

NORTHWOOD HOUSE CHARITY TRUST

REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD 1ST APRIL 2009 TO THE 30TH SEPTEMBER 2010

REGISTERED CHARITY NUMBER 276153

NORTHWOOD HOUSE CHARITY TRUST

CONTENTS PAGE

FOR THE PERIOD 1ST APRIL 2009 TO THE 30TH SEPTEMBER 2010

	<u>Page</u>
Legal and Administrative Information	1
Report of the Trustees	2-8
Report of the Independent Examiners	9-10
Statement of Financial Activities	11
Balance Sheet	12
Notes to the Financial Statements	13-19

NORTHWOOD HOUSE CHARITY TRUST

LEGAL AND ADMINISTRATION INFORMATION

FOR THE PERIOD 1ST APRIL 2009 TO THE 30TH SEPTEMBER 2010

TRUSTEES	Liz Mackenzie (Cowes Community Partnership) Chris Buckett (Co-opted) - resigned 20th April 2009 Elisabeth Campbell (Friends of Northwood House) - resigned 4th May 2010 Susan Weaver (Co-opted) - resigned 20th July 2010 Margaret Ankers (Co-opted) - appointed 11th May 2009 Ann Thwaites (Cowes Town Council) - appointed 7th September 2009 Ginnie Gledhill (Co-opted) - appointed 7th May 2010
CUSTODIAN TRUSTEES	The IW Council acted as Custodian Trustee for the Charity's Land and Property
CHARITY NUMBER	276153
PRINCIPAL ADDRESS	Northwood House Ward Avenue Cowes Isle of Wight PO31 8AZ
INDEPENDENT EXAMINER	A S Garner BA (Hons) ACA Harrison Black Limited Pyle House 136 - 137 Pyle Street Newport Isle of Wight PO30 1JW

NORTHWOOD HOUSE CHARITY TRUST

TRUSTEES' REPORT

FOR THE PERIOD 1ST APRIL 2009 TO THE 30TH SEPTEMBER 2010

The Trustees present their report along with the financial statements of the Charity for period 1 April 2009 – 30 September 2010. On 1 October 2010 the IW Council ceased to have any role in the management and administration of the House and Grounds and other than in respect of this period in preparation of Accounts. It is for this reason that these accounts cover the 18 month period ending 30 September 2010.

The financial statements have been prepared in accordance with UK generally accepted accounting principles, accounting policies set out therein and comply with the Charities Trust Deed, the 2002 Scheme, the Charities Act 1993 and the Statement of Recommended Practice, Accounting and Reporting by Charities dated 2005.

Structure, Governance and Management

The Charity is governed by:

- (a) Conveyance dated 19 August 1929 between Herbert Joseph Ward, William Considine and Hugh Herbert Considine and Cowes Urban District Council, as modified by
- (b) The Scheme of arrangement dated 31 July 2002 – Charity commission Sealing W127(S)02 ref 145869.

The Trust is an unincorporated Trust and since 1978 has been a registered charity (276153). The Trust was established when the land and property known as Northwood House Offices and Gardens was transferred to the Cowes Urban District Council (and successors) in 1929 by a deed of gift to be held so far as the House as local government offices and the pleasure grounds for the inhabitants of Cowes, Isle of Wight.

Trustees can be appointed (under the 2002 Scheme) by the Isle of Wight Council, Cowes Town Council, Cowes Community Partnership and The Friends of Northwood House. There can be seven Trustees in total of whom four are appointed and the remaining three co-opted by the Trustees already in place. IW Council chose not to make any appointment in the period under review. In the period the number of Trustees varied between 6 and 4.

On appointment and before attending their first meeting new Trustees are given all relevant information about the charity, which includes copies of the 1929 Deed of Gift, the 2002 Scheme, the most recent accounts and the duties and responsibilities of Trustees as provided by the Charities Commission.

During the period under review the House and the Park (save as mentioned specifically) continued to be managed and administered by departments of the IW Council (largely without consultation with the Management Trustees). This was notwithstanding IW Council's role as only a Custodian Trustee and the major interest which the Management Trustees (hereafter Trustees) should have had in the running of the House and Park. There was considerable tension between the Trustees and the IW Council arising out of the inability of the Trustees to obtain verification and appropriate information as to IW Council's handling of the Trust's income and assets and there was much exchange of correspondence with the aim (so far as the Trustees were concerned) of gaining clarity to enable the Trustees to take the necessary steps to manage the estate efficiently and in line with its responsibilities.

In the period IW Council took actions which were not authorised by the Trustees. The Trustees' attempts to obtain vouchers to verify that which IW Council claimed were expenditure on the House and Grounds and in the operation of the Car Park were rebuffed and specific instructions given by the Trustees to hand over income were ignored.

The Trustees have concluded that IW Council did not adopt consistent accounting practices in its management and administration of the House and Park including the Car Park. In the period the Trustees had almost no resources with which to obtain professional advice. In effect they found themselves partaking in a stranglehold trust.

NORTHWOOD HOUSE CHARITY TRUST

TRUSTEES' REPORT

FOR THE PERIOD 1ST APRIL 2009 TO THE 30TH SEPTEMBER 2010

Risk Management

During the period the Trustees continued, so far as IW Council made information available to them, to examine major strategic, business and operational risks faced by the charity and to put in place systems to enable regular reports to be produced, so that all necessary steps could be taken to lessen these risks. However, these attempts were significantly restricted by the failure of IW Council to provide all relevant information or to co-operate with the Trustees.

