



ST JOHN'S
FOUNDATION EST. 1174

2019

**ANNUAL
REPORT**

AND

**CONSOLIDATED
FINANCIAL STATEMENTS
FOR YEAR ENDED
31 DECEMBER 2019**

**REGISTERED CHARITY 201476
PATRON: HRH THE DUCHESS OF CORNWALL**

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TRUSTEES' ANNUAL REPORT

The Trustees present their annual report and consolidated financial statements for the year ended 31 December 2019, giving the consolidated results of St John's Foundation Est. 1174 ('St John's') and its subsidiary, St John's Hospital Trading Company Ltd. The report is prepared in line with the Charities Act 2011 and SORP (FRS 102).

St John's Foundation is one of the UK's oldest charities. Founded in 1174 by the fourth Bishop of Bath, the Charity remains true to its original aims, centred on supporting those in need in the local community: the objects of the Charity being the provision of almshouse accommodation and the relief of those who are in need by reason or age, ill-health, disability, financial hardship or other disadvantage within Bath and the surrounding area.

The environment in which St John's Foundation operates is a challenging one. At first glance, Bath is a beautiful city, but its wealthy veneer masks a city and surrounding area with its own share of people suffering from the impact of poverty and the less desirable aspects of modern life. Wealth and deprivation sit side by side and, as social needs have changed, St John's Foundation has adapted and extended its charitable reach to meet these needs.

Our purpose is to change lives. For good.

The Trustees have given due consideration to the Charity Commission's published guidance on the Public Benefit requirement under the Charities Act 2011. The main activities undertaken to further the Charity's purpose for the public benefit are set out on the following pages.



OUR PERFORMANCE

Our day-to-day activities include:

- maintaining our **almshouse apartments** and gardens;
- providing **support and care** to our almshouse residents;
- running an extensive **community outreach** service for older people in the wider Bath and North East Somerset community;
- providing **financial and practical support** to local organisations and individuals experiencing crisis.

Almshouse Provision

We help older people to live independently and over 95% of our almshouse apartments were occupied every month during 2019. We also provided care and support to 32% of our residents, which exceeded our target of 25% and was higher than the level we delivered in 2018.

Community Outreach Programme

Our community outreach service was established in 2015 to target isolation and loneliness among the older population and in 2019, 770 individuals engaged with the service. Our flagship activity hub in Bath city centre was so successful that we have now rolled the model out to other hubs across the county.



OUR PERFORMANCE

Funding Support Programme

We tasked the organisation to ensure our charitable giving aligned and delivered against our aims to make our money count, extend our reach, be people powered and achieve total impact.

The total value of funding awards granted to organisations and individual has increased from £446,000 in 2013 to £2.2million in 2019.

The Funding Support Programme comprises both organisation and individual crisis support, with the focus on supporting those beneficiaries deemed as most in need. With a robust application procedure in place, the team was able to identify and award support to 80 charities directly impacting over 70,000 beneficiaries, which enabled St John's to extend its reach considerably over a twelve month period to those in need.

These 80 organisations were not only supported financially, but were also provided expert support and guidance to equip them with the tools they needed to develop, thus realising our people powered object to enable our charities to become more sustainable and self-sufficient.

The Individual Funding Programme worked with 68 referral partners and had a direct impact on over 1500 individuals and families, who had experienced crisis. The programme saw a 50% increase in applications from beneficiaries seeking our support in relation to debt issues. Bath and North East Somerset has particularly high living costs which are characterised by house prices on average being 14 times higher than earnings. Many residents of Bath and North East Somerset are deemed as being 'working poor', who are frequently unable to meet their monthly living costs, despite being in employment.



OUR VISION

Changing lives. For good.

While we currently support a wide variety of charitable organisations through our Funding Support Programme, we recognise that we need to be smarter in the way we offer support. To this end, we are in the process of repositioning our approach to be less responsive to multiple requests and more strategic. Accordingly, our funding structure is changing to focus on the most significant areas of social need in our region.

The boldest and most ambitious of these will be our newly-established **Foundation Fund**. We aim to deliver this over a ten-year period to ensure that disadvantaged or vulnerable children have access to the same opportunities as other children to lead successful and fulfilling lives.

Through the implementation of the Foundation Fund, we will ensure every child from birth to twelve years old is supported to grow into a healthy, happy and educated member of our community. **This is our vision.**



OUR OBJECTIVES

Over the next ten years we will manage our investments so that we can:

Services for older people

Continue to enable older people to live independently through the provision of almshouses and community outreach services.



The Foundation Fund

Continue to provide funding for individuals in crisis; and
Focus on building communities where every child under 12 is supported to grow into a healthy, happy and educated member of the community. We will lead change in our communities so that every child has:

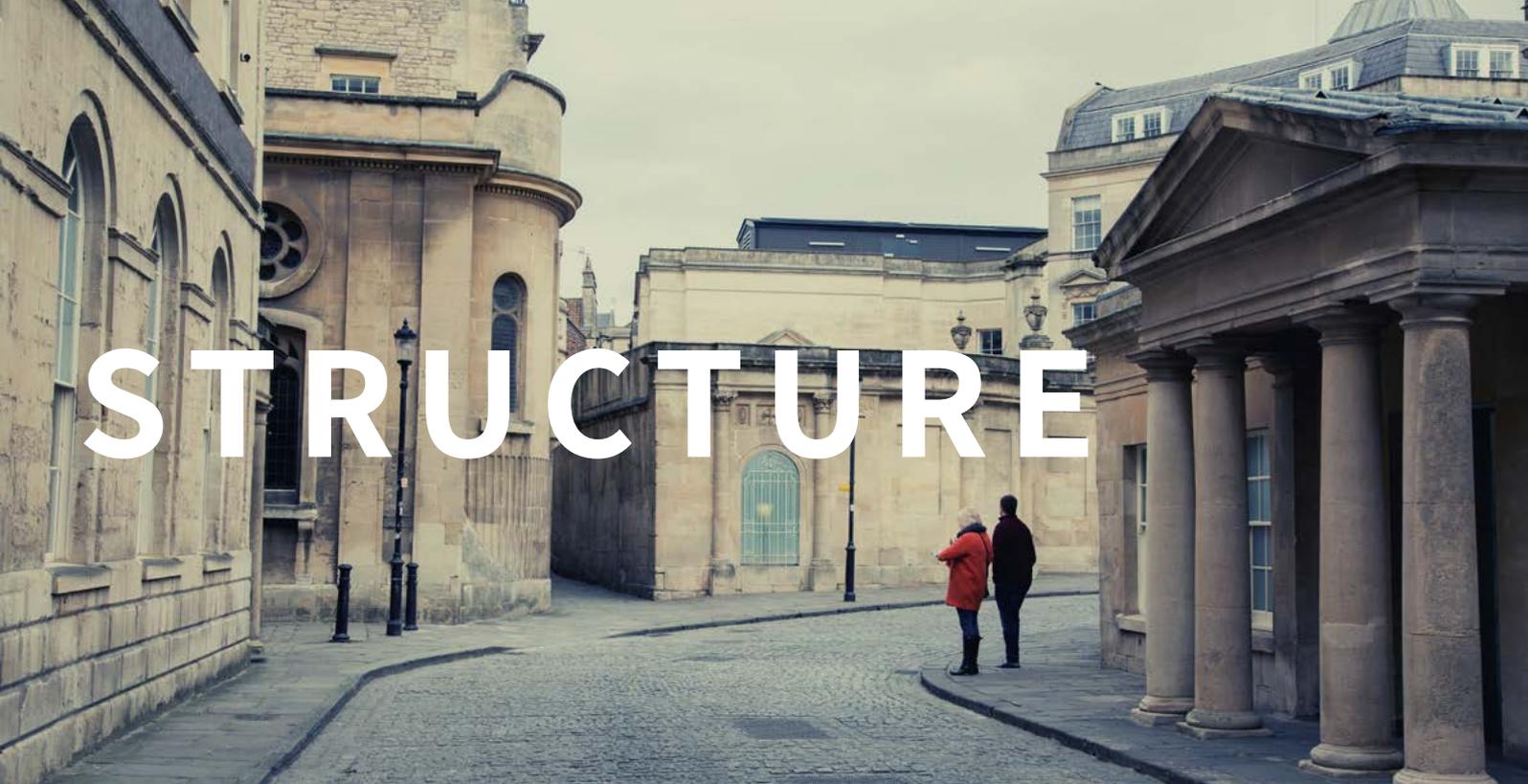
- Nutritious food every day
- A safe place outside school hours
- Professional support for behavioural and emotional needs
- Extra help with foundational reading, writing, oracy and mathematics.



We will....

- Expand our expertise in the provision of organisational funding so we are more directive about the activities we will fund, thereby becoming the driver of major social change, acting as a focal point for diverse organisations to collaborate in support of childhood development.
- Use our influence to help those who are most vulnerable. We will achieve this by collaborating with trusted partners and organisations to provide essential support in building stable communities. Our focus will be on a neglected younger sector, increasing their opportunities to live successful, fulfilling lives.

Changing Lives. For Good.



STRUCTURE

St John's Hospital
Trustee Limited

COMPANY

Board of Directors
(‘the Trustees’)

St John’s Foundation Est. 1174 (the Charity) is controlled by a trustee company, St John’s Hospital Trustee Limited (registration 08188066). The trustee company has a board of unpaid directors, who are effectively the trustees of the Charity.

St John's Foundation
Est. 1174

CHARITY

The Charity is an unincorporated charity registered in England and Wales (reference 201476). It is governed by a Charity Commission Scheme dated 25 September 2012 and amended on 8 February 2017.

St John's Hospital
Trading Company
Limited

TRADING COMPANY

St John’s Hospital Trading Company Limited (registration 08632453) is the trading arm of the Charity and is a wholly owned subsidiary.



GOVERNANCE

The Charity Governance Code

The Code (published in 2017) sets out seven principles of good governance, including:



The Charity is using the Code to support continuous improvement by undertaking a staged review of governance in 2020. The Trustees recognise that effective governance is essential in enabling the Charity to meet its aims and all Trustees have signed a Code of Conduct based upon the Charity Governance Code. Our current governance arrangements are set out in the report.



COURAGE
KINDNESS
TRUST

How our values support effective governance

We embrace our organisational values of **Courage, Kindness and Trust** and apply these values to everything we do and in how we work with one another.

The breadth of St John's work necessitates a diverse workforce and each one of our Trustees and employees helps to make our organisation an uplifting and cohesive place to work.

We actively encourage the sharing of ideas and promote continuing personal development.



GOVERNANCE STRUCTURE

The Board

In line with the Articles of Association of St John's Hospital Trustee Limited ("the Articles"), the Board of Trustees must comprise between 10 and 14 members. Trustees are each appointed for a term of five years and may be re-appointed to serve for up to 15 years.

