

**CASTEL FROMA NEURO CARE LIMITED
(A COMPANY LIMITED BY GUARANTEE)**

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

CHARITY NUMBER 1100965

COMPANY NUMBER 04777559

**Harrison Beale & Owen Limited
Chartered Accountants and Statutory Auditor
Highdown House
11 Highdown Road
Sydenham
Leamington Spa
CV31 1XT**

CASTEL FROMA NEURO CARE LIMITED
(a company limited by guarantee)

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

Contents

	Page
Chairman's report	1
Trustees' annual report	2-9
Auditors' report	10-12
Statement of financial activities	13
Balance sheet	14
Statement of cashflows	15-16
Notes to the financial statements	17-29

CASTEL FROMA NEURO CARE LIMITED
(a company limited by guarantee)

CHAIRMAN'S REPORT

Castel Froma Neuro Care enables people living with severe neurological injuries and conditions to achieve the best quality of life they can. The excellence of care and rehabilitation we are able to provide means that where we were once a home for life, we now much more frequently are providing a home that is transitional, as some of those in our care are able to progress to more independent living. We are a charitable company limited by guarantee.

We are fortunate to have inherited from previous funders and trustees an estate with two fine buildings set in attractive gardens which are an excellent setting for living, recuperating and rehabilitating, Lillington House and Helen Ley House.

We are also blessed with a committed staff team whose care for the residents and the work of the charity is evident to anyone who visits.

In the year 2022-2023 we have faced several challenges, all affecting our finances:

- difficulty in restoring some services after Covid, such as respite care and therapy for non-residents.
- an under-pressure NHS which has been slow to raise fees in line with inflation.
- increased interest rates on mortgages and secured loans used to invest capital into our estate.
- increased building costs for a project delayed by Covid.

All of this required us to set a deficit budget for the year while the Chief Executive and her management team have worked to stabilise our finances in the longer term, cutting costs, re-negotiating contracts with suppliers and funders, and looking to identify and re-establish income streams.

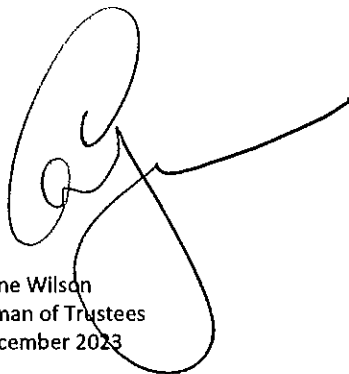
A further action has been to liquidate assets to complete building work at Helen Ley House, which pre-Covid we had hoped to fund from fundraising activity. Charitable funding is another area that is more challenging to tap into post-pandemic.

Selling an investment property (which was completed after year end) will enable us to complete the provision of eight more high quality and specialist recovery rooms at Helen Ley House, and to pay off mortgages and securities, releasing us from high interest charges.

Other work in this year has been to audit the performance of our property for energy efficiency, to both achieve carbon reductions and reduce costs. The management team has been prompt to achieve identified savings and we will continue to look for cost-effective opportunities to lessen our carbon footprint.

The work of the charity is only made possible by the efforts and good will of the staff and also, many individuals who give their time freely in many different ways to offer support. This is very much appreciated.

Finally, I wish to thank my fellow trustees for their continued dedication and support.



Caroline Wilson
Chairman of Trustees
15 December 2023

CASTEL FROMA NEURO CARE LIMITED
(a company limited by guarantee)

TRUSTEES' ANNUAL REPORT (Including Directors' and Strategic Report)

FOR THE YEAR ENDED 31 MARCH 2023

The trustees are pleased to present their annual report together with the audited financial statements of the charity for the year ended 31 March 2023 which are also prepared to meet the requirements for the strategic and directors' report and accounts for Companies Act purposes. The financial statements have been prepared in accordance with the accounting policies set out in the notes to the accounts and comply with the charity's governing document, the Charities Act 2011 and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland published in October 2019.

On 1 April 2011 Castel Froma (as the charity was then known) merged with Royal Midland Counties Home for the Disabled, a charity under common control. Royal Midland Counties Home for the Disabled remains a separate charity, placed under a Uniting Direction with Castel Froma. On 1 April 2011 the expendable assets of Royal Midland Counties Home for the Disabled were transferred to Castel Froma and the permanent endowment was placed under the protection of the Trustees of Castel Froma. The following financial statements report the combined performance and financial position of Castel Froma and Royal Midland Counties Home for the Disabled.

Reference and administrative Information

Castel Froma Neuro Care Limited:-

Registered charity number	1100965
Registered company number	04777559

Country of Incorporation	England
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Royal Midland Counties Home for the Disabled registered charity number (Linked charity)	1100965-1
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Registered office	93 Lillington Road Leamington Spa Warwickshire CV32 6LL
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Auditors	Harrison Beale & Owen Limited Chartered Accountants and Statutory Auditor Highdown House, 11 Highdown Road Leamington Spa CV31 1XT
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Bankers	Lloyds Bank 73 The Parade Leamington Spa CV32 4BB
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Solicitors	Wright Hassall LLP Olympus Avenue Leamington Spa CV34 6BF
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	Harrison Clark Rickerbys Limited Ellenborough House Wellington Street Cheltenham Gloucestershire GL50 1YD
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CASTEL FROMA NEURO CARE LIMITED
(a company limited by guarantee)