Objectives and Activities

The Northwood House Charity's main objective when first established in 1929 as a result of a Deed of Gift to the Urban District Council of Cowes (a statutory predecessor to IW Council) was that the Northwood House Offices should be held as local government offices and the pleasure grounds should be held for the inhabitants of Cowes, Isle of Wight. The Deed provided that care should be taken by the Council by means of regulation and otherwise to maintain the amenities of the House and Grounds. These objectives were modified by the Scheme which commenced on 31 July 2002 in amongst other respects such that:- 'Northwood House and Offices shall be used for such other charitable purposes as the Trustees from time to time think fit and the Trustees shall apply income received from such purposes towards the preservation and restoration of Northwood House for the benefit of the public.'

Report on the period under review

In the period IW Council continued to manage and administer such activities as it decided to continued within the House and Grounds. These included park grounds maintenance (but not the trees), bowls, tennis, Park Road car park, public conveniences in Park Road and the Park and lighting and related maintenance.

In the period IW Council announced that it was relinquishing its right to use the house for municipal offices, and that it would cease operating the car park from 31.8.2010 and from conducting any day to day management in the Park and House as from 1.10.2010. It also announced that it wanted to cease to be Custodian Trustee and from having any role as a nominating body. The Trustees believe from information given to them by I W Council that these decisions were taken by Officers under delegated powers. They were not taken as part of any agreed timetable with an orderly handover and the views of the Trustees were not heeded. The manner and speed with which I W Council sought to divest itself of responsibility for the House and Park was specifically not approved of by the Trustees.

Discussion took place with IW Council on Heads of Agreement for it to take on some responsibilities in the Park and House but these stopped with the IW Council Cabinet decision on 27.7.2010 to cease all involvement in the House and Park with effect from 1.10.2010.

At this time the Trustees sought guidance from the Charities Commission and from pro bono legal advisors.

Discussion and meetings with IW Council also took place as the Trustees sought to gain sufficient information to enable them to take on the efficient management of the House and Park, ensuring safety, continued use and to safeguard the estate as a whole. This included identifying all existing user contracts as well as seeking operational detail and financial implications.

NORTHWOOD HOUSE CHARITY TRUST

TRUSTEES' REPORT

FOR THE PERIOD 1ST APRIL 2009 TO THE 30TH SEPTEMBER 2010

In June 2010 IW Council refused to insure the House and Grounds and the Trustees had difficulties in obtaining cover until Lloyds cover was obtained with effect from 30.6.2010. As a consequence complete closure which had had to be contemplated was avoided. In this period the Registrar's department continued to occupy part of the House without making any payment to the Trust for this occupation.

The Trustees gave instructions to IW Council for the insurance premium to be met from Trust Funds (they intended this to include the Car Park Revenues). IW Council chose to meet the premium from Endowment Funds held in an account to which only the County Treasurer had access. The Trustees did not authorise this use of Endowment Funds but there were no other funds (apart from those retained by IW Council) with sufficient balances from which the payment could be made. Part of the tension between the Trustees and I W Council was connected with the fact that the Trustees were not provided with transparent accounting information and they were unable to satisfy themselves that IW Council was deficit funding the House and Park as it claimed.

The endowment fund was an account operated by IW Council and it's precise origins pre-date the 2002 Scheme. The fact that the IWC felt able to pay the insurance for the House from this account should indicate that it was not a true endowment fund even if it had been so labelled when IW Council essentially did the Trust's Accounts. The balance of this account (some £15,000) was transferred to the Trust and this money was put into the Treasurer's Account which is an account for use in the normal course of the Trust's operations. It is the fact, however, that during the period and since, the balances held have always exceeded this figure. The COIF fund (Charities Deposit Fund, operated via the Charities Commission) remained unaltered throughout the material period and indeed since then.

Fair reallocation of costs incurred by IW Council but charged to the Trust's account was sought. Insofar as the Accounts which accompany this Report contain information supplied by IW Council the Trustees are unable to take ownership of the same, particularly as their demands connected with verification have not been complied with.

The Trustees note the claim by IW Council to have deficit funded the Trust in the amount of £41,048 in the period. The Trustees are specifically unable to accept this figure for the reasons cited in this Report.

The Trustees have been advised that the deficit figure in the I W Council accounts annexed to these Financial Statements has been arrived at based on the best estimate achievable based upon the restricted information provided by I W Council.

So far as purported management charges the Trustees were never asked to agree these charges and they do not agree to them. The Trustees have also not seen any verification of the purported number of full time employees and that which they were aware of does not substantiate IW Council's claims in this respect. It is the Trustees view that if IW Council incurred management time in divesting itself of responsibility towards the Trust these charges should be for its own account. However the Trustees have noted the beneficiary position of IW Council under the 1929 Gift. It is the view of the trustees that other than in respect of the unsatisfactory accounting the Trust could only have claims for outstanding monies against IW Council if in fact it had retained surplus monies owned by the Trust. Investigations have continued after the period to ascertain whether the Trust has other claims against IW Council.

Issues of health and safety were addressed as a priority.