These appointment terms were reviewed by the Board and a change to lower the length of appointments was agreed. It was resolved that all new trustees would be appointed for a term of 3 years and may be re-appointed to serve up to 9 years. The Articles of Association will be amended to reflect this change once transitional arrangements for existing trustees are in place.

Decision-making

The Board met six times during 2019 (four Board meetings and two away days) to determine strategy, approve financial plans and consider key policies. The Board has delegated authority for certain decisions to committees, which are made up of Trustees with relevant experience and/or qualifications. Professional advisers attend these committees when necessary to add their insight.

The structure and membership of the committees is under review to change in 2020 and this report sets out the committee structure in place in 2019.

COMMITTEES

Committee

Key responsibilities

Finance, Audit & Risk
(FAR)

Recommends financial information to Board for approval (including annual budgets and statutory accounts).

Regularly reviews reports of financial performance against budget and forecast.

Manages external and internal audits.

Governs risk management.

Strategy & Performance
(S&P)

Oversees the implementation of strategy.

Reviews KPIs and objectives for all operational and charitable activity.

Investment
(INV)

Develops the asset allocation strategy.

Oversees all investment portfolios.

Sets the investment policy.

Selects and oversees external investment managers.

Property
(PROP)

Develops and oversees the property strategy, including property development, acquisitions and disposals.

Works in alignment with parameters set by the Investment committee.

Remunerations
& Nominations
(REM)

Reviews and approves remuneration terms for the Executive team and annual pay awards for all employees.

Ensures that effective recruitment procedures are in place for both Trustees and the Executive team.



Committee membership, along with a list of professional advisors, is available in the “Legal and administrative information” and "Our Advisors" sections below.

The Trustees have delegated day-to-day management of the Charity to the Executive Team and the employees of St John’s.

Remuneration of the Executive Team

The Remuneration and Nominations committee is responsible for setting remuneration policies for the Executive team, based on individual contributions and the prevailing market. This includes the annual salary, contractual terms of employment and any severance arrangements.

For the Charity to meet its strategic goals, it must recruit and retain highly skilled employees. The salaries offered to the Executive team are competitive both locally and within the charitable sector. The Remuneration and Nominations committee, taking advice from the Chief Executive, determines the salaries of the rest of the Executive team. An over-riding factor in salary setting is always affordability in the context of the whole organisation’s budget.



Trustee recruitment and training

The Remuneration and Nominations committee determines the appointment procedures for new Trustees, including the terms and conditions of appointment. It then nominates candidates for approval by the Board.

Once appointed new Trustees are provided with training through an induction pack. This includes a Trustee handbook which is reviewed and updated regularly and shared with all Trustees. Further training may be offered where needs are identified and throughout the year the Charity aims to update Trustees using seminars and briefings. For example, in 2019 equality awareness training was provided and in 2018 a firm of solicitors provided a charity law update.



Fundraising

A note on fundraising



The Charity does not actively fund raise but sometimes generates funds from the public through events where the primary purpose is not fund-raising but awareness raising. We never use an external partner to raise funds. During 2019, the Charity received zero complaints with regards to fundraising practices (2018: zero). The Charity is compliant with The Charities (Protection and Social Investment) Act 2016.



Legal and Administrative Information

Registered office: 4/5 Chapel Court, Bath, BA1 1SQ
Telephone: 01225 486400
Email: info@stjohnsbath.org.uk
Website: www.stjohnsbath.org.uk
Charity reference: 201476
Trustee: St John's Hospital Trustee Limited (08188066)
Patron: HRH The Duchess of Cornwall

OUR DIRECTORS

Directors of St John's Hospital Trustee Limited ('The Trustees') & Committee Membership

	FAR	INV	PROP	S&P	REM	
Ben Fletcher (Chair)					●	from: 21 March 2019
Harriet Bosnell	○			○	○	
Moira Brennan	●				○	
Richard Brown		○	●			
Robert Chapman		○	○			to: 20 Dec 2019
Sarah Davies				●	○	
Peter Franklyn						to: 6 Nov 2019
Ian MacKenzie		●				
David Purdon	○			○		
Ken Scott			○	○		
David Smith						to: 20 June 2019
Nick Williams	○					
Ashley Ayre						from: 19 March 2020
Nicholas Hunt						from: 19 March 2020

● Committee Chair ○ Committee Member

Co-opted advisor to the investment committee: Jeffrey Hayes

Committee membership in 2019

During 2019, the committees met regularly. Joint committees were also set up on occasion to aid decision-making on specific projects.



OUR DIRECTORS

Directors of St John's Hospital Trading Company Ltd.

David Hobdey	Chief Executive of the Charity	
David Purdon	A Trustee of the Charity	
Ken Scott	A Trustee of the Charity	
David Smith	A Trustee of the Charity	to: 20 June 2019

Executive Team

David Hobdey	Chief Executive	
Louise Harvey	Director of Funding and Impact	
James Edmonds	Director of Property	to: 13 March 2020
Caroline Bee	Director of Finance	from: 30 Sept 2019
Margaret Playle	Interim Director of Finance	to: 31 August 2019

To find out more about the skills and experience of our team please visit www.stjohnsbath.org.uk/about/our-team



OUR ADVISORS

External Auditor:

Crowe U.K. LLP Carrick House, Lypiatt Road, Cheltenham, GL50 2QJ

Banker:

Handelsbanken 7 Henry St, Bath, BA1 1JR

Solicitor:

Thrings 2 Queen Square, Bath, BA1 2HQ

Investment Manager:

**Smith & Williamson Investment Management LLP Portwall Place ,
Portwall Lane, Bristol, BS1 6NA**

Chartered Surveyors:

Jones Lang LaSalle Ltd. 31 Great George St, Bristol, BS1 5QD

Martin Blake Associates Ltd. 8a Bartlett St, Bath, BA1 2QZ

Carter Jonas 5-6 Wood St, Bath, BA1 2JQ

Philip Jennings Suite 1, 25 The Tynning, Widcombe, Bath, BA2 6AL

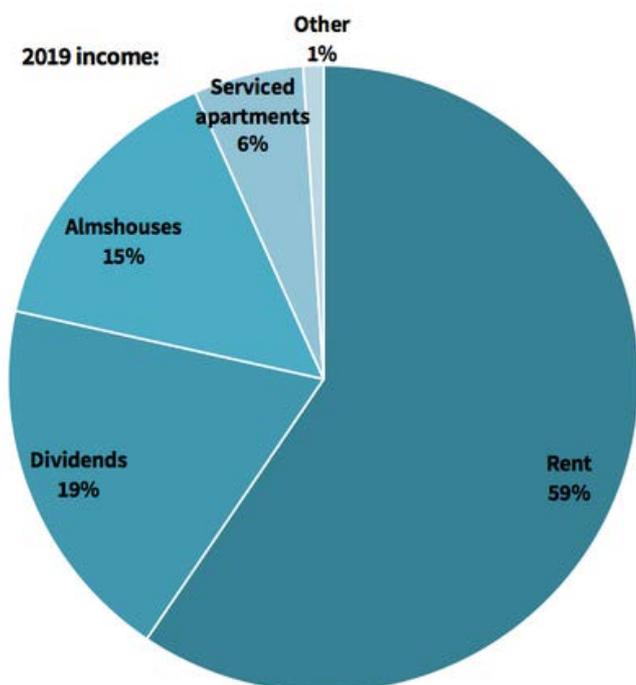
Savills Edgar Buildings, 17 George St, Bath, BA1 2EN

FINANCIAL REVIEW



Our income in 2019

The consolidated income for 2019 was £5.9m, which is £241k lower than the previous year (£6.1m).



Donations and legacies

There were no large donations in 2019, but there were a small number of large, one-off donations in 2018, including:

- A one off gift of assets valued at £128k from another Charity, the Roxburgh Annuity Fund.
- A contribution of £68k from the Joseph Matthews Trust, to support us in reducing isolation and loneliness among older people in Bath.



Investment income

Investment income in 2019 was £139k lower than in 2018. Over 80% of the reduction is due to lost rent from a commercial property which has been held vacant for strategic purposes.

Trading activities

Offsetting this, income from the serviced apartments run by the Trading Company has generated £350k of income in 2019, a £110k (or 46%) rise from 2018 (£240k). This is due to the serviced apartments operating for the full financial year for the first time, but also reflects the business becoming more established.

Almshouse income

Income from residential support and care income (in our almshouses) remained in line with the previous year, increasing by just £15k in 2019 from 2018.

Expenditure

Total expenditure in both 2018 and 2019 was £6.5m. The cost of managing our investments has fallen by £266k to £1.2m (2018: £1.5m). This was driven by one-off spending in 2018 on our strategic projects, including the renovation of two former almshouse sites (Chandos House, St Catherine's Hospital) and the development of a new commercial co-working facility at 1 Queen Square.



Offsetting this, we increased the level of funding awarded to local organisations and individuals by £239k to £2.204m (2018: £1.965m).

Volunteers

The Charity is able to support many people in Bath and North East Somerset with the valued help of its volunteers who work with our outreach services and provide administrative support. While the financial benefit of volunteers is relatively small (so cannot be shown in these statements), their impact is great and we are incredibly grateful for their time and effort in the year.

Surplus / (deficit)

Overall, the operating deficit for 2019 was £574k (2018: £385k). This was smaller than the deficit planned for the year, as the Trustees actively aim to reduce the level of unapplied total return. More detail on our reserves policy follows.

Valuation losses, particularly on investment property, have created a net movement in funds of £5.4m (2018: £1.7m). However, the Charity has still met its targeted total return, which is measured over a rolling-five year period.

TOTAL RETURN

The Charity adopted a Total Return method of accounting from 1 January 2013. On this date the initial value of the unapplied total return was £45.5m and the core capital endowment was valued at £35.0m. In arriving at these values, the Trustees used the indexed values of the permanent endowment at 1 January 1995 to represent the preserved value of the original gift.

From this date the Charity has set a target to achieve a 'total return' from its investments of RPI+4% on average each year. **'Total return' is the sum of valuation gains and income (e.g. dividends or rent).**

Calculating our RPI+4% target:

The Board recognises that market volatility could cause the value of its investments to fluctuate each year. However, given the Charity's overall financial strength, the longer-term view is more important. The target is therefore measured as an average over a rolling five-year period.

Investment management costs, like fees charged by our investment managers, are deducted within the calculation. This means that the whole RPI+4% return is available to support our charitable activities.

Why RPI +4%?

RPI (the Retail Prices Index) is a measure of inflation. By ensuring the investments grow in line with inflation, we are protecting the value of investments to support the needs of future generations. In 2019 the permanent endowment was increased by £895k for RPI (2018: £1.3m).

The Charity also relies on income from its investments to fund its charitable activities today. The 4% return in excess of inflation is used to support our existing beneficiaries. In 2019 £4.8m of unapplied total return was allocated to income (2018: £4.8m).

