
Office salaries	Staff time	26,929
Office running costs	Staff time	9,949
Finance manager	Time spent	9,432
Depreciation	Staff time	1,394
Professional fees	Governance	6,300
Clerk/business manager	Governance	6,878
Accountancy	Governance	2,593
VAT consultancy	Governance	1,075
CIO formation costs	Governance	19,439
Auditor's remuneration	Governance	5,760
		<u>89,749</u>

Allocation by activity:	Support costs	Governance costs
Raising funds	6,705	7,180
Grant making	24,155	25,869
Sheltered housing	8,919	9,551
Flats	1,287	1,378
Social investment properties	2,272	2,433
	<u>43,338</u>	<u>46,411</u>

10 Staff costs and remuneration of key management personnel

	2016 (6 months) £
Wages and salaries	46,111
Social security costs	2,594
Other pension costs	1,824
	<u>50,529</u>

The charity employs two wardens at the sheltered housing for the benefit of the residents and the upkeep of the properties. It also employs three administration officers and a cleaner for the offices. No employees had emoluments in excess of £60,000.

The charity considers its key management personnel comprise the trustees, the Business Manager, the Accounts Manager and the Senior Administrative Officer. The total remuneration of the key management personnel in the period was £29,896.

11 Trustees' remuneration and expenses

Trustees are not remunerated and there has been no reimbursement of expenses in the period.

Worcester Municipal Charities (CIO)
Notes to the Financial Statements
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12 Auditor's remuneration

The auditor's remuneration amounts to an audit fee of £4,800 and additional accountancy work of £1,420.

13 Tangible fixed assets

	Freehold land and buildings £	Leasehold land and buildings £	Office equipment £	Total £
Cost/valuation				
Additions	3,982,733	287,534	8,030	4,278,297
At 31 December 2016	<u>3,982,733</u>	<u>287,534</u>	<u>8,030</u>	<u>4,278,297</u>
Depreciation				
Charge for the period	-	-	1,394	1,394
At 31 December 2016	<u>-</u>	<u>-</u>	<u>1,394</u>	<u>1,394</u>
Net book value				
At 31 December 2016	<u>3,982,733</u>	<u>287,534</u>	<u>6,636</u>	<u>4,276,903</u>

Additions includes £4,087,864 of properties and £6,010 of office equipment donated by Worcester Consolidated Municipal Charity and Worcester Municipal Exhibitions Foundation.

14 Fixed asset investments

	Investment properties £	Social investment properties £	Other investments £	Total £
Cost or valuation				
At 1 July 2016	-	-	-	-
Additions	8,515,000	1,761,656	301,842	10,578,498
Revaluation	-	-	20,770	20,770
Disposals	-	(140,000)	(5,151)	(145,151)
Reclassify as current asset investments	(770,000)	-	-	(770,000)
At 31 December 2016	<u>7,745,000</u>	<u>1,621,656</u>	<u>317,461</u>	<u>9,684,117</u>
Carrying amount				
At 31 December 2016	<u>7,745,000</u>	<u>1,621,656</u>	<u>317,461</u>	<u>9,684,117</u>

Additions includes £8,515,000 of investment properties, £1,445,000 of social investment properties and £296,392 of other investments donated by Worcester Consolidated Municipal Charity and Worcester Municipal Exhibitions Foundation.

Social investment properties are properties held to further the charitable purposes of the charity.

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15 Debtors	2016
	£
Rent due	39,220
Prepayments and accrued income	25,726
VAT repayable	32,348
Other debtors	74,178
	<u>171,472</u>
16 Investments held as current assets	2016
	£
Investment properties	770,000
Short term deposits	629,037
	<u>1,399,037</u>
17 Creditors: amounts falling due within one year	2016
	£
Grants awarded but not yet paid	128,691
Sundry creditors	32,227
Accruals	28,809
Deferred income	47,312
	<u>237,039</u>

Deferred income comprises rents received in advance of the period to which they relate.

**Worcester Municipal Charities (CIO)
Notes to the Financial Statements
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18 Statement of funds

	At 1 July 2016 £	Income £	Expenditure £	Transfers £	Transfers £	Investment gains/ (losses) £	At 31 December 2016 £
General Fund	-	3,866,837	(339,916)	(2,431,923)	(232,000)	-	862,998
Designated Funds							
Properties	-	-	-	2,431,923	-	-	2,431,923
Social Investment Sinking Fund	-	-	-	-	32,000	-	32,000
Investment Properties Sinking Fund	-	-	-	-	200,000	-	200,000
Total Unrestricted Funds	-	3,866,837	(339,916)	-	-	-	3,526,921
Social Investment Sinking Fund DWAS scheme	-	8,000 74,639	- (74,639)	-	-	-	8,000 -
Total Restricted Funds	-	82,639	(74,639)	-	-	-	8,000
Permanent endowment fund	-	12,273,106	-	-	-	20,923	12,294,029
Total Endowment Funds	-	12,273,106	-	-	-	20,923	12,294,029
Total Funds	-	16,222,582	(414,555)	-	-	20,923	15,828,950

Worcester Municipal Charities (CIO)
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Designated Funds

Properties comprise freehold and leasehold properties and social investment properties acquired out of unrestricted funds for the purpose of furthering the charity's objects by letting at nominal or subsidised rents to other charities with similar objects, or to provide affordable accommodation for people in need.