NORTHWOOD HOUSE CHARITY TRUST

TRUSTEES' REPORT

FOR THE PERIOD 1ST APRIL 2009 TO THE 30TH SEPTEMBER 2010

Serious concerns regarding cracks in the Tudor Rose bar ceiling caused by damp due to inadequate maintenance and storage of large quantities of paper by IW Council in the room above the Tudor Rose bar were professionally investigated at the behest of the Trustees and it was concluded that it was safe to reopen the room for use, with work to be carried out in due course.

A bid for office set up costs failed because of the link with IW Council. A second grant towards the cost of a professional feasibility study, recommended by the Charities Commission, English Heritage and IW Council, was successful and, after a suitable tendering process, Knight Frank were appointed. Generally the Trustees were advised that until there is a practical business plan in place, grant aid would be difficult to find if not impossible. The Trustees were also advised that a new Scheme was necessary in circumstances where IW Council had decided to relinquish all involvement with the House and Park and a Business Plan was not possible in advance of such a Scheme being put in place.

IW Council did agree to and undertook the removal of years of its accumulated paper records and agreement was reached that most of the remainder of the contents (with exceptions) would be left in situ on IW Council's evacuation of the House.

An existing inventory of the house contents was reviewed. The large marine paintings were removed by IW Council for review and possible restoration. It was established that these were owned by IW Council.

In the period (late 2009) IW Council ceased offering catering or events in the House. The Trustees worked towards the promotion and re-launch of events in the House beginning with a short term arrangement for a pop up restaurant from 15 July to 28 August 2010. This produced some funds for the charity and demonstrated that the House was suitable for public user. IW Council's unilateral decision to cease all operations in the House has caused substantial difficulties for the Trustees in resurrecting a business from a zero start.

With Trust support Cowes Heritage embarked upon recording details of Northwood House. An offer of a historical study of the house structure was also accepted. The Cowes Heritage annual exhibition, this time on Northwood House, was held at the house.

The Trustees received several unsolicited expressions of interest from commercial organisations. All were advised of the existing restrictions of the Deed of Gift and the 2002 Scheme and it was mutually agreed that they be treated as commercially confidential. A code of conduct was agreed to ensure best practice by all.

The service as the County Register Office ceased on 30 September 2010.

In the period negotiations towards a suitable tendering process for operation of the Park Road Car Park took place which resulted in Euro Car Parks being appointed, managing both Park Road and the Rotunda car parks. As a short term expedient to ensure continuity of parking provision pending Euro Car Parks taking over IW Council were licensed to manage the Car Park from 1.9.2010. This licence was determined by the Trustees on 12.11.2010. Steps were also taken to install suitable management of the Rotunda car park and to stop free use of it and of the access road by long term parkers. In the period IW Council were requested by the Trustees to cease selling parking permits for cars and coaches for use in the Park Road car park but they continued to do so even after the period.

NORTHWOOD HOUSE CHARITY TRUST

TRUSTEES' REPORT

FOR THE PERIOD 1ST APRIL 2009 TO THE 30TH SEPTEMBER 2010

Noting the cost to the Trust of providing the bowling green and associated facilities negotiations were entered into for a short lease to the amalgamated clubs requiring them to self manage and maintain the bowling green, paying a nominal rent to the Trust. This was in accordance with specific powers granted to the Trustees under the Scheme.

In the Financial Statements for the period use is made of the expression "Unrestricted Funds" which the Trustees are advised is a requirement under UK generally accepted accounting principles. The Trustees consider that in fact all of the funds available to the Trust have limitations on their user in the sense that they have to be utilised for purposes in connection with its legitimate function and are governed by charity law.

It not being deemed by the Trustees to be the responsibility of the Trust to provide public conveniences in Park Road, a decision was made to close this facility approximately contemporaneously with IW Council ceasing to have any input into the affairs of the House and Park. Before taking this step a licence at a nominal fee to operate these facilities was offered to I W Council and to Cowes Town Council but neither body took up this offer.

The method of valuation for Church Lodge was queried and the tenancy arrangement agreed by IW Council and its predecessors clarified. Church Lodge is occupied by a protected sitting tenant. The rental income is likely to be generally balanced over time by outgoings. In the opinion of the Trustees the valuation of £250,000 ascribed to this asset by IW Council when it prepared the Trust's Accounts, requires review and in the period the Trustees have notionally ascribed a value of £30,000 to this asset and the valuation adjustment has been dealt with as a prior year adjustment. Further reference to this is made in the Notes to the Financial Statements.

In the period the Trustees sought and worked with volunteers to begin to make the public rooms and supporting areas safe and attractive for use and to make all parts of the House watertight, paying tradesmen where necessary.

In the Park the Trustees commenced planning to address the liability issues connected with previously unmanaged and dangerous trees. They also negotiated fresh contracts for grass cutting and bin emptying. Contact with the Isle of Wight Historic Gardens Trust was maintained.

In the period Volunteers made a significant contribution to the Trust and this has continued.

The Trustees also worked with The Friends of Northwood House & Park who were encouraged to hold their first meeting for some years.

In the period the Trustees identified and retained appropriately qualified security guards to work in the House and Grounds after 1 October 2010. They also identified and retained a House Manager.

Donations and letters of support were received from some individuals and the Cowes branch of the TUC and the Boilermakers Union.

Necessary licences were reviewed and put in place as necessary. The Marriage licence was in force throughout the period and does not expire until 2012.

Advertisements for the post of Hon Treasurer were made and the post filled.