TRUSTEES' ANNUAL REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2023

Directors and trustees and officials

President	12 th Earl of Aylesford
Patron	Mr T Cox, Her Majesty's Lord Lieutenant of Warwickshire
Vice-President	Mrs D Dowdeswell OBE
Trustees	Dr C Wilson (Chairman) Mr G Murrell (Vice-Chairman) Mr S J Nicklin Mrs L Holiday Mr D Leigh-Hunt Dr D Stableforth Mr J Evlson
Associate Trustee	Ms S Seeley (appointed July 2023)
Ex-Officio	The Chairman of Warwick District Council His Worship the Mayor of Royal Leamington Spa
Senior Management Team	Mrs M Bawden (Chief Executive & Nominated individual) Mrs E Jackson (Deputy Chief Executive) Mr A Albu (Registered Manager, Lillington House and Helen Ley House) Mrs S Hook (Registered Manager, Helen Ley House – until 31 March 2023) Ms K Gates (Therapy manager) Ms N Fyfe (Deputy Clinical Services manager – from 1 December 2023)
Company Secretary	Mrs M Bawden
Care Standards Committee	Mrs L Holiday (Chair) Dr C Wilson Mr G Murrell Dr D Stableforth Mr S Nicklin
Finance, Assets & Risk Committee (including profiling & fundraising)	Mr G Murrell (Chair) Dr C Wilson Mr J Evlson Mr D Leigh-Hunt Mrs L Holiday Mr S Nicklin Dr D Stableforth
Remuneration Committee	Mr D Leigh-Hunt (Chair) Dr C Wilson Mrs L Holiday Mr J Evlson Mr S Nicklin Mr G Murrell

CASTEL FROMA NEURO CARE LIMITED
(a company limited by guarantee)

TRUSTEES' ANNUAL REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2023

OBJECTIVES AND ACTIVITIES

Mission Statement

Day, respite and long-term residential care with 24-hour nursing care for those with neurological conditions

We run outstanding care and rehabilitation centres providing day, respite and long-term services for people disabled by neurological conditions.

Business Aims

- To provide the highest standard of nursing and care for individuals with neurological conditions who have complex needs;
- To bring together experts from every therapeutic field to help our residents live as full a life as possible;
- To integrate family, friends and the local community into the lives of our residents and provide a supportive environment for their carers;
- To excel in palliative and end of life care to help our residents live their last days as they would wish, free from pain and with as much dignity as possible;
- To extend our care beyond our centres, into the local community and onto a regional and national level;
- To operate within a financially and environmentally sustainable framework.

Principal activities

The principal activity of Castel Froma Neuro Care Limited is the provision of care and accommodation for severely physically disabled people. To achieve this objective the charity operates two registered care centres based at the following addresses:-

Lillington House
93 Lillington Road
Leamington Spa
Warwickshire
CV32 6LL

The Helen Ley Care Centre
Berlote Road
Blackdown
Leamington Spa
Warwickshire
CV32 6QP

The centres provide 24-hour nursing care, in addition to physiotherapy, occupational therapy, hydrotherapy, speech and language therapy, aromatherapy and reflexology.

The principal activity of Royal Midland Counties Home for the Disabled is to support Castel Froma Neuro Care Limited. The sale of approximately 1.5 acres of land in 2004 allowed Royal Midland Counties Home for the Disabled to invest a large sum of money in property. The monthly income has been allocated to projects in Castel Froma Neuro Care Limited for physically disabled people. All of the projects have directly benefited the residents.

Volunteers

In addition to approximately 205 paid employees, the charity also benefits from over 2,000 hours of donated time each year. This figure includes time spent at the care centre by committee members, drivers and letter writers, who all participate in fundraising events, visit residents, and accompany them on excursions outside the care centre.

CASTEL FROMA NEURO CARE LIMITED
(a company limited by guarantee)

TRUSTEES' ANNUAL REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2023

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Instrument

Castel Froma Neuro Care Limited is a charitable company limited by guarantee, incorporated on 27 May 2003 and registered as a charity on 1 December 2003. The company was established under a Memorandum of Association, as amended by special resolutions of 7 November 2003 and 25 November 2010, which established the objects and powers of the company and is governed under its Articles of Association.

Royal Midland Counties Home for the Disabled is an unincorporated association set up under a Trust Deed dated 27th June 1884, as amended on 1st April 2011.

Organisation and structure

The overall management of the charity is carried out by the Chief Executive who is directly responsible to the trustees. All nursing and care staff report to the Registered Managers and all non-medical staff report to their relevant line manager. The members of the Senior Management Team comprise the Deputy Chief Executive, Registered Managers and Therapy Manager, all of whom report to the Chief Executive.

Governance and internal control

The 'Board of Trustees' comprises the directors of the company. A list of those who served in these capacities during the period is set out on page 3. Members of the company guarantee to contribute an amount not exceeding £10 to the assets of the company in the event of winding up.

A panel comprising existing committee members selects members of the three committees: the Care Standards Committee; the Finances, Assets and Risks Committee; and the Remuneration committee. The trustees meet quarterly.

New trustees are elected by the 'Board of Trustees'. New trustees are inducted during their first trustees' meeting. Trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

Pay policy for senior staff

The pay of the senior staff is reviewed by the remuneration committee (at least annually) and normally increased in line with average earnings. In view of the nature of the charity, the trustees benchmark against pay levels in other regional charities of a similar size. If recruitment has proven difficult in the recent past a market addition may also be paid.

Plans for the future

During the year the charity has made significant progress on the extension to Helen Ley House, which will expand capacity with eight new bedrooms and is set to become operational in 2024. See also note 22 to the financial statements.

Post balance sheet event

The trustees took a decision after the year end for the charity to dispose of its investment property and a sale was concluded in October 2023, which realised over £2.5m in proceeds, although a good proportion of this (around £1.5m) was used to settle bank loans and the associated costs of the disposal. See also note 24 to the financial statements.

CASTEL FROMA NEURO CARE LIMITED
(a company limited by guarantee)

TRUSTEES' ANNUAL REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2023

STRATEGIC REPORT

Achievements and performance

2022-23 was another challenging year, not least because the charity, like many in the sector, was still dealing with cost pressures from the legacy of the Covid-19 pandemic and the significant inflationary pressures in the economy that were in part exacerbated by a volatile political environment around the world.