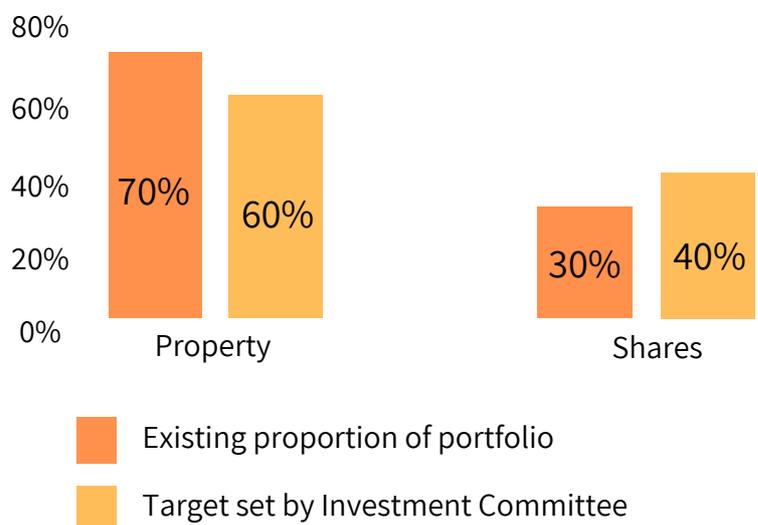
INVESTMENTS

give

At the year end, the Charity held £119.2m of investments (2018: £123.2m). Of this, £82.3m (69%) was property in Bath (2018: £90.4m / 73%). The Investment Committee has agreed a target strategic allocation of assets (i.e. mix of different types of investments), designed to create the highest return at an acceptable level of risk. Reports were commissioned from two independent investment managers in order to establish an appropriate target. The need to rebalance the investment portfolio (by buying and selling assets) is assessed at least annually.

Current allocation of assets

Other investments (including a social loan, and cash balances) have not been included, as these make up less than 0.5% of the total value.





INVESTMENT POLICY

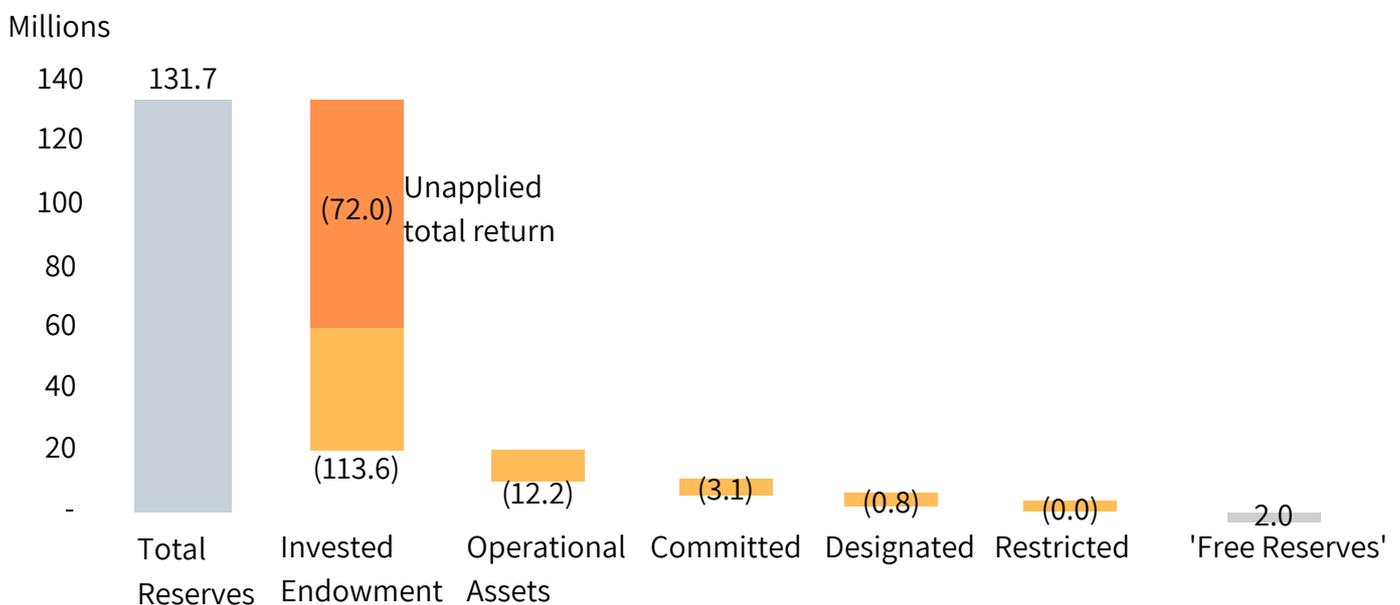
A few notes on our Investment Policy:

- There is no limit on investment in individual assets, but the Investment Committee actively monitors any asset which makes up more than 5% of the value of the portfolio.
- The Investment Policy allows for investment in any type of asset, with the exception of derivatives (unless for the purpose of hedging) and individual investments may be excluded where there is conflict with the Charity's objectives.
- The Charity can invest in mixed motive and social investments where they align with the Charity's objects. It currently holds a small social investment representing two concessionary loans to a carer's centre, the purpose of which aligned to the Charity's object of assisting those in need. These do not form a material part of the Charity's charitable or investment activities.

RESERVES



The majority of the Charity's reserves are held as investments. The income from these investments is needed to support today's beneficiaries, as well as future generations. The Trustees therefore protect a significant proportion of reserves for future use. At the end of 2019, total reserves were £131.7m (2018: £137.1m).



The free reserves of £2.0m are freely available to spend on any of the Charity's purposes. This is only 1.5% of the Charity's net assets. However, St John's has also accumulated gains and surpluses of £72.0m in the unapplied total return element of the endowment as a result of its large investment portfolio. These funds can also be used to further the Charity's objects. However, this is managed carefully, as any fall in these funds reduces income available for future generations.



The Charity maintains liquidity to cover six month's future operating expenditure, which is currently estimated to be £2.3m. In addition, St John's has designated the extraordinary repairs fund to meet any unplanned future almshouse repairs. This policy is subject to annual review.

Calculating reserves

The starting point for calculating the amount of reserves held is therefore the amount of unrestricted funds, which was £5.4m at 31 December 2019 (2018: £4.5m). However, some or all of the unrestricted funds of a charity may not be readily available for spending.

This is because spending those funds may adversely impact on the Charity's ability to deliver its aims. The items that should be excluded from reserves are:

- any operational fixed assets not already excluded from unrestricted funds through the functional endowment (e.g. head office) of £1.4m (2018: £1.5m)
- designated funds set aside to repair the almshouses of £0.8m (2018: £0.7m)
- committed awards or building contracts, not included as a liability in the accounts of £1.2m (except those already excluded from unrestricted funds through the functional endowment) (2018: £1.6m)



RESERVES

As at 31 December 2019 the Charity’s free reserves were £2m.

However, this does not address the balances held within unapplied returns which are also expendable on delivering the charitable purpose. The Charity therefore uses its long-term financial plan to consider the level of both unrestricted reserves and unapplied total returns that it needs to maintain for future expenditure in the short, medium and long term.

As part of this the Charity sets out to maintain investments at a level which can provide sufficient returns to fund the almshouses, community outreach and individual funding for future generations and protects the spending power of this by inflation. It will use total unapplied returns and unrestricted funds in excess of this to deliver the Foundation Fund and subsequent strategies ('free' reserves).

As part of the adoption of the 10-year strategy in December 2019, it was agreed that £30m of 'free' reserves could be released over the next ten years on the Foundation Fund. This figure will be reviewed as the economic impact of the Covid-19 pandemic becomes clearer. In this aim, the long-term financial plan is a dynamic tool and will be used to actively review the level of reserves required as investments against forecasts of income and expenditure.

RISKS

Within the Charity, each team manages its own risk register. This is actively managed to ensure mitigating actions are carried out and scoring is up to date. High-scoring risks (i.e. those with significant likelihood and impact) are included on the Corporate Risk Register. The Finance, Audit and Risk Committee reviews the Corporate Risk Register at least four times a year and may suggest further actions to reduce the likelihood or impact of a risk.

Some of the key risks that St John's manages are:

Risk: Commercial, financial and/or reputational risk from the failure of **new high-risk projects**.

Mitigating actions: Detailed business cases are prepared and approved by the Board before a project begins. Specialist project teams are set up, and detailed risk analysis is undertaken at every project meeting.

Risk: Delayed implementation of strategic projects, or a failure to invest sufficiently in charitable activities and **utilise the unapplied total return**, results in failure to support stakeholders and damages the Charity's reputation.

Mitigating actions: Committee meetings continue to be held at least quarterly to enable effective decision-making, with additional meetings being held for specific projects when necessary.

Risk: Failure to achieve the targeted total return of RPI+4% and, as a result, not having **enough income and capital to pursue our strategic aims**.

Mitigating actions: Long-term financial planning is undertaken to understand the sensitivity of income and capital to different economic scenarios. Regular meetings are held with asset managers.

Risk: Building costs for the Charity's **capital projects exceed budget**.

Mitigating actions: Contractors are selected by a thorough tendering process. As part of the tender process, value engineering is carried out, as well as extensive pre-construction surveys. Costs will be monitored carefully whilst the site undergoes construction. An experienced project team is used and is ready to respond swiftly to any change in circumstances.

IMPACT OF COVID-19

At the time of writing this report, the country is in the middle of the Covid-19 pandemic. The Charity does not view this as to be an adjusting post balance sheet event that affects the Financial Statements to 31 December 2019 but in line with best practice has treated it as a non adjusting post balance sheet event. The pandemic does have an impact upon the risks and future activities of the Charity and therefore is addressed as part of this Trustee report.

In response to the outbreak, the Charity implemented its business continuity plan to ensure risks and impacts were properly identified and managed.

Community Outreach activities were suspended in line with government guidance and new services introduced using remote activities to continue to engage with vulnerable people in the community.

The Charity's head office was closed and office based staff have been able to work from home using existing equipment and increased use of remote technology such as video conferencing. This technology has also been used to ensure that Board and Committee meetings continue during lockdown.

One of the main risks associated with the pandemic has been in relation to the health and safety of employees and residents. The Charity has taken this very seriously and ensured policies and procedures are updated and implemented in line with latest guidance, including the appropriate use of personal, protective, equipment.

A further risk is the economic impact of the pandemic reducing and delaying receipt of our investment income. The cashflow risk has been mitigated by revisions to financial forecasts, careful management of the finances and the introduction of new bank facilities.

The longer term impact of the pandemic on our investment income is uncertain. The Charity is well placed to adapt however given the scale of the unapplied total returns held. The Charity therefore considers that it remains a going concern and will continue to update the long term financial plan and reassess reserve levels and spending plans in line with our reserve policy set out on pages 27 - 28.