NORTHWOOD HOUSE CHARITY TRUST

TRUSTEES' REPORT

FOR THE PERIOD 1ST APRIL 2009 TO THE 30TH SEPTEMBER 2010

Since the period

The Trustees have done a great deal of work. The number of Trustees has risen to 6. Amongst many other duties the Trustees have:

- Met as a body and with Advisors at least fortnightly, sometimes more frequently
- Had extensive discussions with the Charity Commission to deal with implications of IOW Council withdrawal and the need to amend the Trust structure
- Received the feasibility study
- Issued a Consultation Document containing a vision statement and received responses from individuals and groups in the community
- Set up and operated a website
- Been focussed on getting to grips with all the requirements of running and safeguarding a large estate
- Carried out much work into identifying costs and applying cost reduction plans to try and ensure that the House and Park could continue to be available for use
- Addressed issues connected with uneconomic utility contracts left in place by IW Council
- Continued to encourage and manage Volunteer support both in the House, its Grounds and in the Park
- Battled with an extensive requirement for leaf clearance
- Determined the short term Licence granted to IW Council to run the car park
- Put in place new parking arrangements which, despite the recession and a general downturn in car park user on the Island, have significantly increased the revenues available to the Trust as compared to when IW Council were operating the car park
- Kept the Community Hall open
- Monitored the Children's play area in line with health and safety requirements
- Negotiated with Cowes Town Council for it to pay for emptying the dog and litter bins in the Park which it has committed to for a one year period
- Improved the kitchen facilities in the House
- Managed the making good of the public rooms with work mostly carried out by volunteers
- Managed the removal of enormous amounts of rubbish from the House – again with volunteer labour
- Put into operation a plan to manage liabilities such as the unmanaged and dangerous trees in the Park
- Cleared Drains and carried out gutter repairs
- Conducted repairs to the Rotunda roof
- Attempted to keep the House wind and watertight
- Kept security and caretaking arrangements in place
- Obtained more competitive Insurance for the period 2011 - 2013
- Put in place a catering contract for events in the House
- Managed a substantial improvement in the look and feel of the House
- Managed the repair and repainting of downstairs windows and doors
- Repaired external rendering on pillars and walls in vicinity of Rotunda
- Installed electric heating in main function rooms
- Managed substantial amounts of rewiring
- Attempted to encourage user of the House for events and weddings
- Purchased round tables for use at functions with assistance of a donation from the Friends
- Managed repairs to curtains and pelmets
- Cleaned cellars to extent that guided tours could be conducted
- Maintained the Park
- Engaged a professional lawn contractor to cut all grassed areas
- Filled in some flower beds and managed the planting up of others
- Managed volunteer work in the Park by the Friends and others

NORTHWOOD HOUSE CHARITY TRUST

TRUSTEES' REPORT

FOR THE PERIOD 1ST APRIL 2009 TO THE 30TH SEPTEMBER 2010

- Opened and maintained the Park public conveniences for the summer period
- Maintained and opened the tennis courts
- Made arrangements with Cowes High School and professional coaches for user of the tennis courts
- Entered into a lease with Cowes Medina Bowls Club
- Conducted negotiations with Medina Housing Association concerning the boundaries of Park Court
- Set up a trading company which as at this date remains dormant
- Met with English Heritage and local planners and conservation officers to review the way forward
- Received some development proposals
- Held several promotional events and an Open Day
- On very limited and inadequate funds continued to operate the House and continued to provide a Park and Community Hall for local people

None of the Trustees or their Advisers has received any remuneration for their services and indeed since the period (save for the Hon Treasurer) expenses have not been reimbursed, and it is intended that this position should remain.

Statement of Trustees' Responsibilities

The Trustees are responsible for preparing financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice for each financial year, which show a true and fair view of the state of affairs of the Charity and its financial activities for that period.

In preparing those financial statements the trustees are required to :-

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether compliance with accounting standards and statements of recommended practice 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.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 1993, the Charity (Accounts and Reports) Regulations and the provision of the trust deed. They also acknowledge responsibility for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report was approved and signed on behalf of the Trustees:

Signed.....

Ann Thwaites - Chairman of Management Trustees

Dated 27th July 2011

NORTHWOOD HOUSE CHARITY TRUST

INDEPENDENT EXAMINERS REPORT TO THE TRUSTEES

FOR THE PERIOD 1ST APRIL 2009 TO THE 30TH SEPTEMBER 2010

I report on the accounts of the Trust for the period 1st April 2009 to the 30th September 2010, which are set out on pages 11 to 19.

Respective responsibilities of trustees and examiner

The charity's trustees consider that an audit is not required for this year under section 43(2) of the Charities Act 1993 and that an independent examination is needed.

It is my responsibility to:

examine the accounts (under section 43(3)(a) of the 1993 Act); following the procedures laid down in the General Directions given by the Charity Commission (under section 43(7)(b) of the 1993 Act); and to state whether particular matters have come to my attention.

Basis of the independent examiner's report

My examination was carried out in accordance with General Directions given by the Charity Commissioners. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as Trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently I do not express an audit opinion on the view given by the accounts.