We continue to strive to provide a high standard of personalised care for all of our residents at both sites. To this end we have, where possible, maintained the number of hours each week in respect of physiotherapy, occupational therapy, psychology, dietician and speech and language therapy. The number of permanent residents overall increased during the year, in particular at Lillington House, which was pleasing to note. The occupancy at Helen Ley House remained stable year on year and lower than before the pandemic. The charity is currently developing additional pathways to enable residents to live more independently and, where appropriate, this includes re-enablement and discharge to a community setting and it is anticipated that the new rooms at Helen Ley House will form a key part of these new pathways. The latest CQC inspection reports, which were desktop reviews carried out in August 2022 for both sites, still assess both sites as 'Good'.

Financial review

Details of the financial position of the charity are set out in the attached financial statements. Income for the year totalled £7,945,782 and expenditure totalled £8,615,382. Net expenditure for the year totalled £669,600 with total adverse movement in funds of £585,509 after other gains of £84,091. Unrestricted reserves at the year-end amounted to £6,263,746 and these comprised general reserves of £3,298,324 and designated reserves of £2,965,422. Restricted reserves comprise the restricted reserves of Castel Froma Neuro Care Limited totalling £23,655 and an endowment reserve of Royal Midland Counties Home for the Disabled, representing the value of the freehold property, being the site at 93 Lillington Road, amounting to £4,250,000 at the year end.

Investment policy

The charity's investments are held in accordance with the trustees' powers. The trustees have considered the most appropriate policy for investing the funds and have found that a mixture of property investment and investment in a portfolio of equities meets their requirements to generate both income and capital growth. The trustees take advice from suitable specialists on, amongst other things, the acceptable levels of risk and aim to generate a return above that of the rate of inflation, whilst ensuring that cash is available to the charity when needed. The performance of investments is reviewed periodically against agreed benchmarks.

Risk review

The trustees have put in place a formal risk management process to assess business risks and implement risk management strategies. This involves identifying the types of risks the charity faces, prioritising them in terms of potential impact and likelihood of occurrence, and identifying means of mitigating the risks. As part of this process the trustees continually review the adequacy of the charity's current internal controls. The trustees are pleased to report that the charity's internal financial controls, in particular, conform to guidelines issued by the Charity Commission.

The trustees have conducted their own review of the major risks to which the charity is exposed and systems have been implemented to mitigate those risks. The significant external risks to the charity are noted within the key risks identified below and include the key financial risk of the charity not meeting its budget. Internal risks are minimised by the implementation of internal control procedures for authorisation of transactions and projects and through staff development. These procedures are reviewed periodically to ensure they still meet the needs of the charity.

The key risks as identified by the trustees include:

- A severe impact from the Covid-19 or other pandemic and the consequent potential impact on going concern;
- Staff recruitment challenges and periodic staff shortages the consequent impact on charitable expenditure against budget;
- Insufficient new resident referrals, or not maintaining fee levels and cash flow in the context of the inflationary pressures and complexities of the NHS contracting process; and
- Accommodation becoming unsuitable and an inability to meet planned capital expenditure schedules.

CASTEL FROMA NEURO CARE LIMITED
(a company limited by guarantee)

TRUSTEES' ANNUAL REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2023

STRATEGIC REPORT

Reserves policy

The trustees have examined the charity's requirements for reserves in light of the main risks to the organisation and have established a policy whereby sufficient unrestricted reserves are retained in order to meet unforeseen increased working capital requirements at a level equal to at least six months' operating expenditure. In April 2021, the trustees further clarified the reserves policy with an additional aim to hold a level of reserves in liquid assets such as cash deposits or investment funds of at least three months' operating expenditure. The policy is still considered to be appropriate when it was reviewed in March 2023 and is to be reviewed again in 2024.

The strategy of the trustees is guided by the following principles:

- To build reserves through planned operating surpluses;
- To review the policy regularly in the light of financial performance and any changes in risk assessment;
- To apply this policy in conjunction with the investment policy, to enable a proportion of the reserve to be invested; and
- To limit the ability of the charity to draw from its reserves by only authorising the Chief Executive or Chair of Trustees to effect such a drawdown, with an obligation to report any such withdrawal to the Board.

The present level of unrestricted reserves not committed is £6,263,746, of which there is a designation of £2,965,422. This designated fund represents the net book value of the functional fixed assets of the charity and is therefore not deemed to be available to the charity for activities other than to which these assets are currently committed. The present level of reserves available to the charity for unforeseen working capital requirements is therefore £3,298,324, which, at around four to five months of operating expenditure, is just short of the six months target, based upon current levels of activity and budgets for the forthcoming years. The trustees consider that the strength of the charity's balance sheet, current stable cash flows and the results of recent risk management analysis indicate that the current level of reserves is adequate for the charity to meet its objectives.

Valuation of properties

In October 2020 the freehold properties at both sites (Lillington House and Helen Ley House) were subject to a periodic valuation, in accordance with UK GAAP in order to assess whether either property was impaired, as neither property is depreciated. This led to assessed valuations of £4,200,000 and £2,950,000 respectively, and were on an open market value basis. Previously, Lillington House had been assessed as having a value of £7,235,000 on a reinstatement/replacement basis for insurance purposes. As a result, the trustees made appropriate impairment adjustments to the carrying value of Lillington House in the 2021 financial statements.

As the carrying value of Helen Ley House, at £2,855,750 did not exceed its latest market valuation, the trustees were satisfied that it was not impaired and that its current carrying value is considered to be appropriate.

A fair value adjustment of a £135,000 gain for the investment property at Prologis Park has been made in the year to March 2023, based on the fact that the property was disposed after the year end, in October 2023, for £2,535,000.

No adjustments were made to the carrying values of the properties for the year ended 31 March 2023, which the trustees consider to currently be shown at a carrying value which is relevant and fair.

Fundraising

Whilst the charity does incur some expenditure in respect of fundraising activities, including professional fees for a third-party agent in respect of corporate charity donations, these are considered to be on a small scale and do not form part of the charity's principal activities. The charity neither participates in publicly marketed fundraising events nor in the active soliciting of donations from members of the general public. Accordingly, the charity is not registered with the Fundraising Regulator, although the trustees will keep the situation under review.