STATEMENT OF TRUSTEE'S RESPONSIBILITIES

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

The law applicable to charities in England and Wales requires the Trustee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and the group and of the incoming resources and application of resources of the charity and the group for that period.

In preparing these financial statements, the Trustee is required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and 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 Trustee is responsible for keeping proper accounting records that are sufficient to show and explain the Charity's transactions, that disclose with reasonable accuracy at any time the financial position of the charity and enables it to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed.

It is also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustee is responsible for the maintenance and integrity of the 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.

Crowe LLP have been appointed as auditors in the period. A resolution for the reappointment of Crowe U.K. LLP as auditors for the Charity will be proposed at the forthcoming Annual General Meeting.

Approved by the Trustee on 18 June 2020 and signed on its behalf by:

Mr B Fletcher (Chairman)

Ms M E Brennan (Director)
St. John's Foundation Est. 1174

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ST. JOHN'S FOUNDATION EST. 1174

Opinion

We have audited the financial statements of St. John's Foundation Est. 1174 for the year ended 31 December 2019 which comprise Consolidated statement of financial activities, Consolidated Balance sheet, Charity Balance sheet, Consolidated statement of cash flows and notes to the financial statements, including a summary of 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 group's and of the parent charity's affairs as at 31 December 2019 and of the group's incoming resources and application of resources, including its income and expenditure 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 for 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 group 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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 we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 ST. JOHN'S FOUNDATION EST. 1174 (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 financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient accounting records have not been kept by the parent charity; 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 Trustees

As explained more fully in the Statement of Trustee's Responsibilities set out on page 31, 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 group's and the parent 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 responsibilities for the audit of the financial statements

We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 auditor's 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.

A further description of our responsibilities for the audit of the financial statements is located 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 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ST. JOHN'S FOUNDATION EST. 1174 (CONTINUED)

Crowe U.K. LLP

Crowe U.K. LLP
Statutory Auditor
Carrick House
Lypiatt Road
Cheltenham
Gloucestershire
GL50 2QJ

Date: 4 August 2020

Crowe U.K. LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

St. John's Foundation Est. 1174
Year ended 31 December 2019

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

	Note	Unrestricted fund	Restricted funds	Endowment fund	Total 2019	Total 2018
		£'000	£'000	£'000	£'000	£'000
Income and endowments from:						
Charitable activities		909	-	-	909	883
Investment income	2	150	10	4,455	4,615	4,754
Other trading activities		350	-	-	350	240
Donations and legacies		3	3	-	6	244
Transfer to income	17a/22	4,781	-	(4,781)	-	-
Total income		6,193	13	(326)	5,880	6,121
Expenditure:						
Expenditure on charitable activities:						
Residential care & support:		1,809	-	112	1,921	1,951
Funding and impact	7	2,631	84	-	2,715	2,543
Community outreach		373	7	-	380	368
Total expenditure on charitable activities	3	4,813	91	112	5,016	4,862
Cost of raising funds	4	1,000	-	235	1,235	1,498
Other expenditure	5	206	-	-	206	147
Total expenditure		6,019	91	347	6,457	6,507
Net income / (expenditure) before investment (losses) / gains		174	(78)	(673)	(577)	(386)
Net gains / (losses) on investments		733	-	(5,606)	(4,873)	(1,303)
Net income and net movement in funds		907	(78)	(6,279)	(5,450)	(1,689)
Reconciliation of funds:						
Total funds brought forward	23	4,509	125	132,489	137,123	138,812
Total funds carried forward	23	5,416	47	126,210	131,673	137,123

The notes on pages 39 to 66 form part of these financial statements.

St. John's Foundation Est. 1174
As at 31 December 2019

CONSOLIDATED BALANCE SHEET

	Note	2019 £'000	Restated 2018 £'000
Fixed Assets			
Intangible assets	10	60	27
Tangible assets – freehold property	11	12,156	12,203
Other tangible fixed assets	12	24	53
Investments:			
Financial and property investments	13	119,177	123,180
Social investments	14	163	192
		131,580	135,655
Current Assets			
Social investments	14	30	29
Debtors	15	884	994
Cash at bank and in hand		2,639	3,526
		3,553	4,549
Creditors: amounts falling due within one year	16a	(1,890)	(1,781)
Net current assets		1,663	2,768
Total assets less current liabilities		133,243	138,423
Creditors: amounts falling due after more than one year	16b	(1,570)	(1,300)
Total net assets		131,673	137,123
Group reserves			
Invested endowment fund	17a	113,428	119,615
Functional endowment fund	17b	12,633	12,746
Roxburgh endowment fund	18	149	128
Designated funds	19	826	669
Unrestricted general fund	20	4,590	3,840
Restricted funds	21	47	125
		131,673	137,123

The notes on pages 39 to 66 form part of these financial statements. These financial statements were approved and authorised for issue by the Trustee at the meeting held on 18 June 2020 and were signed on its behalf by:

.....
 Mr B Fletcher (Chairman)

.....
 Ms M E Brennan (Director)

St. John's Foundation Est. 1174
As at 31 December 2019

CHARITY BALANCE SHEET			Restated
	Note	2019	2018
		£'000	£'000
Fixed Assets			
Intangible assets	10	60	27
Tangible assets – freehold property	11	12,167	12,215
Other tangible assets	12	24	53
Investments:			
Financial and property investments	13	119,227	123,230
Social investments	14	163	192
		131,641	135,717
Current Assets			
Social investments	14	30	29
Debtors	15	929	951
Cash at bank and in hand		2,521	3,476
		3,480	4,456
Creditors: amounts falling due within one year	16a	(1,882)	(1,733)
Net current Assets		1,598	2,723
Total assets less current liabilities		133,239	138,440
Creditors: amounts falling due after more than one year	16b	(1,570)	(1,300)
Total net assets		131,669	137,140
Charity reserves			
Invested endowment fund	17a	113,403	119,591
Functional endowment fund	17b	12,633	12,747
Roxburgh endowment fund	18	149	128
Designated funds	19	826	669
Unrestricted general fund	20	4,611	3,880
Restricted funds	21	47	125
		131,669	137,140

The notes on pages 39 to 66 form part of these financial statements. These financial statements were approved and authorised for issue by the Trustee at the meeting held on 18 June 2020 and were signed on its behalf by:

.....
 Mr B Fletcher (Chairman)

.....
 Ms M E Brennan (Director)

St. John's Foundation Est. 1174
Year ended 31 December 2019

CONSOLIDATED STATEMENT OF CASH FLOWS

	2019	2018
	£'000	£'000
Cash flows used by operating activities (note A)	(4,863)	(4,528)
Cash flows from financing activity		
Cash inflows from new borrowings	589	1,450
Repayments of borrowings	(15)	(6)
Net cash provided by financing activity	<u>574</u>	<u>1,444</u>
Cash flows from investing activities:		
Dividends, interest and rents from investments	4,615	4,754
Costs of generating funds paid by endowment capital	(235)	(599)
Improvements to investment properties	(1,025)	(544)
Purchase of investments	(4,600)	(1,804)
Proceeds from the sale of investments	4,750	2,705
Social investments	28	28
Purchase of property, plant and equipment	(73)	(1,118)
Purchase of intangible assets	(58)	(1)
Net cash provided by investing activity	<u>3,402</u>	<u>3,421</u>
Net (decrease) / increase in cash and cash equivalents	<u>(887)</u>	<u>337</u>
Change in cash and cash equivalents in the year	(887)	337
Cash and cash equivalents at the beginning of the year	3,526	3,189
Cash and cash equivalents at the end of the reporting period (note B)	<u>2,639</u>	<u>3,526</u>

St. John's Foundation Est. 1174
Year ended 31 December 2019

Notes to the Consolidated Statement of Cash Flows

NOTE A

Reconciliation of net income to net cash flow from operating activities

	2019	2018
	£'000	£'000
Net (expenditure) / income for the year (per Statement of Financial Activities)	(5,450)	(1,689)
Depreciation and amortisation charges	179	200
Losses on investments	4,873	1,310
Dividends, interest and rents from investments	(4,615)	(4,754)
Decrease/(increase) in debtors	110	(211)
(Decrease)/increase in creditors	(195)	145
Cost of generating funds from endowed capital	235	599
Donated investment assets	-	(128)
Cash outflow from operating activities	(4,863)	(4,528)

NOTE B

Analysis of cash and cash equivalents

	At start of year	Cash-flows	At end of year
Cash	3,526	(887)	2,639
Total	3,526	(887)	2,639

St. John's Foundation Est. 1174
Year ended 31 December 2019

NOTES TO THE FINANCIAL STATEMENTS

1. Principal Accounting Policies

Consolidation

The group financial statements consolidate the financial statements of the charity and its wholly owned subsidiary, St John's Trading Company Ltd ('the subsidiary') for the year ended 31st December 2019. The results of the subsidiary for the year are set out in note 13. The group will be referred to as 'St John's' or 'the charity' throughout these financial statements. All intergroup sales and profits have been eliminated upon consolidation. The Mayor of Bath's Relief Fund (Charity ref. 204649) is not consolidated as it is immaterial to the group, but this will be revisited on an annual basis.

Basis of preparation

The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and the Republic of Ireland ('FRS102 SORP') and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland ('FRS102')(effective 1st January 2019) and the Charities Act 2011 and UK Generally Accepted Accounting Practice.

St. John's Foundation Est. 1174 constitutes a public benefit entity as defined by FRS102 and is an unincorporated Charity; its subsidiary is a limited company. The functional currency of the Group is sterling. The registered address of both the Charity and its subsidiary is 4/5 Chapel Court, Bath, BA1 1SQ. The country of incorporation for the subsidiary is the United Kingdom.

Except as set out below, the financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value. Freehold housing properties (operational properties) are shown at deemed cost. Investment properties are shown at their revalued amounts and the investment portfolios are valued at closing market values. These policies have been applied consistently throughout the current and prior year.

The results for the charity and reconciliation of funds are shown in notes 17 to 27. The Charity has also taken qualifying exemptions available to a qualifying entity in FRS 102 from the requirement to present a Charity only cash flow statement.

Assessment of going concern

The Trustees have considered the impact of the Covid-19 pandemic on the Charity's going concern status. The Charity is heavily reliant on its investment portfolio and has seen the capital values and income of both the direct property portfolio and managed investment portfolio reduced as a result of the Covid-19 pandemic. The financial impact is likely to be significant however, due to the level of the unapplied total returns held by the Charity and the discretion that it has over its expenditure, they do not consider that the pandemic will impact the Charity's ability to remain a going concern. To provide ample headroom, overdraft facilities were agreed after the balance sheet date, which cover a reasonable worst-case scenario for cash flow.

The charity considers that it has adequate resources to continue in operational existence for the foreseeable future and has adopted the going concern assumption in preparing these financial statements.

Income recognition

Income is recognised when the charity has entitlement to the income, it is probable that the income will be received, and the amount of income receivable can be measured reliably. Dividend income is recognised when the dividend has been declared. Interest on capital is recognised when receivable and the amount can be measured reliably. This is upon notification by our investment advisors or the bank of the dividend or interest yield.