Independent examiner's statement

In connection with my examination, the following matters have come to my attention:

- 1) The accounting policy note 'substance over form' on page 13 of the accounts states the activities carried out by the IW Council have not been consolidated in the Statement of Financial Activities. The income and expenditure analysis of these activities are shown in the notes to the accounts on the basis that the Trustees had no ownership or management control during the current period. As the IW Council claim to have funded the deficit arising in the period the overall surplus of income over expenditure and balance sheet should be unaffected by the accounting treatment. The deficit arising in the period has been arrived at based on the best estimate achievable based upon the restricted information provided by the IW Council.
- 2) During the period, as the IW Council paid an insurance premium from the 'endowment fund' it is clear that they thought this was an appropriate use of the fund. Failing any information to the contrary the Trustees have transferred the balance of the fund to general unrestricted funds for use in the normal course of the Trust's operations.
- 3) During the period the Trustees queried the method of valuation for Church Lodge and asked for clarification on the tenancy arrangement agreed by IW Council and its predecessors. It was noted that Church Lodge is occupied by a protected sitting tenant and as a result in the opinion of the Trustees the valuation of £250,000 ascribed to this asset by IW Council when it prepared the previous years Trust's Accounts was inappropriate and in the period the Trustees have notionally ascribed a value of £30,000 to this asset and the valuation adjustment has been dealt with as a prior year adjustment.

NORTHWOOD HOUSE CHARITY TRUST

INDEPENDENT EXAMINERS REPORT TO THE TRUSTEES

FOR THE PERIOD 1ST APRIL 2009 TO THE 30TH SEPTEMBER 2010

4) Part of the property at Northwood House is not at present being used as functional property and is vacant and could be classified as an investment property. No attempt has been made to attribute any value to any of the property not at present let or being functional property, but we would express some sympathy with the Trustees, as no decision has yet been made as to what part of the property may be surplus to the charity's core objects.

5) The Trustees have prepared the accounts on a going concern basis and recognise additional funding will be required to continue to maintain the house and its grounds to a high standard. Substantial progress has been made in the current period but this will need to continue as major renovation work is needed to this listed building.

6) In other respects the Trustees have maintained accounting records in accordance with Section 41 of the 1993 Act and I am able to confirm that these accounts have been prepared from the accounting records which comply with the accounting requirements of the 1993 Act relating to the trust property as identified.

Signed.....

A S Garner BA (Hons) ACA - Independent Examiner

Harrison Black Limited, Pyle House, 136 - 137 Pyle Street, Newport, Isle of Wight, PO30 1JW

Dated ... 27th July 2011

NORTHWOOD HOUSE CHARITY TRUST

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE PERIOD 1ST APRIL 2009 TO THE 30TH SEPTEMBER 2010

	<u>Notes</u>	<u>Unrestricted Funds</u> <u>2010</u> <u>£</u>	<u>Endowment Funds</u> <u>2010</u> <u>£</u>	<u>Total Funds</u> <u>2010</u> <u>£</u>	<u>As Restated Total Funds</u> <u>2009</u> <u>£</u>
<u>Incoming Resources</u>					
<i>Incoming resources from generated funds :</i>					
Voluntary income	2	820	-	820	27,727
Activities for generating funds					
Licence fee income	2	5,000	-	5,000	-
Parking income	2	17,418	-	17,418	11,155
Rental income	2	-	-	-	3,178
Restaurant income	2	13,749	-	13,749	-
Investment income	2	6	608	614	1,795
Total incoming resources		<u>36,993</u>	<u>608</u>	<u>37,601</u>	<u>43,855</u>
<u>Resources Expended</u>					
<i>Cost of generating funds</i>					
Rental expenses	3	-	-	-	1,952
Parking expenses	3	2,169	-	2,169	-
Restaurant expenses	3	1,526	-	1,526	-
<i>Charitable activities</i>	3	4,742	5,666	10,408	21,798
<i>Governance costs</i>	3	3,191	-	3,191	3,190
Total resources expended		<u>11,628</u>	<u>5,666</u>	<u>17,294</u>	<u>26,940</u>
Net incoming / outgoing resources before transfers		25,365	-5,058	20,307	16,915
<u>Transfers</u>					
<i>Gross transfers between funds</i>	10	32,725	-32,725	-	-
<u>Other recognised gains and losses</u>					
Unrealised loss on revaluation of investment property	4	-	-	-	-
Gains / losses on investment assets	5	-	9,691	9,691	-8,699
Net movement in funds		<u>58,090</u>	<u>-28,092</u>	<u>29,998</u>	<u>8,216</u>
<u>Reconciliation of Funds</u>					
Total funds brought forward		40,951	65,300	106,251	98,035
Total funds carried forward	10	<u>99,041</u>	<u>37,208</u>	<u>136,249</u>	<u>106,251</u>

The notes on pages 13 to 19 form part of these financial statements.