The trustees would like to acknowledge their sincere gratitude for the donations in the year from: The Wolfson Foundation, Edward Cadbury Charitable Trust, WPH Charitable Trust, The King Henry VIII Endowed Trust, The Hobson Charity and Helena Grant. The majority of these donations helped to fund the Helen Ley House new Build project.

CASTEL FROMA NEURO CARE LIMITED
(a company limited by guarantee)

TRUSTEES' ANNUAL REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2023

STATEMENT OF PUBLIC BENEFIT

The trustees are mindful of the need to demonstrate public benefit in the operation of both Royal Midland Counties Home for the Disabled (RMCHD) and Castel Froma Neuro Care Limited. For many years the charity had operated at a trading loss and had been wholly dependent upon RMCHD to provide substantial donations in order to keep the charity running. The trustees are now pursuing a strategy of maintaining realistic fee levels whilst also ensuring that costs are actively managed, which has started to produce financial stability for the charity.

The trustees have duly considered the Charity Commission's published guidance on public benefit requirements under the Charities Act 2011.

As such, the trustees carry out those objects and activities by contracting with, amongst others, NHS England and various clinical commissioning groups to provide:-

- Rehabilitation of individuals following catastrophic brain traumas; and
- Continuing specialist and complex care for individuals with ongoing brain related traumas and physical disabilities

As a result of this, the charity is deemed to demonstrate a public benefit in assisting the NHS and other public bodies by offering a more tailored solution to these individuals whose complex and often long-term care needs would otherwise place a significant burden on publicly funded resources and facilities.

Furthermore, in common with other charities in the care sector, the fees charged to residents are based on a structure of cost recovery that extends only to direct care costs and ancillary overheads but which excludes a charge for room rental. As such the charity is considered to offer a demonstrable public benefit to residents, their families and wider society in providing this service within the context of its overall care obligations.

The charity is open to all who may benefit from the highly intensive services offered at Castel Froma Neuro Care Limited. We know we could do more and that is why we are seeking to develop the existing premises which, in addition to providing more appropriate facilities and surroundings, will allow the charity to offer its services to more potential residents. A broader range of services is contemplated which would offer further support to those needing the specialised service we offer. This approach is entirely driven by the charity's objective of relieving persons with physical disabilities by the provision of care.

CASTEL FROMA NEURO CARE LIMITED
(a company limited by guarantee)

TRUSTEES' ANNUAL REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2023

Trustees' responsibilities in relation to the financial statements

The charity trustees (who are also directors of Castel Froma Neuro Care Limited for the purposes of company law) are responsible for preparing the Trustees' Annual Report (including the Strategic Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as to disclosure to our auditors

In so far as the trustees are aware at the time of approving our trustees' annual report:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

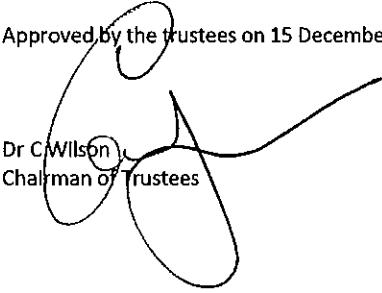
Auditors

Harrison Beale & Owen Limited have expressed their willingness to continue in the capacity of the company's auditors.

Approval of Strategic Report

In approving the Trustees' Annual Report we also approve the Strategic Report included therein, in our capacity as company directors.

Approved by the trustees on 15 December 2023 and signed on their behalf by:


Dr C Wilson
Chairman of Trustees

CASTEL FROMA NEURO CARE LIMITED
(a company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CASTEL FROMA NEURO CARE LIMITED
FOR THE YEAR ENDED 31 MARCH 2023

Opinion

We have audited the financial statements of Castel Froma Neuro Care Limited (the 'charitable company') for the year ended 31 March 2023 which comprise the Statement of Financial Activities, the Balance Sheet, the 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 charitable company's affairs as at 31 March 2023, and of its 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 Companies Act 2006.

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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

CASTEL FROMA NEURO CARE LIMITED
(a company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CASTEL FROMA NEURO CARE LIMITED (continued)

FOR THE YEAR ENDED 31 MARCH 2023

Other Information

The other information comprises the information included in the Trustees' Annual Report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the Trustees' Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Annual Report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities Statement set out on page 9, the trustees (who are also the directors of the charitable company for the purposes of company law) 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 charitable company'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 charitable company or to cease operations, or have no realistic alternative but to do so.

CASTEL FROMA NEURO CARE LIMITED
(a company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CASTEL FROMA NEURO CARE LIMITED (continued)

FOR THE YEAR ENDED 31 MARCH 2023

Auditor's responsibilities for the audit of the financial statements

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.

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

The audit process includes an assessment of the entity's risk environment, through enquiry of and discussion with management and those charged with governance, including an assessment of any key laws and regulations with which the charitable company must comply in the ordinary course of its operations.

Additionally, the overall risks of irregular transactions occurring are assessed following our observations and confirmation of the design and implementation of management's controls. Whilst we are mindful of these risks, our audit focus is geared towards the risk of material misstatement in the financial statements as a whole.

As such, our procedures cannot guarantee that all transactions have been fully compliant with all relevant laws and regulations, including those regulations relating to fraud, as our procedures are not designed to detect all instances of non-compliance. By definition, the risk of our detection of non-compliance is greater where compliance with a law or regulation is removed from the events and transactions reflected in the financial statements. The risk is also greater regarding irregularities due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor-s-responsibilities-for>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Mark Ashfield BA FCA (Senior Statutory Auditor)
For and on behalf of Harrison Beale & Owen Limited
Chartered Accountants and Statutory Auditor
Highdown House
11 Highdown Road
Leamington Spa
Warwickshire
CV31 1XT

15 December 2023

CASTEL FROMA NEURO CARE LIMITED
(a company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES (including Income and expenditure account)
FOR THE YEAR ENDED 31 MARCH 2023