Rental income, from investment properties, is recognised over the term of the lease with any lease incentives spread evenly over the lease term. Almshouse income represents fees from residents and other service user income and is credited to the unrestricted fund.

St. John's Foundation Est. 1174
Year ended 31 December 2019

NOTES TO THE FINANCIAL STATEMENTS

1. Principal Accounting Policies (continued)

Voluntary income

Donations are accounted for when received. Donations subject to specific wishes of the donors are carried to the relevant restricted fund.

Expenditure

All expenditure is accounted for on an accruals basis and is recognised when 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 costs have been directly attributed to one of the functional categories of expenditure in the SOFA. The cost of raising funds includes investment management costs, for both our listed and property investments. Expenditure on charitable activities includes the cost of running our almshouses, outreach services and our awards programme. Please also refer to the paragraph below regarding the allocation of support costs to activities.

Funding awards payable

Funding awards payable are payments made to third parties in the furtherance of the charity's objects. In the case of an unconditional award offer this is accrued once the recipient has been notified of the award. Where performance-related conditions are attached the cost of the award is not recognised until there is sufficient evidence that the conditions will be met.

Individual awards are recognised on approval of the award. Multi-year awards for core funding are recognised in full on approval of the award where there are no performance conditions attached.

Irrecoverable VAT

Irrecoverable VAT is charged to the SOFA or capitalised as part of the cost of the related asset, where appropriate.

The charity has opted to charge tax on certain commercial properties and recovers the associated input VAT. All other expenses are shown inclusive of non-recoverable VAT.

Allocation of support costs

General management expenses (including depreciation, property costs and the cost of supporting teams) and governance costs are apportioned between charitable activities and raising funds based on the proportion of direct costs associated with each activity. Direct costs exclude direct fees from investment managers and awards granted. In this way, the split of overheads is a closer reflection of the time spent on each activity. Governance costs include audit and accounting fees, and Trustee expenses.

Gifts in kind, donated services or facilities and volunteers

These are estimated and included in the period in which they are received. In accordance with the Charities SORP (FRS102), volunteer time is not recognised in the SOFA. More information about their contribution is explained in the Trustee's annual report.

NOTES TO THE FINANCIAL STATEMENTS

1. Principal Accounting Policies (continued)

Intangible fixed assets

Intangible fixed assets are those which lack physical substance but provide an on-going economic benefit for the charity. They are recognised at historic cost and subsequently amortised so as to write off the cost over their expected useful lives, as follows:

Website	3 years / 33% per annum
Software	4 years / 25% per annum

Tangible fixed assets

All assets costing more than £5,000 are capitalised. Office and computer equipment, fixtures and fittings and motor vehicles are stated at cost less depreciation and provision for impairment. Depreciation is calculated to write off the cost of such fixed assets over their expected useful lives; the rate used for this purpose is 25% per annum on a straight-line basis.

Housing and administrative properties

Housing and administrative properties are included in the financial statement as freehold fixed assets.

The cost of freehold housing properties represents deemed cost at 1st January 2014 under transition to FRS102, plus subsequent additions at cost. Assets are stated at deemed cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets, other than freehold land, over their expected useful lives, using the straight-line method. The applicable rate is:

Freehold buildings	50 years / 2% per annum
--------------------	-------------------------

Freehold land is not depreciated. A depreciation rate of 2% is applied to the buildings' cost, which is assessed to be two thirds of the total property value less its residual value.

Fixed asset investments

Investment properties

The charity owns freehold properties and ground rents for long-term investment. In accordance with FRS102 these are included in the balance sheet at valuation at 31st December 2019, and the surplus or loss arising on revaluation has been transferred to the relevant reserve.

Quoted investments

Investments are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing market bid price. The SOFA includes the net gains and losses arising on revaluation and disposals throughout the year. The surplus or deficit arising on revaluation has been credited or charged to the Permanent Endowment Fund, Designated Fund or Unrestricted Reserves, as appropriate.

The charity does not have any derivatives or other complex financial instruments.

St. John's Foundation Est. 1174
Year ended 31 December 2019

NOTES TO THE FINANCIAL STATEMENTS

1. Principal Accounting Policies (continued)

Social investments

Social investments are in the form of concessionary loans to third parties, which aim to generate a financial return whilst furthering the charitable aims of the charity. As such, they have been classified as mixed-motive investments. These loans are initially recognised at the amount drawn down and the carrying amount then adjusted to reflect capital repayments and any accrued interest and impairment in line with paragraph 21.26 of the FRS 102 SORP.

Investment in subsidiary

The investment in the subsidiary is held at cost.

Taxation

The Charity does not pay tax, provided any surplus or gains are used for charitable purposes. For the subsidiary, current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted at the balance sheet date.

Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of the charity. Designated funds are unrestricted funds of the charity, which the Trustee has decided at its discretion to set aside for a specific purpose. Restricted and endowment funds are subject to specific restrictions imposed by the donor of the income or the Charity Commission. Further explanation of each fund held by the charity is contained in notes 17-23 of these financial statements.

Total return accounting

The Charity Commission permitted the charity to adopt the use of total return in relation to its permanent endowment on 25th September 2012. The power permits the Trustee to invest permanent endowments to maximise total return and to make available an appropriate portion to the total return for expenditure each year. Until this power is exercised the total return shall be an 'unapplied total return' and remain as part of the permanent endowment. The Trustee has used the indexed values of the permanent endowment at 1st January 1995 to present the 'preserved value' of the original gift.

Whilst preparing the 2019 accounts, the split of assets between funds was re-assessed. After a careful study of historical records including Charity Commission schemes, and obtaining legal advice, the Trustees concluded that certain properties, which were previously reported as assets within the unrestricted funds are held as assets of either the charity functional or investment endowments. The functional endowment is shown in note 17b above and is that part of the endowment which is held for operational, rather than investment purposes, and is therefore not included in total return calculations.

Financial instruments

The charity only has financial assets and financial liabilities that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost. Financial assets include the charity's trade and other receivables. Financial liabilities include the charity's trade creditors, accruals and other creditors.

Debtors

Trade, other debtors and accrued income are recognised at the settlement amount due after any discounts offered. Prepayments are valued at the amount prepaid net of any discounts due.

St. John's Foundation Est. 1174
Year ended 31 December 2019

NOTES TO THE FINANCIAL STATEMENTS

1. Principal Accounting Policies (continued)

Cash and cash equivalents

Cash and cash at bank comprise short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Creditors

Creditors are recognised at their settlement amount after allowing for any trade discounts due.

Pension costs

Employees of the charity are entitled to join a defined contribution scheme. The pension costs charged in the year represent the amount of the contributions payable to the defined contribution scheme in respect of the accounting period. The charity's pension contributions for current employees are charged to the SOFA in the year in which the contribution arises. The charity has no liability beyond making its contributions and paying across the deductions for the employees' contributions.

Related party transactions

Transactions with related parties are disclosed in the notes to these financial statements. St John's policy is for the Trustee's Directors, Executive Team members and advisers to declare their interests and exempt themselves from all relevant decisions and discussions which may give rise to a conflict of interest or involve a transaction with a related party.

Key sources of estimation uncertainty

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets (and amortisation for intangible assets) is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See notes 10-12 for the carrying amount of the property, land, plant and equipment.

Impairment of debtors

The charity makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of the debt and historical experience.

Revaluation of properties

The charity carries its investment property at fair value, with changes in the fair value being recognised in the SOFA. Fair value is determined by independent valuation specialists using discounted cash flow models over an appropriate period, with the net income in the final year capitalised into perpetuity. Allowances are made for voids and the cost of management, repairs and maintenance. The discount rate used reflects the overall level of risk associated with the income.

St. John's Foundation Est. 1174
Year ended 31 December 2019

NOTES TO THE FINANCIAL STATEMENTS

1. Comparative Statement of Financial Activities

	Restated Unrestricted fund	Restated Restricted funds	Restated Endowment fund	Total 2018
	£'000	£'000	£'000	£'000
Income:				
Charitable activities	883	-	-	883
Investment income	151	3	4,600	4,754
Other trading activities	240	-	-	240
Donations and legacies	13	103	128	244
Transfer to income	4,788	-	(4,788)	-
Total income	6,075	106	(60)	6,121
Expenditure:				
Expenditure on charitable activities:				
Residential care & support:	1,830	-	120	1,950
Funding and impact	2,538	5	-	2,543
Community outreach	359	9	-	368
Total expenditure on charitable activities	4,727	14	120	4,861
Cost of raising funds	899	-	599	1,498
Other expenditure	147	-	-	147
Total expenditure	5,774	14	719	6,506
Net income / (expenditure) before investment (losses) / gains	302	92	(779)	(385)
Net (losses) / gains on investments	(1,524)	-	220	(1,304)
Net income	(1,222)	92	(559)	(1,669)
Transfers between funds	(98)	-	98	-
Net movement in funds	(1,320)	92	(461)	(1,689)
Reconciliation of funds:				
Total funds brought forward	5,756	32	133,024	138,812
Total funds carried forward	4,436	124	132,563	137,123

St. John's Foundation Est. 1174
Year ended 31 December 2019

NOTES TO THE FINANCIAL STATEMENTS

2. Investment income

Consolidated	Unrestricted fund	Restricted fund	Permanent endowment fund	2019	2018
	£'000	£'000	£'000	£'000	£'000
Commercial investment properties	-	-	2,770	2,770	3,004
Residential investment properties	-	-	726	726	680
Property investment income	-	-	3,496	3,496	3,684
Interest received on social investment	-	-	8	8	9
Listed investments	138	10	951	1,099	1,059
Interest on cash deposits	12	-	-	12	2
Non-property investment income	150	10	959	1,119	1,070
Total	150	10	4,455	4,615	4,754

3. Total expenditure on charitable activities

	Staff costs	Depreciation	Other costs	2019	2018
	£'000	£'000	£'000	£'000	£'000
Residential care and support	913	144	864	1,921	1,949
Funding and impact	358	15	2,342	2,715	2,543
Community outreach	230	6	144	380	369
Total	1,501	165	3,350	5,016	4,861

4. Total cost of raising funds

	Staff costs	Depreciation	Other costs	2019	2018
	£'000	£'000	£'000	£'000	£'000
Property operational costs	457	16	675	1,148	1,407
Investment management	-	-	87	87	91
Total	457	16	762	1,235	1,498

St. John's Foundation Est. 1174
Year ended 31 December 2019

NOTES TO THE FINANCIAL STATEMENTS

5. Other expenditure

Other expenditure relates wholly to the operation of serviced apartments at St Catherine's Hospital by the Trading Subsidiary.