NORTHWOOD HOUSE CHARITY TRUST

BALANCE SHEET

FOR THE PERIOD 1ST APRIL 2009 TO THE 30TH SEPTEMBER 2010

	<u>Notes</u>	<u>Unrestricted</u> <u>Funds</u> <u>2010</u> <u>£</u>	<u>Endowment</u> <u>Funds</u> <u>2010</u> <u>£</u>	<u>Total</u> <u>Funds</u> <u>2010</u> <u>£</u>	<u>As Restated</u> <u>Total</u> <u>Funds</u> <u>2009</u> <u>£</u>
<u>Fixed Assets</u>					
Investment property	4	30,000	-	30,000	30,000
Investments	5	-	37,208	37,208	27,516
		<u>30,000</u>	<u>37,208</u>	<u>67,208</u>	<u>57,516</u>
<u>Current Assets</u>					
Debtors and prepayments	6	17,065	-	17,065	607
Cash at bank	7	54,757	-	54,757	48,928
Cash in hand		-	-	-	-
		<u>71,822</u>	<u>-</u>	<u>71,822</u>	<u>49,535</u>
<u>Creditors: falling due within one year</u>					
Creditors and accruals	8	2,781	-	2,781	800
		<u>69,041</u>	<u>-</u>	<u>69,041</u>	<u>48,735</u>
<u>Net Current Assets</u>					
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Creditors: falling due after more than one year</u>					
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Net Assets</u>	9	<u>99,041</u>	<u>37,208</u>	<u>136,249</u>	<u>106,251</u>
<u>Represented by:</u>					
Endowment funds		-	37,208	37,208	65,300
Unrestricted funds		99,041	-	99,041	40,951
<u>Total Funds</u>	10	<u>99,041</u>	<u>37,208</u>	<u>136,249</u>	<u>106,251</u>

Approved by, and signed on behalf of the Trustees dated 27th July 2011

Signed 
Ann Thwaites

Signed 
Ginnie Gledhill

The notes on pages 13 to 19 form part of these financial statements.

NORTHWOOD HOUSE CHARITY TRUST

NOTES TO THE ACCOUNTS

FOR THE PERIOD 1ST APRIL 2009 TO THE 30TH SEPTEMBER 2010

1) Accounting Policies

(a) Accounting Convention

The accounts have been prepared on the historic cost convention as modified by the revaluation of investments at market value during the year. The accounts are in accordance with applicable accounting standards, the Charities SORP 2005 (Accounting and Reporting by Charities) and comply with the Charities (Accounts and Reports) Regulations 2005 issued under the Charities Act 1993.

(b) Incoming Resources

Incoming resources represents the total amount receivable by the trust in the form of grants, donations, interest receivable from investments, income from the parking scheme, income generated from the rental / use of the property / land and income.

All incoming resources are recognised once the charity has entitlement to the resources, it is certain that the resources will be received and the value of incoming resources can be measured with sufficient reliability.

(c) Resources Expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs relating to the charity's main activities. Where support costs cannot be directly attributable to particular headings they have been allocated to activities on a basis consistent with the use of the resources.

(d) Cost of generating funds

Cost of generating funds consists of costs incurred in managing Church Lodge, parking scheme and restaurant.

(e) Charitable Activities

Cost of generating funds consists of costs to preserve and restore Northwood House for the benefit of the inhabitants and visitors to the Isle of Wight.

(f) Governance costs

Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. These costs include the independent examiners and other professional fees.

(g) Substance over form

The vast majority of the activities undertaken in the House and Grounds have been undertaken by the Isle of Wight Council, through its various service departments. The income and expenditure of these activities is included within the books and records of the IW Council. The IW Council has provided a summary income and expenditure analysis of these activities, which are shown in the notes, but which are not consolidated into the main accounts, as the Trustees had no ownership or management control of these activities at the balance sheet date. The Trustees are unable to accept these accounts as being correct as they reveal manifest inconsistencies as compared with previous years and no vouchers or other supporting documents have been supplied to them despite requests for such verification.

(h) Continuing Activities

The Charity has been effectively managed by Isle of Wight Council who have not sought or obtained the consent and permission of the management trustees for many decisions. IW Council claims to have deficit funded the amenities over many years. The Trustees are unable to verify whether this is the case or not. The Trustees believe IW Council have allowed Northwood House to be neglected and become run down to an unacceptable degree. The Trustees attempted to work in partnership with IW Council during the period to secure the future activities of the Charity.

NORTHWOOD HOUSE CHARITY TRUST

NOTES TO THE ACCOUNTS

FOR THE PERIOD 1ST APRIL 2009 TO THE 30TH SEPTEMBER 2010

All of the activities of the Charity have continued throughout the year, but these have been scaled down from previous years. There are no discontinued activities.

(i) Fixed Assets

The Charity's assets consist of land and buildings conveyed by gift to the Authority in 1929. Whilst noted in these accounts, the main House and Grounds have not been independently valued and are included at nil cost on the balance sheet. This will be reviewed next year with the introduction of a new accounting standard on heritage assets.

(j) Investment Property

Part of the freehold property held by the Trustees is let for residential purposes. The Lodge is held by the Charity as an investment property, and is valued on the Balance Sheet at an estimate of market value.

(k) Investments

Investments are held in COIF (Charities Official Investment Fund) Investment Fund units, and are included on the Balance Sheet at Market Value.

(l) Government Grants

Government and other grants are recognised when they are received or any conditions for their receipt have been complied with. Grants in respect of capital expenditure are deferred and released over the useful economic life of the related asset.

(m) Prior Year Adjustment

Note 4 to the accounts provides information regarding the recognition of a prior year adjustment.