		Unrestricted Funds	Restricted and Endowment Funds	Total 2023	Total 2022
		£	£	£	£
Income and endowments from:					
Donations and legacies	2	8,888	156,298	165,186	77,792
Charitable activities					
Operation of care centres:	2				
Residential fees		7,587,804	-	7,587,804	6,908,509
Hydrotherapy		-	-	-	18,640
Government grants		-	-	-	207,110
Investments	3	183,793	-	183,793	179,521
Other	2	8,999	-	8,999	6,324
Total Income and endowments	2	7,789,484	156,298	7,945,782	7,397,896
Expenditure on:					
Raising funds	4	85,658	-	85,658	49,487
Charitable activities:					
Operation of care centres	9	8,322,048	207,676	8,529,724	7,699,456
Total expenditure		8,407,706	207,676	8,615,382	7,748,943
Net expenditure	7	(618,222)	(51,378)	(669,600)	(351,047)
Transfers between funds	19	-	-	-	-
Other recognised gains/ (losses):					
Other gains/ (losses)	6	84,091	-	84,091	(2,957)
Net movement in funds		(534,131)	(51,378)	(585,509)	(354,004)
Reconciliation of funds					
Total fund balances brought forward at 1 April 2022	19	6,797,877	4,325,033	11,122,910	11,476,914
Total fund balances carried forward at 31 March 2023		<u>6,263,746</u>	<u>4,273,655</u>	<u>10,537,401</u>	<u>11,122,910</u>

All Income and expenditure derive from continuing activities.

The statement of financial activities includes all gains and losses recognised during the year.

CASTEL FROMA NEURO CARE LIMITED
(a company limited by guarantee)

BALANCE SHEET AS AT 31 MARCH 2023

		2023 £	2022 £
	Note		
Fixed assets			
Tangible assets	10	8,170,729	7,978,016
Investments	11	2,916,179	3,106,778
		<u>11,086,908</u>	<u>11,084,794</u>
Current assets			
Stock	12	94,297	117,267
Debtors	13	553,296	494,318
Cash at bank and in hand		321,484	586,529
		<u>969,077</u>	<u>1,198,114</u>
Creditors : amounts falling due within one year	14	(619,901)	(595,565)
Net current assets		<u>349,176</u>	<u>602,549</u>
Total assets less current liabilities		11,436,084	11,687,343
Creditors : amounts falling due in more than one year	15	(898,683)	(564,433)
Net assets		<u>10,537,401</u>	<u>11,122,910</u>
Unrestricted funds			
General funds			
General	19	2,463,324	2,965,224
Fair value reserve	19	835,000	700,000
Total General funds		3,298,324	3,665,224
Designated funds	19	2,965,422	3,132,653
		<u>6,263,746</u>	<u>6,797,877</u>
Restricted funds	19	23,655	75,033
Endowment fund	19	4,250,000	4,250,000
(held by Castel Froma Neuro Care Ltd as a trustee of RMCHD)		<u>10,537,401</u>	<u>11,122,910</u>

These accounts were approved by the Board of Trustees on 15 December 2023 and signed on its behalf by

DR C WILSON
Chairman

CASTEL FROMA NEURO CARE LIMITED
(a company limited by guarantee)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

		2023 £	2022 £	
	Note			
Cash (used in)/ provided by operating activities	1	(559,513)	(363,541)	
Cash flows from investing activities				
Payments to acquire tangible fixed assets		(482,612)	(235,893)	
Payments to acquire fixed asset investments		(13,500)	(97,948)	
Receipts from disposal of fixed asset investments		287,488	-	
Interest received		6,868	3,585	
Rents received from investment properties		176,925	175,936	
Cash used in investing activities		(24,831)	(154,320)	
Cash flows from financing activities				
New loans advanced		406,000	-	
Repayment of long-term loans		(46,056)	(30,856)	
Interest paid		(41,347)	(18,415)	
Cash provided by/ (used in) financing activities		318,597	(49,271)	
Decrease in cash and cash equivalents		(265,747)	(567,132)	
Cash and cash equivalents at 1 April		595,826	1,162,958	
Cash and cash equivalents at 31 March		330,079	595,826	
Cash and cash equivalents consists of:				
Cash at bank and in hand		321,484	586,529	
Listed investments cash		8,595	9,297	
Cash and cash equivalents at 31 March		330,079	595,826	
Analysis of changes in net funds/ debt				
	At 1 April 2022 £	Cash flows £	Non-cash changes £	At 31 March 2023 £
Long term loans	(564,433)	(406,000)	71,750	(898,683)
Short term loans	(30,930)	46,056	(71,750)	(56,624)
Total liabilities	(595,363)	(359,944)	-	(955,307)
Cash and cash equivalents	595,826	(265,747)	-	330,079
Total net funds/ (debt)	463	(625,691)	-	(625,228)

CASTEL FROMA NEURO CARE LIMITED
(a company limited by guarantee)

NOTES TO THE STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31 MARCH 2023

1. Reconciliation of net movement in funds to net cash flow from operating activities

	2023	2022
	£	£
Net movement in funds	(585,509)	(354,004)
Rents received from investment properties	(176,925)	(175,936)
Interest receivable	(6,868)	(3,585)
Interest payable	41,347	18,415
Depreciation of tangible fixed assets	289,899	325,791
(Gains)/ losses on Investments and investment property	(84,091)	2,957
Decrease in stock	22,970	60,130
Increase in debtors	(58,978)	(184,974)
Decrease in creditors	(1,358)	(52,335)
Net cash used in operating activities	<u>(559,513)</u>	<u>(363,541)</u>

CASTEL FROMA NEURO CARE LIMITED
(a company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

1 Principal accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are set out below as follows. These policies have been consistently applied unless otherwise stated.

a) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland issued in October 2019, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) the Companies Act 2006 and UK Generally Accepted Accounting Practice.