6. Governance costs

The charity identifies the costs which relate to the charity's governance function and these are recorded as part of the total costs of raising funds (see note 4) and expenditure on charitable activities (see note 5). Governance costs are detailed as follows:

	2019	2018
	£'000	£'000
Auditor fees (including irrecoverable VAT):		
- for audit services	18	20
- VAT advice	1	1
Accountancy and other professional services	2	3
Trustee expenses	11	4
Corporation tax payable by trading company	3	-
	35	28
	35	28

These have been split across activities:

Residential care and support	13	13
Funding and impact	6	5
Property operational costs	11	10
Community outreach	5	-
	35	28
	35	28

7. Funding and impact

	2019	2018
	£'000	£'000
Individual funding	356	306
Organisational funding	1,848	1,659
Funding and impact departmental costs	511	578
	2,715	2,543
	2,715	2,543

St John's undertakes its charitable activities through funding and awarded grants to a number of individuals and organisations in furtherance of its charitable activities. During 2019, a total of 128 (2018: 114) new awards were made to organisations. For awards payable to individuals, the maximum amount payable is £1,500 (2018: £1,500) over three years.

St. John's Foundation Est. 1174
Year ended 31 December 2019

NOTES TO THE FINANCIAL STATEMENTS

7. Funding and impact (continued)

Recipients of organisational funding awards:

All awards of £15,000 or over paid in the year to charitable groups as part of the £1,848,000 above are shown below.

Organisation	Project	Amount (£)
Cleveland Pools Trust	Cleveland Pools Restoration Project	40,000
Reason	Time to Talk	25,700
Sporting Family Change	Lifestyle Change Programme (Special Programmes)	89,150
Bluebell Care Trust	Dads in Mind (Pilot)	19,960
Make a Move	Moving for the Mind	19,080
SARSAS	Support for Survivors of Rape and Sexual Abuse	30,000
Bibic	BANES Therapy Outreach Project	15,000
Bath Area Play Project	Developing Independence	20,000
Breakthrough Ministry	Breakthrough	20,000
Julian House	Specialist Female Support Worker	29,408
Beanstalk	The Next Chapter	30,000
3SG	B&NES 3SG Three Year Project Funding	28,701
Julian House	Bath Rough Sleeper Casework Coordinator	25,378
Soundwell Music Therapy Trust	Music Therapy Services	32,000
HorseWorld Trust	Discovery	25,000
Developing Health & Independence	Homes First	34,889
Clean Slate Training & Employment Ltd	Financial Resilience Advisor Training	19,100
VOICES	Domestic Abuse Recovery Group Programmes	30,630
Southside Family Project	Domestic Abuse - Supporting Lasting Change	39,974
Holy Trinity Combe Down	Christians Against Poverty Debt Centre - Relaunch in Manvers Street Baptist Church	21,558
The Wheels Project	Driving Ambition for Young People in B&NES! 2018-2020	15,000
Mentoring Plus	Extended Activities Programme (2017 to 2020)	20,000
Bath Area Play Project	Quality Improvement	20,000
Bath Mind	Welfare Benefits Advice and Support	28,334
Somer Valley Education Trust CIO	Sustain & Grow	19,971
Read Around Bath	Read! Talk! Together!	15,600
Off the Record	Listening Services	40,000
Jamie's Farm	Core Funding Support	20,000
Anorexia & Bulimia Care	BANES Recovery Hub	30,000
Bath Youth for Christ	Strengthening the Bath Youth for Christ Core	18,130
Designability	Designability Workshop Relocation and Expansion	20,000
Julian House	Julian House Student Unit	18,572
Bath Rugby Foundation	Raising the Game Secondary	21,733
Curo	Working Well	39,310
Citizens Advice	Business Development, Fundraising and Marketing support Role for Citizens Advice BANES	20,000
St John's Church, Peasedown St John	The Hive Project - Salaries	20,000
Make a Move	Moving on Up! (2018-2020)	30,000
Southside Family Project	Strengthening Southside's Impact	20,000
The Nest Project	The Nest Project	24,800
Developing Health & Independence	Safe Technology	19,712
Developing Health & Independence	Resolve to Stop the Violence (2019-2021)	38,762
Bath City FC Community Sports Foundation	Bath City FC Foundation Project Manager	19,455
Swallow	Investment in Efficiency	17,479
Somer Valley Education Trust CIO	METS (Media Education Training and Skills) 2018-2021	39,420
Boys in Mind / Girls Mind Too	Boys in Mind/Girls Mind Too 2019 - 2021	20,750

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7. Funding and impact (continued)

Recipients of organisational funding awards (continued):

Oasis Hub Bath	Hub Building Feasibility and Refurbishment Plan	20,000
FareShare South West	No Child Should Go Hungry in B&NES	30,000
Sporting Family Change	Capital Building Project and Relocation of SFC	30,000
We Hear You	Talking Bollocks!	31,449
Bluebell Care Trust	Dads in Mind (Continuation)	20,000
The Life Project	Parent Carer Drop-In Group	21,685
Bath Carnival	Carnival in the Community: Securing the long-term future of Bath Carnival	19,411
Holy Trinity Combe Down	Community Outreach Worker and Church Centre Manager	25,978
Bath Youth for Christ	Southdown Youth Worker	25,000
Grow Yourself CIC	The Urban Garden	30,861
Curo	Hubs for Over 70's	36,590

8. Staff costs and remuneration of key management personnel

	2019	2018
	£'000	£'000
Wages and salaries	1,663	1,688
Social security costs	152	159
Pension costs	157	151
Other employee benefits	20	24
Redundancy costs	-	58
Agency staff costs	63	70
	2,055	2,150

In the previous year, redundancy costs were payable to staff whose jobs were made redundant as part of their final salary received from the charity. All amounts had been fully paid by 31 December 2018. Costs are recognised when there is an obligation to make the redundancy payment.

The average number of persons employed by the Group during the year and the prior year was:

	2019	2018
	number	number
Property maintenance	9	11
Residential care and support	18	17
Management of the charity	32	30
	59	58

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8. Staff costs and remuneration of key management personnel (continued)

The number of employees whose emoluments were in excess of £60,000 per annum, excluding pension costs and employer's NIC, fell within the following bands:

	Restated*	
	2019	2018
	number	number
£70,001 - £80,000	-	2
£80,001 - £90,000	2	1
£90,001 - £100,000	-	1
£100,001 - £110,000	1	-
	3	4

*Restated to exclude employer's NIC.

St John's considers its key management personnel to comprise the directors of the Trustee and the executive team. The employer pension contributions made in respect of key management personnel to the defined contribution scheme amounted to £31,000 (2018 restated: £27,000).

No enhanced or special terms apply and there are no additional pension arrangements for these employees. The total employment benefits, including employer pension and national insurance contributions of the key management personnel were £403,000 (2018 restated: £432,000).

9. Related party transactions and trustees' expenses and remuneration

Transactions between the Charity and the Trading Subsidiary

In 2019, £18,869 was invoiced by the Trading Subsidiary to the Charity for construction services (2018: £149,478). At the balance sheet date £nil (2018: £2,722) was included in accruals in the Charity. In the Trading Subsidiary's accounts, a prior year adjustment has been made to reflect this construction income and expenditure in 2018, when the work was completed. This adjustment has not been made in the comparative in the consolidated accounts, as it is immaterial.

Rent of £97,491 was charged by the Charity in 2019 for St Catherine's Hospital, the Trading Company's site of operations (2018: £89,213). Also, costs relating to St Catherine's Hospital (such as insurance, utilities and repairs) were recharged to the Trading Company at cost. This amounted to £12,001 in 2019 (2018: £25,558). At the year end, £64,887 was owed by the Trading Company to the Charity (2018: £47,103).

Finally, the Charity invoiced the Trading Company for management fees of £4,432 (2018: £6,443) in the year, of which £986 (2018: £2,132) was due at the balance sheet date.

Trustee expenses

During 2019, all the directors of the Trustee continued to give their time and expertise without any form of remuneration or other benefit in cash or kind (2018: £nil).

Expenses paid to the directors of the Trustee in 2019 totalled £935 (2018: £1,974). These expenses were paid to seven directors (2018: nine directors) for travel and subsistence. Finally, the Charity incurred catering costs for farewell dinners, lunches prior to Board meetings, and selection panels of £6,261 (2018: £1,055).

Trustee indemnity insurance was purchased by the charity on behalf of the Trustee. The sum insured was £5m in both 2018 and 2019. The cost of the policy was £3,360 (2018: £2,446).

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9. Related party transactions (continued)

Other transactions with related parties are summarised as follows:

Related party	Nature of relationship	Payments made	
		2019 £	2018 £
Developing Health and Independence	Mrs S Davies is a Trustee	94,898	51,791
Julian House	Ms S Porto was a Trustee	-	50,739
Bath Business Improvement District	Ms S Porto was a Director	-	6,870
Bath Business Improvement District	Mr D Hobdey is a Director and Chair	6,181	-
The Bath Rugby Community Foundation	Mrs L Harvey is a Trustee	33,713	32,389
Bath Royal United Hospital NHS Trust	Ms M Brennan was a Director in 2018	-	250
Holy Trinity Church (Combe Down)	Mr D Purdon is a Trustee	47,536	37,004
Holy Trinity Trust	Mr D Purdon is a Trustee	1,300	-
Sirona Care and Health CIC	Mr D Purdon is a Director	-	143
Curo	Mrs H F Bosnell is a Director	125,084	129,778

In addition to the transactions presented above, £185 was received from the Mayor of Bath's Relief Fund in the year (2018: £100) in respect of repayments for awards which were initially paid from the Charity in error. All the Charity's Trustees are also Trustees of the Mayor of Bath's Relief Fund. All transactions were executed in the normal course of business. There were no transactions with the Trustee or other related parties during the year, other than those disclosed above (2018: none). No balances were outstanding to or from related parties at the year-end (2018: none).