2) Analysis of Incoming Resources

	<u>Unrestricted Funds 2010</u>	<u>Endowment Funds 2010</u>	<u>Total Funds 2010</u>	<u>Total Funds 2009</u>
<u>Incoming resources from generated funds :</u>				
<u>Voluntary Income</u>				
IW Council revenue account	820	-	820	2,884
IW Council - working capital	-	-	-	14,763
English Heritage grant	-	-	-	10,080
	<u>820</u>	<u>-</u>	<u>820</u>	<u>27,727</u>
<u>Activities for generated funds</u>				
Licence fee income	5,000	-	5,000	-
Parking income	17,418	-	17,418	11,155
Rental income	-	-	-	3,178
Restaurant income	13,749	-	13,749	-
	<u>36,167</u>	<u>-</u>	<u>36,167</u>	<u>14,333</u>
<u>Investment Income</u>				
Interest on cash investments	6	608	614	1,795
	<u>6</u>	<u>608</u>	<u>614</u>	<u>1,795</u>
<u>Total Incoming Resources</u>	<u><u>36,993</u></u>	<u><u>608</u></u>	<u><u>37,601</u></u>	<u><u>43,855</u></u>

NORTHWOOD HOUSE CHARITY TRUST

NOTES TO THE ACCOUNTS

FOR THE PERIOD 1ST APRIL 2009 TO THE 30TH SEPTEMBER 2010

3) Analysis of resources expended

	<u>Parking</u>	<u>Gala Evening</u>	<u>House preservation and restoration</u>	<u>Governance Costs</u>	<u>Total 2010</u>	<u>Total 2009</u>
Costs directly allocated to activities :						
Rates & water					-	1,218
Premises insurance			6,461		6,461	6,636
Repairs and maintenance - lodge					-	734
Repairs and maintenance - property	500		19		519	-
Support costs allocated to activities :						
Postage and stationary			1,375		1,375	196
Telephone			755		755	-
Advertising			1,100		1,100	-
Accountancy				1,981	1,981	960
Donations	1,669				1,669	2,230
Licence and subscriptions			87		87	
Survey					-	12,902
Legal fees				1,210	1,210	1,725
Trustee expenses - mileage			479		479	339
Fundraising event costs		1,526			1,526	
Miscellaneous expenses			132		132	-
Total	<u>2,169</u>	<u>1,526</u>	<u>10,408</u>	<u>3,191</u>	<u>17,294</u>	<u>26,940</u>

NORTHWOOD HOUSE CHARITY TRUST

NOTES TO THE ACCOUNTS

FOR THE PERIOD 1ST APRIL 2009 TO THE 30TH SEPTEMBER 2010

4) Fixed Assets - Investment Property

The assets of the Charity comprise the remaining assets passed to the Authority as set out in the Governing Document (1929 conveyance) and consist of Northwood House and Grounds, some House artefacts, Park amenities, the Park Lodge (currently let), and Park Road Car Park.

All property deeds are held by IW Council as Custodian Trustee. All original assets are stated at cost (£nil value).

	Investment Property	Total
Valuation	£	£
At 1 April 2009 (as restated)	30,000	30,000
Revaluation	-	-
At 30 September 2010	<u>30,000</u>	<u>30,000</u>
Depreciation / Amortisation		
At 1 April 2009	-	-
Depreciation charge	-	-
At 30 September 2010	<u>-</u>	<u>-</u>
Net book Value		
At 30 September 2010	<u>30,000</u>	<u>30,000</u>
At 1 April 2009 (as restated)	<u>30,000</u>	<u>30,000</u>

Church Lodge - Prior Year Adjustment

The Trustees have had regard to 2 professional valuations obtained by Isle of Wight Council for purposes of the Trust's annual accounts, which it was responsible for effective pre-preparation, the first in 2004 in the sum of £225,000 and the second in 2009 in the sum of £250,000.

In the period the Trustees discovered that Church Lodge was first let on an old fashioned Rent Act protected tenancy to its current tenant in 1984 and that accordingly she is and has been since 1984 a Rent Act protected tenant. The Trustees have no information as to whether this information was clearly made available to the valuers at the time when they carried out their valuations and they are satisfied that the Management Trustees in place prior to the period were not in possession of this information. The Trustees have noted that the predecessor to IW Council responsible for the first letting in 1984 could have let it on a protected shorthold tenancy but did not do so. The Trustees believe that no attempt was made to comply with the provisions of the Charities Act 1965 as then in force when the letting first took place and they believe the tenant was not a person to whom the property should have been let under the terms of the Deed of Gift of 1929. Notwithstanding these matters as against the Trust the tenant is entitled to full statutory protection.

The tenancy is registered and information given to the Trustees recently by IW Council is that regular applications for increases in rent were made in the period 2002 – 2010. The current rent is £256 per month. The Trustees have decided that this asset should be valued in the sum of £30,000. This is a factor of approximately 10 x current annual rent. The Trustees consider that this is a prudent step to take and that it is misleading for this asset to appear in its Accounts as if it was realisable funds. The Trustees have given consideration to whether the sum based on a factor of rent should be even further reduced to take account of the cost of potential repairs and maintenance but have concluded that while it is always possible that extensive repairs may have to be incurred, such a reduction is not necessary. This is included in the accounts as a prior year adjustment.

NORTHWOOD HOUSE CHARITY TRUST

NOTES TO THE ACCOUNTS

FOR THE PERIOD 1ST APRIL 2009 TO THE 30TH SEPTEMBER 2010

5) Investments

The Charity holds 491 units of COIF investment funds. The investments are shown at market value, and are held for the longer term.