Castel Froma Neuro Care Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s). The financial statements are presented in sterling, which is the functional currency of the charitable company and rounded to the nearest £.

b) Preparation of the accounts on a going concern basis

The charity reported an adverse net movement in funds of £585,509. However, it should be noted that this performance was again in the context of incremental costs arising from the continued impact of Covid-19 and severe inflationary pressures in what has been a volatile economic and political environment. The trustees remain of the view that the charity's future plans, including its plans for expansion, forecasts for net income and operating cash inflows, along with the level of reserves, suggest that the charity's immediate future is secured for the 12 months following the authorisation of these accounts. Accordingly, on this basis the trustees consider that no material uncertainties exist and that the charitable company is therefore a going concern.

c) Income

Income is recognised when the charity has any entitlement to the funds, any performance conditions attached to the items of income have been met, it is probable the income will be received and the amount can be measured reliably.

Income from government and other grants, whether "capital" grants or "revenue" grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Government grants arising from the impact of Coronavirus (COVID-19) with the purpose of compensating the charitable company for incremental expenditure arising and for claims made under the Job Retention Scheme are recognised in the period in which they become receivable.

For legacies, entitlement is the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made, or a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Income received in advance of any care services provided is deferred until the criteria for income recognition are met (see note 14).

Donated facilities and donated professional services are recognised in income at their fair value when their economic benefit is probable, it can be measured reliably and the charity has control over the item. Fair value is determined on the basis of the value of the gift to the charity, for example the amount the charity would be willing to pay in the open market for such facilities and services. A corresponding amount is recognised in expenditure.

CASTEL FROMA NEURO CARE LIMITED
(a company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2023

1 Principal accounting policies (continued)

No amount is included in the financial statements for volunteer time in line with the SORP. Further detail is given in the Trustees' Annual Report.

Where practicable, gifts in kind donated for distribution to the beneficiaries of the charity are included in stock and donations in the financial statements upon receipt. If it is impracticable to assess the fair value at receipt or if the costs to undertake such a valuation outweigh any benefits, then the fair value is recognised as a component of donations when it is distributed and an equivalent amount recognised as charitable expenditure.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Income from investment property is accounted for on a straight-line basis over the period of the lease.

d) Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements where applicable.

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

Endowment funds represent those assets which must be held permanently by the charity, principally the property at Lillington Road.

e) Expenditure recognition and irrecoverable VAT

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to a third party, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. It is categorised under the following headings:

- Costs of raising funds comprise property management fees and property related interest and costs; and staff and professional fees associated with raising funds.
- Expenditure on charitable activities includes the costs associated with the provision of care and accommodation for severely physically disabled people and other activities undertaken to further the purposes of the charity and their associated support costs.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

f) Support costs

Support costs are those functions that assist the work of the charity but do not directly represent charitable activities and include office costs, finance, personnel, payroll and governance costs. Where support costs cannot be directly attributed to particular headings, they have been allocated to the cost of raising funds and expenditure on charitable activities. Costs are allocated to activities based on a relevant indicator for use of resources (e.g. staff allocated by activity; floor area of building; equipment allocated by activity). The bases on which support costs have been allocated are set out in note 9.

CASTEL FROMA NEURO CARE LIMITED
(a company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2023

1 Principal accounting policies (continued)

g) Leases and hire purchase

Assets acquired under hire purchase contracts are capitalised and depreciated over their expected useful lives. Rentals payable under operating leases are charged to the SOFA on a straight-line basis over the period of the lease.

h) Tangible fixed assets

Individual fixed assets costing £1,000 or more are capitalised at cost.

Tangible fixed assets are stated at cost (or deemed cost) or valuation less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Freehold land and buildings	0% p.a.
Motor vehicles	25% p.a. reducing balance
Fixtures, fittings and equipment	15%, p.a., 20% p.a. and 33.3% p.a. straight line

Freehold land and buildings are not depreciated as the charity maintains the properties to a high standard and their residual values are regularly measured on the basis of fair value and reinstatement cost as a means to assess their carrying values in the financial statements. This informs an annual impairment review, which is undertaken to establish the recoverable value of all properties.

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the asset, or the asset's cash generating unit, is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in the SOFA.

i) Investments

Listed Investments are stated at their market value as at the balance sheet date. All movements in value arising from investment changes or revaluation are recognised in the SOFA. Gains or losses on Investments are calculated as the difference between the disposal proceeds and the market value brought forward.

Investment properties are measured at fair value at each reporting date with changes in fair value recognised in "Other gains/ (losses)" in the SOFA.

Cash and cash equivalents comprise cash at banks, on deposit and in hand where there is a maturity of less than one year.

j) Stock

Stock is valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving items. Cost includes all costs of purchase and other costs incurred in bringing stock to its present location and condition.

k) Debtors and creditors receivable/payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

l) Financial instruments

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment. If an arrangement constitutes a finance transaction it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

CASTEL FROMA NEURO CARE LIMITED
(a company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2023

1 Principal accounting policies (continued)

m) Employee benefits

When employees have rendered service to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

The charity operates a defined contribution pension plan for the benefit of its employees. Contributions are expensed as they become payable.

n) Tax

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. As such, it does not have liability to corporation tax in the course of its normal charitable activities.

o) Company status and general information

The charity is a private company incorporated in England and Wales and is limited by guarantee, with no share capital. The members of the company include the trustees. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the charity. The address of the registered office and registered numbers of the company and charity are shown in the charity information on page 2 of these financial statements.

p) Critical accounting estimates and judgements

To be able to prepare financial statements in accordance with FRS 102, the charity must make certain estimates and judgements that have an impact on the policies and the amount reported in the annual financial statements. The estimates and judgements are based on historical experiences and other factors including expectations of future events that are believed to be reasonable at the time such estimates and judgements are made. The trustees do not consider any of the estimates or judgements applied to be significant to the financial statements.

2 Income and endowments

Income from donations and legacies was £165,186 (2022: £77,792) of which £156,298 (2022: £Nil) was attributable to restricted funds and £8,888 (2022: £77,792) was attributable to unrestricted funds.

Income from charitable activities was £7,587,804 (2022: £7,134,259) all of which was attributable to unrestricted funds and related to the provision of care services. Included in income from charitable activities were government grants of £Nil (2022: £207,110) in respect of additional funding for Covid-19 related expenditure.