10. Intangible assets

Consolidated and charity	2019 £'000
Cost	
At 1 January 2019	65
Additions	58
Disposals	(40)
At 31 December 2019	83
Accumulated amortisation	
At 1 January 2019	38
Charge	21
Eliminated on disposal	(36)
At 31 December 2019	23
Net book value	
At 31 December 2019	60
At 31 December 2018	27

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11. Tangible assets - freehold property

Consolidated	City centre almshouses	Combe Park almshouse	Operational properties	Magdalen chapel	Total
	£'000	£'000	£'000	£'000	£'000
Cost/valuation					
At 1 January 2019	11,258	3,749	547	740	16,294
Additions	4	76	-	-	80
At 31 December 2019	11,262	3,825	547	740	16,374
Accumulated depreciation					
At 1 January 2019	3,843	185	26	37	4,091
Charge for the year	78	37	5	7	127
At 31 December 2019	3,921	222	31	44	4,218
Net book value					
At 31 December 2019	7,341	3,603	516	696	12,156
At 31 December 2018	7,415	3,564	521	703	12,203

Charity	City centre almshouses	Combe Park almshouse	Operational properties	Magdalen chapel	Total
	£'000	£'000	£'000	£'000	£'000
Cost/valuation					
At 1 January 2019	11,269	3,749	547	740	16,305
Additions	4	76	-	-	80
At 31 December 2019	11,273	3,825	547	740	16,385
Accumulated depreciation					
At 1 January 2019	3,842	185	26	37	4,090
Charge for the year	79	37	5	7	128
At 31 December 2019	3,921	222	31	44	4,218
Net book value					
At 31 December 2019	7,352	3,603	516	696	12,167
At 31 December 2018	7,427	3,564	521	703	12,215

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NOTES TO THE FINANCIAL STATEMENTS

12. Other tangible fixed assets

Consolidated and charity	Office equipment	Fixtures and fittings	Computer systems	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 January 2019	96	356	67	12	531
Additions	2	-	-	-	2
Disposals	(70)	-	(55)	-	(125)
At 31 December 2019	28	356	12	12	408
Accumulated depreciation					
At 1 January 2019	78	321	67	12	478
Charge for the year	7	24	-	-	31
Eliminated on disposal	(70)	-	(55)	-	(125)
At 31 December 2019	15	345	12	12	384
Net book value					
At 31 December 2019	13	11	-	-	24
At 31 December 2018	18	35	-	-	53

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13. Financial and property investments

Consolidated	Investment property	Listed investments	Total
	£'000	£'000	£'000
Market value at 1 January 2019	90,360	32,820	123,180
Additions to investments at cost	1,025	4,600	5,625
Disposals at carrying value	-	(4,750)	(4,750)
(Losses) / gains	(9,040)	4,162	(4,878)
Market value at 31 December 2019	82,345	36,832	119,177

All investments are carried at their fair value. Investments in equities and fixed interest securities are all traded on public markets. The fair value for quoted investments is the market value, using the bid price. The charity's commercial investment properties were re-valued by Jones Lang LaSalle Limited, Chartered Surveyors, and its residential investment properties by Philip Jennings, Chartered Surveyors, on the basis of discounted cash flow at 31st December 2019.

Social investments also form part of the charity's investments (note 14).

Charity	Trading subsidiary	Investment property	Listed investments	Total
	£'000	£'000	£'000	£'000
Market value at 1 January 2019	50	90,360	32,820	123,230
Additions to investments at cost	-	1,025	4,600	5,625
Disposals at carrying value	-	-	(4,750)	(4,750)
(Losses) / gains	-	(9,040)	4,162	(4,878)
Market value at 31 December 2019	50	82,345	36,832	119,227

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NOTES TO THE FINANCIAL STATEMENTS

13. Financial and property investments (continued)

The charity owns the entire share capital of St John's Hospital Trading Company Ltd, a company incorporated in England and Wales - company registration number 08632453. The share capital of St John's Hospital Trading Company Ltd comprises 50,000 ordinary shares of £1, which are all wholly owned by the charity. The principal activity of St John's Hospital Trading Company Ltd is to manage serviced apartments and procure services on behalf of St. John's Foundation Est. 1174.

	2019	2018
	£'000	£'000
The trading results of the subsidiary were as follows:		
Turnover	350	390
Cost of sales	(18)	(145)
Gross profit	<u>332</u>	<u>245</u>
Administrative expenses	(8)	(10)
Operational expenses	(303)	(237)
Operating profit / (loss)	<u>21</u>	<u>(2)</u>
Interest payable	-	(1)
Profit/(loss) before tax	<u>21</u>	<u>(3)</u>
Taxation	(4)	-
Profit/(loss) after tax	<u>17</u>	<u>(3)</u>

	2019	2018
	£'000	£'000
The aggregate of the assets, liabilities and funds as at 31st December was:		
Total assets	183	242
Total liabilities	(119)	(195)
Shareholders' funds	<u>64</u>	<u>47</u>

The above results do not reflect a prior year adjustment which has been made within the trading company individual accounts but has not been reflected in these consolidated accounts as it is not material to the results of the group. The impact of the prior year adjustment was to move £19k of turnover and £18k of cost of sales from 2019 to 2018 in the trading company accounts.

14. Social investments

	2019	2018
	£'000	£'000
Consolidated and charity		
Mixed motive investments:		
Receivable in more than one year	163	192
Receivable in less than one year	30	29
	<u>193</u>	<u>221</u>

The mixed motive investment above represents two concessionary loans to a single party drawn down together on 28th October 2015, secured by a legal charge over freehold property and charged interest at a rate of 4%.

At the year end there were no amounts committed but undrawn (2018: nil), and no amounts that had been approved subject to the agreement of terms (2018: nil).

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NOTES TO THE FINANCIAL STATEMENTS

15. Debtors

	2019	2018
	£'000	£'000
Consolidated		
Trade debtors	289	375
Prepayments and accrued income	592	617
Other debtors	3	2
	<hr/> 884	<hr/> 994
Charity		
Trade debtors	254	301
Prepayments and accrued income	607	601
Other debtors	3	2
Amounts owed by subsidiary	65	47
	<hr/> 929	<hr/> 951

Included within prepayments and accrued income are lease incentive adjustments of £340,000 (2018: £278,000), of which £315,000 are due in more than one year (2018: £252,000). Offsetting trade debtors is a bad debt provision of £2,000 (2018: £15,000).

16a. Creditors: amounts falling due within one year

	2019	2018
	£'000	£'000
Consolidated		
Loans repayable upon demand	448	144
Trade creditors	320	238
Accruals and deferred income	830	1,117
Taxation and social security	245	243
Corporation tax	3	-
Other creditors	44	39
	<hr/> 1,890	<hr/> 1,781
Charity		
Loans repayable upon demand	448	144
Trade creditors	296	205
Accruals and deferred income	848	1,101
Taxation and social security	246	244
Other creditors	44	39
	<hr/> 1,882	<hr/> 1,733

The loans repayable on demand are amounts due to lifetime leasehold tenants for their leases which is repayable when the properties are vacated.

Included within other creditors is £9k (2018: £nil) representing the amount held as agent for a small unincorporated voluntary organisation called Bath Woman's Fund for which St John's Foundation has agreed to administer funds and act as an agent. No other amounts were received or paid out in the year in relation to this fund.

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NOTES TO THE FINANCIAL STATEMENTS

16a. Creditors: amounts falling due within one year (continued)

Deferred income movement:

	Charity	Group
	£'000	£'000
Balance at 1 January 2019	770	746
Amount released in the year	(2,842)	(2,741)
Amount deferred in the year	2,737	2,637
Balance at 31 December 2019	665	642

Deferred income relates to rent paid in advance.

16b. Creditors: amounts falling due after more than one year

	2019	2018
	£'000	£'000
Consolidated and charity		
Loans repayable upon demand	1,570	1,300

17a. Invested endowment fund

The permanent invested endowment fund represents the funds of the charity derived from gifts and legacies received since its foundation. It is to be held and maintained in perpetuity. Investment income and surpluses or deficits arising on the sale or revaluation of investment properties and investments are transferred to the permanent endowment fund. Expenses incurred in the administration or protection of the endowment investments are charged to the fund. From 1st January 2013, the Trustee has adopted the use of total return accounting in relation to its investment.

Total return investment

The investment power of total return was granted by the Charity Commission on 25th September 2012. The power permits the Trustee to invest permanent endowments to maximise total return and to make available an appropriate portion of the total return for expenditure each year. Until this power is exercised in full, that portion of the total return which is in excess of the amount required to preserve the value of the permanent endowment, shall be an 'unapplied total return' and remain as part of the permanent endowment. The Trustee has used the indexed values of the permanent endowment at 1st January 1995 to represent the 'preserved value' of the original gift.

Under specific powers in the governing Scheme, the Trustee monitors the investment performance in terms of maintaining the purchasing power of the core endowment against inflation, while enabling the charity to commit to a long-term spending rate of 4% of the three-year average value of the permanent endowment.

The amounts set as opening unapplied return, together with the amount allocated to income in the year from the unapplied total return, and the amount of unapplied total return allocated to capital in the reporting period (in order to maintain the real value of the original gift) are disclosed below.

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17a. Invested endowment fund (continued)

Consolidated	Permanent endowment fund	Unapplied total return	Restated total
	£'000	£'000	£'000
At 1 January 2018	40,339	80,463	120,802
Movements in the reporting period:			
Investment income	-	4,600	4,600
Realised and unrealised gains	-	617	617
Less: property operational and investment management costs	-	(600)	(600)
Total return for the year	-	4,617	4,617
Unapplied total return allocated to income	-	(4,788)	(4,788)
Transfer to unrestricted funds to reflect 2017 gains	-	(1,015)	(1,015)
RPI uplift	1,311	(1,311)	-
	1,311	(2,497)	(1,186)
At 1 January 2019	41,650	77,966	119,616
Movements in the reporting period:			
Investment income	-	4,455	4,455
Realised and unrealised losses	-	(5,627)	(5,627)
Less: property operational and investment management costs	-	(235)	(235)
Total return for the year	-	(1,407)	(1,407)
Unapplied total return allocated to income	-	(4,781)	(4,781)
RPI uplift	895	(895)	-
	895	(7,083)	(6,188)
At 31 December 2019	42,545	70,883	113,428

The above figures exclude the functional endowment fund (note 17b) and the Roxburgh endowment fund (note 18).

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NOTES TO THE FINANCIAL STATEMENTS

17a. Invested endowment fund (continued)

Charity	Permanent endowment fund	Unapplied total return	Restated total
	£'000	£'000	£'000
At 1 January 2018	40,339	80,443	120,782
Movements in the reporting period:			
Investment income	-	4,600	4,600
Realised and unrealised gains	-	613	613
Less: property operational and investment management costs	-	(600)	(600)
Total return for the year	-	4,613	4,613
Unapplied total return allocated to income	-	(4,788)	(4,788)
Transfer to unrestricted funds to reflect 2017 gains	-	(1,015)	(1,015)
RPI uplift	1,311	(1,311)	-
	1,311	(2,501)	(1,190)
At 1 January 2019	41,650	77,942	119,592
Movements in the reporting period:			
Investment income	-	4,455	4,455
Realised and unrealised losses	-	(5,628)	(5,628)
Less: property operational and investment management costs	-	(235)	(235)
Total return for the year	-	(1,408)	(1,408)
Unapplied total return allocated to income	-	(4,781)	(4,781)
RPI uplift	895	(895)	-
	895	(7,084)	(6,189)
	-	-	-
At 31 December 2019	42,545	70,858	113,403

The above figures exclude the functional endowment fund (note 17b) and the Roxburgh endowment fund (note 18).