The trustees decided to set aside monies from General Funds to build up a sinking fund for repairs to a social investment property and to an investment property.

Restricted Funds

Under the terms of its lease, the tenants of one of the social investment properties is required to contribute £500 to a sinking fund. A further £7,500 was transferred from Worcester Municipal Exhibitions Foundation, the previous owner of the property, as part of its donation to the charity.

The charity received a grant of £74,639 from Worcester City Council to provide white goods to vulnerable households in the City through the Discretionary Welfare Assistance Scheme.

Endowment Funds

These are capital funds held by the charity, managed by the trustees, in order to earn income from which the objectives of the charity can be funded.

19 Analysis of net assets between funds

	Endowment funds £	Restricted funds £	Designated funds £	General funds £	Total £
Tangible fixed assets	3,460,000	-	810,267	6,636	4,276,903
Investment properties	7,745,000	-	-	-	7,745,000
Social investments	-	-	1,621,656	-	1,621,656
Other investments	317,461	-	-	-	317,461
Current assets	771,568	17,949	232,000	1,083,452	2,104,969
Current liabilities	-	(9,949)	-	(227,090)	(237,039)
Total net assets	<u>12,294,029</u>	<u>8,000</u>	<u>2,663,923</u>	<u>862,998</u>	<u>15,828,950</u>

20 Reconciliation of net income/(expenditure) to net cash flows from operating activities

	2016 (6 months) £
Net income/(expenditure) for the period	15,828,950
Dividends received	(5,663)
Rents received from investment properties	(337,574)
Interest receivable	(3,556)
Depreciation and impairment of tangible fixed assets	1,394
(Gains)/losses on investments	(20,923)
Revaluation (gains)/losses on tangible fixed assets	-
(Profit)/loss on disposal of social investment property	(50,306)
(Increase)/decrease on debtors	(171,473)
Increase/(decrease) in creditors	237,039
Net cash flow from operating activities	<u>15,477,888</u>

**Worcester Municipal Charities (CIO)
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21 Transactions with related parties

On 30 June 2016 the assets and liabilities of Worcester Consolidated Municipal Charity (total £14,505,878) and Worcester Municipal Exhibitions Foundation (total £1,087,833) were transferred to the charity. The trustees of the charity on that date were also the trustees of Worcester Consolidated Municipal Charity and Worcester Municipal Exhibitions Foundation, namely Paul Griffith, Margaret Jones, Roger Berry, Paul Denham, Alan Feeney, Graham Hughes, Susan Humes, Mel Kirk, Roger Knight, Cliff Lord, Stan Markwell, Sue Osborne, Margaret Panter, Robert Peachey, Ron Rust, Martyn Saunders, Brenda Sheridan, Tony Whitcher and Geoff Williams.

The charity provided rent-free offices with an estimated rental value of £14,409 to CAB/WHABAC and was also charged £5,028 in management fees for managing the charity's social housing. Paul Griffith, Graham Hughes, Martyn Saunders and Geraint Thomas are trustees of this charity and of CAB/WHABAC.

The charity provided rent-free offices, a day centre and clothing store with an estimated rental value of £13,546 and also made a grant of £26,807 to Maggs Day Centre. Sue Osborne is a trustee of this charity and of Maggs Day Centre.

The charity provided a subsidised warehouse and offices to Armchair for which a reduced premium of £55,000 was paid by the predecessor charity for a 50 year lease in 1996. Paul Griffith, Margaret Jones, Mel Kirk, Sue Osborne, Martyn Saunders and Richard Boorn are trustees of this charity and of Armchair.

The charity provided rent-free offices with an estimated rental value of £3,276 and also made a grant of £1,500 to Worcester Action for Youth. Robert Peachey is a trustee of this charity and of Worcester Action for Youth.

The charity provided a rent-free Heritage Museum with an estimated rental value of £3,500 and also made a grant of £41,935 to the Worcester Heritage and Amenity Trust. Margaret Panter is a trustee of this charity and of the Worcester Heritage and Amenity Trust.

The charity provided rent-free offices with an estimated rental value of £877 to ASHA Women's Centre. Susan Humes is a trustee of this charity and of ASHA Women's Centre.

The charity made a grant of £328 to the John Palmer Education Foundation. Paul Griffith and Margaret Jones are trustees of this charity and of the John Palmer Education Foundation.



The Old Glove Factory - Grade II listed building - built 1691

Now occupied by Worcester CAB/WHABAC, Headway & 6 Towns Credit Union

Provided rent free by the Charity



Maggs Day Centre for the Homeless
St Alban's Chapel
Grade 2 Listed Building & Ancient Monument
provided rent free by the Charity

Tudor House Museum
Grade 2 Listed Building
Let to Worcester Heritage &
Amenity Trust Ltd on a
Peppercorn rent