Other income was £8,999 (2022: £6,324) all of which was attributable to unrestricted funds and related to the provision of other services.

3 Investment income

	2023	2022
	£	£
Rental income and income under operating leases	176,925	175,936
Interest and dividend income	6,868	3,585
	<u>183,793</u>	<u>179,521</u>

All investment income in the current and prior years was attributable to unrestricted funds.

CASTEL FROMA NEURO CARE LIMITED
(a company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2023

4 Expenditure on raising funds

	2023	2022
	£	£
Professional fees for direct fundraising costs	20,860	14,213
Professional fees for investing activities	6,514	8,633
Property management fees and repairs	16,937	8,226
Bank loan interest	41,347	18,415
	<u>85,658</u>	<u>49,487</u>

Of the expenditure on raising funds above, only £20,860 (2022: £14,213) related directly to donations and legacy income in the financial statements. Other expenditure is associated with professional and property management fees in respect of fixed asset investments and investment property; and the cost of servicing secured loans as disclosed in note 15.

All expenditure on raising funds in the current and prior year was attributable to unrestricted funds.

5 Staff costs, trustee remuneration and expenses and the cost of key management personnel

	2023	2022
	£	£
Wages and salaries	5,847,361	5,073,987
Social security costs	472,932	402,634
Pensions	107,321	97,575
	<u>6,427,614</u>	<u>5,574,196</u>

Wages and salaries include agency staff costs totalling £520,237 (2022: £343,117).

The trustees neither received nor waived any remuneration during the year (2022: £Nil). No trustee was reimbursed expenses during the current or prior year.

The number of staff whose emoluments fell within the following bands was as follows:-

	No.	No.
£60,001 to £70,000	1	2
£70,001 to £80,000	5	2
£80,001 to £90,000	1	-
£90,001 to £100,000	1	-
£110,001 to £120,000	1	1

Nine (2022: Five) employees earning over £60,000 (2022: £60,000) were accruing retirement benefits under a defined contribution scheme. In the year, employer contributions of £14,059 (2022: £11,279) were made in respect of these employees.

The average monthly headcount was 205 staff (2022: 196 staff) and the average monthly number of full-time equivalent employees (including part time staff) during the year was:

	2023	2022
	No.	No.
Management	6	6
Administration	6	6
Nursing	30	31
Ancillary care	85	83
Therapy	24	21
Housekeeping	14	14
Services	5	5
	<u>170</u>	<u>166</u>

CASTEL FROMA NEURO CARE LIMITED
(a company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2023

5 Staff costs, trustee remuneration and expenses and the cost of key management personnel (continued)

The key management of the charity comprise the Trustees, the Chief Executive, the Deputy Chief Executive, the Clinical Leads and the Nominated individual. The total employee benefits of the key management personnel of the charity were as follows:

	2023	2022
	£	£
Key management employee benefits	448,986	333,994
	<u> </u>	<u> </u>

6 Other gains and losses

Other gains and losses include realised losses of £8,918 (2022: £Nil) and an unrealised loss of £41,991 (2022: loss of £2,957) in respect of listed investments. Additionally, a fair value gain of £135,000 (2022: £Nil) has been recognised on the charitable company's investment property.

7 Net expenditure/ income

	2023	2022
	£	£
Net (expenditure)/ income is stated after charging/ (crediting):-		
Other operating leases and equipment hire	32,839	38,436
Depreciation – owned assets	289,899	325,791
Government grants – Other	-	(207,110)
Income from operating lease arrangements	(176,925)	(175,936)
Auditors' remuneration	8,000	8,000
	<u> </u>	<u> </u>

8 Interest payable

	2023	2022
	£	£
Bank loan interest	41,437	18,415
	<u> </u>	<u> </u>

CASTEL FROMA NEURO CARE LIMITED
(a company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2023

9 Analysis of expenditure on charitable activities

	Operation of Care centres	Therapies	Total 2023	Total 2022
	£	£	£	£
Staff	4,461,228	798,639	5,259,867	4,586,702
Rent & rates	19,871	2,707	22,578	30,059
Light, heat & power	143,293	19,540	162,833	137,168
Supplies (medical, catering & cleaning)	455,685	74,181	529,866	427,381
Repairs & maintenance	186,720	25,462	212,182	233,375
Training	34,673	5,644	40,317	25,215
Subscriptions	57,234	9,316	66,550	66,544
Motor & travelling expenses	11,972	1,949	13,921	9,740
Insurance	93,152	15,164	108,316	100,397
Bank charges & Interest	2,182	-	2,182	1,522
Depreciation	260,909	28,990	289,899	325,787
General expenses	84,168	41,396	125,564	123,638
Covid-19 expenses	101,729	16,561	118,290	250,085
	<u>5,912,816</u>	<u>1,039,549</u>	<u>6,952,365</u>	<u>6,317,613</u>

Allocation of support and governance costs to activities	Operation of Care centres	Total 2023	Total 2022
	£	£	£
Wages and salaries & related costs (allocated on time)	1,059,165	1,059,165	887,158
General (pro rata to staff full time equivalent)	170,131	170,131	150,124
Legal and other professional fees	<u>140,953</u>	<u>140,953</u>	<u>137,564</u>
Support costs	1,370,249	1,370,249	1,174,846
Governance costs (allocated on time)	207,110	207,110	206,997
Direct costs		6,952,365	6,317,613
Total costs relating to the operation of the care centres		<u>8,529,724</u>	<u>7,699,456</u>

Governance costs comprise the following:-

	2023	2022
	£	£
Staff costs	108,582	100,336
Legal and professional fees	98,528	106,661
	<u>207,110</u>	<u>206,997</u>

Expenditure on charitable activities was £8,529,724 (2022: £7,699,456) of which £206,776 (2022: £Nil) was attributable to restricted funds and £8,322,048 (2022: £7,699,456) was attributable to unrestricted funds.