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NOTES TO THE FINANCIAL STATEMENTS

17b. Functional endowment fund

The functional endowment is that part of the endowment which is held for operational, rather than investment purposes, and is therefore not included in total return calculations. The assets which make up the functional endowment are those which were almshouses at the time the 2012 Scheme was approved (Chapel House, Fitzjocelyn / John Wood House, Rosenberg House, Chandos House, Combe Park), and Magdalen Chapel. The functional endowment also includes £1.849m (2018: £1.925m) set aside for future almshouse provision under the 2017 Scheme when the change of use of Chandos and St Catherine's was approved.

Charity & Consolidated	2019	Restated 2018
Balance brought forward	12,746	12,148
Surplus / (deficit)	(113)	(117)
Realised and unrealised gains	-	(397)
Transfers	-	1,112
Balance carried forward	12,633	12,746

Refer to note 26 for further information about the functional endowment fund.

18. Roxburgh endowment fund

Consolidated and charity	2019 £'000	2018 £'000
Balance brought forward	128	-
Movements in the reporting period:		
Gifted investments at carrying value	-	128
Investment income	10	3
Transfers to restricted funds	(10)	(3)
Valuation gains	21	-
Balance carried forward	149	128

The Roxburgh permanent endowment fund has been shown separately in these notes as, unlike the rest of the charity's endowed funds, the income from this fund has a restricted purpose: to provide relief for single woman over the age of 50 in the Bath area.

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NOTES TO THE FINANCIAL STATEMENTS

19. Designated funds

	2019	2018
	£'000	£'000
Extraordinary repairs fund - consolidated and charity		
Balance brought forward	669	744
Investment management cost	(2)	(3)
Unrealised (loss) / gain on revaluation	159	(72)
Balance carried forward	<u>826</u>	<u>669</u>

The fund was set up to ensure that monies are available to cover unplanned repairs to the almshouses, in instances where no other funds are available, and the fund has therefore been included as a designated fund.

20. Unrestricted fund

The unrestricted fund is the retained annual surplus of investment income over the deficit on the provision of almshouse accommodation, the cost of grants and community outreach activities. Surpluses are available at the discretion of the Trustee for maintenance of the permanent endowment and other purposes to achieve the charitable objectives of the charity. Unrestricted funds also include designated funds, as shown in note 19.

	2019	Restated
	£'000	2018
	£'000	£'000
Consolidated		
Realised and unrealised gains / (losses)	574	(1,451)
Operating result	(4,605)	(4,485)
Total return transfer from permanent endowment fund	4,781	4,788
Transfer from endowed funds to reflect 2017 gains	-	1,015
Transfer to functional endowment to reflect property additions	-	(1,113)
Net movement in the year	<u>750</u>	<u>(1,246)</u>
Balance brought forward	3,840	5,086
Balance carried forward	<u>4,590</u>	<u>3,840</u>
Charity		
Realised and unrealised gains / (losses)	573	(1,451)
Operating result	(4,623)	(4,476)
Total return transfer from permanent endowment fund	4,781	4,788
Transfer from endowed funds to reflect 2017 gains	-	1,015
Transfer to functional endowment to reflect property additions	-	(1,113)
Net movement in the year	<u>731</u>	<u>(1,237)</u>
Balance brought forward	3,880	5,117
Balance carried forward	<u>4,611</u>	<u>3,880</u>

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21. Restricted funds

Consolidated and charity (as at 31 December 2019)	Joseph Matthews Foundation	Roxburgh	Action Against Child Poverty	Total
Restated	£'000	£'000	£'000	£'000
Balance brought forward	82	4	39	125
Income	-	10	3	13
Expenditure	(44)	(5)	(42)	(91)
Balance carried forward	38	9	-	47

Consolidated and charity (as at 31 December 2018)	Joseph Matthews Foundation	Roxburgh	Residents' activities	Action Against Child Poverty	Restated Total
Restated	£'000	£'000	£'000	£'000	£'000
Balance brought forward	22	-	1	10	33
Income	68	9	-	29	106
Expenditure	(8)	(5)	(1)	-	(14)
Balance carried forward	82	4	-	39	125

Joseph Matthews Foundation

A restricted legacy was provided to the charity to support St John's in community outreach activities for those in Bath over 75 years of age.

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22. Transfers

	Permanent endowment fund	Unrestricted fund
	£'000	£'000
Transfer of unapplied total return to income	(4,781)	4,781

23. Analysis of net assets between funds

Consolidated (as at 31 December 2019)	Invested endowment fund	Functional endowment fund	Roxburgh endowment fund	Restricted fund	Designated fund	Unrestricted fund	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Tangible fixed assets	-	10,784	-	-	-	1,396	12,180
Intangible fixed assets	-	-	-	-	-	60	60
Investments	113,235	-	149	-	844	4,949	119,177
Social investments	193	-	-	-	-	-	193
Cash and bank balances	-	1,849	-	47	-	743	2,639
Other current assets and liabilities	-	-	-	-	(18)	(2,558)	(2,576)
	113,428	12,633	149	47	826	4,590	131,673

Consolidated (as at 31 December 2018) - Restated	Invested endowment fund	Functional endowment fund	Roxburgh endowment fund	Restricted fund	Designated fund	Unrestrict ed fund	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Tangible fixed assets	-	10,821	-	-	-	1,435	12,256
Intangible fixed assets	-	-	-	-	-	27	27
Investments	119,394	-	128	-	684	2,974	123,180
Social investments	221	-	-	-	-	-	221
Cash and bank balances	-	1,925	-	125	-	1,476	3,526
Other current assets and liabilities	-	-	-	-	(15)	(2,072)	(2,087)
	119,615	12,746	128	125	669	3,840	137,123

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24. Charitable and Capital Commitments

Capital expenditure commitments:

	2019	2018
	£'000	£'000
Legal commitment to build almshouses	1,849	1,925
1 Queen Square	30	-
14 Westgate Street	-	221
	<u>1,879</u>	<u>2,146</u>

The legal commitment with the Charity Commission to build almshouses is also reflected in the functional endowment fund (note 17b).

The charity acts as lessor for its commercial and residential investment property portfolios and is contractually entitled to receive future income. The future minimum lease payments under non-cancellable operating leases expected to be received by the charity and Group are due as follows:

	2019	2018
	£'000	£'000
Within one year	2,534	2,606
Between one and five years	8,250	8,740
After five years	<u>15,697</u>	<u>16,461</u>

At the year end the charity had the following conditional grant-making commitments:

Within one year	866	165
Between one and five years	340	1,172
	<u>1,206</u>	<u>1,337</u>

25. Pensions

The charity operates a defined contribution scheme for the benefit of the employees. During the year £143,000 (2018: £138,000) was payable into the defined contribution scheme. The amount due at the year end was £19,000 (2018: £18,000). Included within 'pension costs' in note 8 are pension scheme management fees payable of £14,000 (2018: £13,000).

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NOTES TO THE FINANCIAL STATEMENTS

26. Prior year adjustment

Whilst preparing the 2019 accounts, the split of assets between funds was re-assessed. After a careful study of historical records including Charity Commission schemes, and obtaining legal advice, the Trustees concluded that certain properties, which were previously reported as assets within the unrestricted funds are held as assets of either the charity's functional or investment endowments.

The functional endowment is shown in note 17b above and is that part of the endowment which is held for operational, rather than investment purposes, and is therefore not included in total return calculations. The assets which make up the functional endowment are those which were almshouses at the time the 2012 Scheme was approved (Chapel House, Fitzjocelyn / John Wood House, Rosenberg House, Chandos House, Combe Park), and Magdalen Chapel. Whilst St Catherine's Hospital was an almshouse in 2012, it is no longer included in the functional endowment following a change in its approved use in 2017.

Reconciliation of reserves

	Invested endowment £'000	Functional endowment £'000	Unrestricted fund £'000	Restricted fund £'000	Other funds £'000	Total funds £'000
Balance at 1 January 2018 (as previously stated)	119,487	-	16,624	1,957	744	138,812
Prior year adjustment	1,389	12,148	(11,612)	(1,925)	-	-
Balance at 1 January 2018 (restated)	120,876	12,148	5,012	32	744	138,812
Balance at 31 December 2018 (as previously stated)	117,520	-	16,757	2,049	797	137,123
Prior year adjustment	2,095	12,746	(12,917)	(1,924)	-	-
Balance at 31 December 2018 (restated)	119,615	12,746	3,840	125	797	137,123

The adjustment is a movement between funds only – there is no impact on total funds, surplus, or the value of assets and liabilities.

Impact of prior year adjustment on reserves, as at 31 December 2018

	Invested endowment £'000	Functional endowment £'000	Unrestricted fund £'000	Restricted fund £'000	Net impact on funds £'000
Note	£'000	£'000	£'000	£'000	£'000
Chandos House	-	2,264	(2,264)	-	-
St Catherine's Hospital	1,873	-	(1,873)	-	-
Hetling Court	304	-	(304)	-	-
Magdalen Chapel	22	703	(725)	-	-
Combe Park	-	3,563	(3,563)	-	-
Chapel House	-	675	(675)	-	-
Fitzjocelyn / John Wood House	-	1,041	(1,041)	-	-
Rosenberg House	-	2,575	(2,575)	-	-
Transfer of unapplied total return	(101)	-	101	-	-
Commitment to build almshouses	-	1,925	-	(1,925)	-
Rounding	(3)	-	2	1	-
Total	2,095	12,746	(12,917)	(1,924)	-

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NOTES TO THE FINANCIAL STATEMENTS

26. Prior year adjustment (continued)

Explanatory notes:

- A These assets have historically been treated as unrestricted, but form part of the functional endowment.
- B St Catherine's Hospital is not included in the functional endowment as it was transferred to the invested endowment in 2017 (with Charity Commission approval). However, it has been treated as unrestricted in error since its change in use.
- C Hetling Court has been an investment property since 2013, and is part of the invested endowment.
- D Magdalen Chapel is an operational asset, the depreciation on which has historically been charged to the invested endowment. However, as per the 2012 Scheme, it is part of the functional endowment.
- E Every year, a transfer is made from the invested endowment to unrestricted funds based on 4% of the average value of the endowment over the previous three or five years. The £101,000 adjustment has been made to bring the previously reported transfer from the unapplied total return in line with the trustees' policy following the other prior year adjustments.
- F When Chandos House and St Catherine's Hospital were decommissioned as almshouses a commitment was put in place to spend this sum on additional almshouse accommodation and the 2017 Scheme denotes this as permanently endowed.

27. Non-adjusting post balance sheet event

The Covid-19 pandemic, which led to a lockdown across the UK after the balance sheet date, is expected to have a material impact on both the value and yield from our investments. In particular, the rental income from our commercially let property in the centre of Bath has become more uncertain, and the value of our listed investments has fallen since the year end.

Whilst detailed forecasting is being undertaken on an ongoing basis, at the time of signing these financial statements it is not possible to form a reliable estimate of the ultimate financial impact. This is due to the number of unknown factors regarding the local and national economy, as well as the virus itself.

Although the financial impact is likely to be material, this will not affect the Charity's ability to continue as a going concern (see accounting policies).