	<u>2010</u> £	<u>2009</u> £
Market value at 1 April 2009	27,517	36,215
Unrealised surplus/deficit on revaluation	9,691	-8,699
Market value at 30 September 2010	<u>37,208</u>	<u>27,516</u>

6) Debtors

	<u>2010</u> £	<u>2009</u> £
Prepayments	<u>17,065</u>	<u>607</u>

7) Cash at Bank

	<u>2010</u> £	<u>2009</u> £
Trustees' accounts	54,757	11,146
Endowment fund	-	37,782
	<u>54,757</u>	<u>48,928</u>

8) Creditors

	<u>2010</u> £	<u>2009</u> £
Accruals	<u>2,781</u>	<u>800</u>

9) Analysis of Net Assets Between Funds

	<u>Unrestricted</u> <u>Funds</u> £	<u>Endowment</u> <u>Funds</u> £	<u>Total</u> <u>2010</u> £
Tangible fixed assets	30,000	37,208	67,208
Current assets	71,822	-	71,822
Creditors due within one year	2,781	-	2,781
	<u>99,041</u>	<u>37,208</u>	<u>136,249</u>

NORTHWOOD HOUSE CHARITY TRUST

NOTES TO THE ACCOUNTS

FOR THE PERIOD 1ST APRIL 2009 TO THE 30TH SEPTEMBER 2010

10) Analysis of movements in funds

	<u>As Restated</u>				
	<u>At 1st</u>	<u>Incoming</u>	<u>Resources</u>	<u>Transfers</u>	<u>At 30th</u>
	<u>April</u>	<u>Resources</u>	<u>Expended</u>	<u>& Gain /</u>	<u>September</u>
	<u>2009</u>			<u>Losses</u>	<u>2010</u>
<u>Unrestricted Funds</u>					
General fund	40,951	36,993	11,628	32,725	99,041
<u>Endowment Fund</u>					
General endowment fund	65,300	608	5,666	-23,034	37,208
Total Funds	<u><u>106,251</u></u>	<u><u>37,601</u></u>	<u><u>17,294</u></u>	<u><u>9,691</u></u>	<u><u>136,249</u></u>

Endowment Fund

The Charity holds endowment funds arising from prior year disposals of land forming part of the Trust property. The make up of the capital element of this is as follows:

	£
Disposal dated 6 April 1964 for housing and highway purposes	2,000
Disposal dated 22 July 1987 for housing purposes	25,000
Uplift in value	<u>10,208</u>
Total value	<u><u>37,208</u></u>

Following the advice of the Charity Commission, the interest earned on the cash element of investments has been treated as unrestricted funds. The unrealised surplus on the investments held are added to the value of the endowment fund. During the period the cash endowment fund has been transferred to unrestricted funds following the payment of insurance from the fund. It has been assumed the IW Council obtained the necessary permissions to expend part of this fund prior to the transfer to the Management Trustees.

11) Trustees

No remuneration or benefits were paid to any Trustee during the year (2009 - £nil). During the year Trustees were reimbursed expenses totalling £479 (2009 - £339) for costs incurred.

12) Related Parties

As the Charity's former sole Trustee the IW Council incurred costs in carrying on the activities within the House and Grounds and met these deficits from its Revenue Account.

During the year the IW Council has used rooms at the House, for its purposes, in accordance with the objects of the Charity. A full analysis of the activities operated by the Council is shown in note 13.

NORTHWOOD HOUSE CHARITY TRUST

NOTES TO THE ACCOUNTS

FOR THE PERIOD 1ST APRIL 2009 TO THE 30TH SEPTEMBER 2010

13) Activities carried on by the Isle of Wight Council

The Isle of Wight Council has carried on the following activities within the house and Grounds, and has provided the following analysis of income and expenditure. The net deficit/surplus has been accounted for within the accounts of the local authority.

	2010	2009
	£	£
Income		
Lettings, house and hall functions	73,078	113,321
Car park income (1)	138,450	105,085
Park amenities income	15,872	4,654
Contribution to play equipment		40
	<u>227,400</u>	<u>223,100</u>
Expenditure		
Function costs	19,318	28,372
Wage costs	104,151	96,857
Grounds maintenance (2)	62,592	46,148
Heat and light (3)	16,656	13,380
Water and rates	3,074	2,032
Car park rates	12,137	-
Maintenance, repairs and renewals (4)	35,943	18,534
Cleaning, and contractor cleaning	4,366	872
Clothing and uniforms	558	1,259
Printing, stationery, advertising	-	13
Licences	-	79
Telephone	870	725
Administration and support (5)	8,783	9,858
	<u>268,448</u>	<u>218,129</u>
Net surplus / deficit of activities undertaken	<u><u>- 41,048</u></u>	<u><u>4,971</u></u>

Notes

- (1) £ 114,805 cash income + £ 23,645 estimated permit income
- (2) based on more detailed estimate of existing contract costs
- (3) 50% of water, heat and light costs recharged to Registrars
- (4) No capital costs included
- (5) includes £6,617 - estimated management costs from Registrars

14) Staff costs and Emoluments

The average number of full time equivalent employees included in the wage costs are 4.2 FTEs. These include 3.0 FTEs for functions / maintenance of House, 0.8 FTEs for amenities and 0.4 FTEs for car parking. The functions and amenities staff are seasonal staff and are hired on a needs basis therefore actual numbers of staff vary at different times of the year.

There are no employees receiving emoluments in excess of £50,000 in the year.