CASTEL FROMA NEURO CARE LIMITED
(a company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2023

10 Tangible fixed assets	Freehold land & buildings	Motor Vehicles	Fixtures fittings & equipment	Total
Cost or valuation	£	£	£	£
At 1 April 2022	7,620,698	158,116	4,472,307	12,251,121
Additions	383,687	-	98,925	482,612
At 31 March 2023	8,004,385	158,116	4,571,232	12,733,733
Depreciation				
At 1 April 2022	510,420	128,395	3,634,290	4,273,105
Charge for the period	-	7,456	282,443	289,899
At 31 March 2023	510,420	135,851	3,916,733	4,563,004
Net book value				
At 31 March 2023	7,493,965	22,265	654,499	8,170,729
At 31 March 2022	7,110,278	29,721	838,017	7,978,016

Freehold land and buildings comprise the sites at Lillington Road (Lillington House) with a carrying value of £4,235,616 and at Bericote Lane (Helen Ley House) with a carrying value of £3,258,349. Both sites were valued in October 2020 by Wareing & Company, which resulted in an impairment loss of £510,420 for Lillington House in the year to 31 March 2021 but no change in the carrying value for Helen Ley House. If freehold land and buildings had not been revalued they would have been included at a historical cost of £4,931,594.

11 Investments	2023	2022
Listed Investments	£	£
Market value at 1 April 2022	697,481	602,490
Additions	13,500	97,948
Disposals	(296,406)	-
Unrealised gains/ (losses)	(41,991)	(2,957)
Market value at 31 March 2023	372,584	697,481
Historical cost at 31 March 2023	396,608	679,514
Listed Investments are represented by:		
Equity shares and fixed interest securities	372,584	697,481
Cash	8,595	9,297
As at 31 March 2023	381,179	706,778
Investment property	2023	2022
Valuation	£	£
Balance at 1 April 2022	2,400,000	2,400,000
Unrealised gain	135,000	-
Balance at 31 March 2023	2,535,000	2,400,000
Total Investments	2,916,179	3,106,778

Investment property was valued on a fair value basis of £2,535,000 (2022: £2,400,000) by the trustees as at 31 March 2023. The method and significant assumptions underlying this assessment of fair value was by reference to recent rent yields based on the type of property and its geographical location. However, in October 2023, the property was disposed for proceeds of £2,535,000 and the fair value has been amended accordingly.

CASTEL FROMA NEURO CARE LIMITED
(a company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2023

12	Stock	2023	2022
		£	£
	Domestic supplies and consumables	94,297	117,267
		<hr/>	<hr/>
13	Debtors	2023	2022
		£	£
	Trade debtors	147,588	287,060
	Prepayments and accrued income	405,708	207,258
		<hr/>	<hr/>
		553,296	494,318
		<hr/>	<hr/>

All debtors are short term financial assets that are debt instruments measured at amortised cost.

14	Creditors: amounts falling due within one year	2023	2022
		£	£
	Bank loans and overdraft	56,624	30,930
	Trade creditors	242,710	217,244
	Accruals and deferred income	193,079	220,368
	Other taxation and social security	120,157	100,270
	Other creditors	7,331	26,753
		<hr/>	<hr/>
		619,901	595,565
		<hr/>	<hr/>

Included in accruals and deferred income is fee and rental income relating to later periods totalling £60,934 (2022: £34,918) which has been deferred in the year ended 31 March 2023. Amounts of £34,918 were released from the previous accounting period.

15	Creditors: amounts falling due in more than one year	2023	2022
		£	£
	Bank loans	898,683	564,433
		<hr/>	<hr/>
		898,683	564,433
		<hr/>	<hr/>

All creditors are financial assets that are debt instruments measured at amortised cost.

The bank loans and bank overdraft are secured on freehold property, investment property and freehold land. Bank loans incur interest at both a variable rate (base rate plus 2.75%) and fixed rates of both 3.27% and 6.8%.

All bank loans, including an additional bridging loan advanced after the year end, were settled in full in October 2023, following the disposal of the charity's investment property.

CASTEL FROMA NEURO CARE LIMITED
(a company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2023

	2023	2022
	£	£
15 Creditors: amounts falling due in more than one year (continued)		
Loans		
An analysis of the maturity of loans is given below:		
Amounts falling due within one year or on demand:		
Bank loans	56,624	30,930
	<u>56,624</u>	<u>30,930</u>
Amounts falling due between one and two years:		
Bank loans	56,624	30,930
	<u>56,624</u>	<u>30,930</u>
Amounts falling due between two and five years:		
Bank loans	169,872	92,789
	<u>169,872</u>	<u>92,789</u>
Amounts falling due after five years:		
Bank loans	672,187	440,714
	<u>672,187</u>	<u>440,714</u>
	<u>955,307</u>	<u>595,363</u>
	<u>955,307</u>	<u>595,363</u>
16 Operating lease commitments		
At 31 March 2023 the charity had minimum lease payments under non-cancellable operating leases as follows:		
	2023	2022
	£	£
Expiry date:		
Within 1 year	4,698	6,336
Between 1 and 5 years	2,902	5,397
Over 5 years	-	144
	<u>7,600</u>	<u>11,877</u>
	<u>7,600</u>	<u>11,877</u>
At 31 March 2023 the charity had minimum lease receipts due under non-cancellable operating leases as follows:		
	2023	2022
	£	£
Expiry date:		
Within 1 year	175,000	68,500
Between 1 and 5 years	306,250	-
	<u>481,250</u>	<u>68,500</u>
	<u>481,250</u>	<u>68,500</u>
17 Residents' savings		
An amount of £13,270 (2022: £9,868) is held in two secure bank accounts on behalf of residents. All accounting records for transactions made on behalf of residents are segregated from the records of the charitable company.		

CASTEL FROMA NEURO CARE LIMITED
(a company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2023

18 Pension commitments

The charitable company operates a defined contribution pension scheme in respect of the staff. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the charitable company and amounted to £107,321 (2022: £97,575). Included within creditors is an amount due to scheme providers totalling £22,452 (2022: £20,895).

19 Analysis of charitable funds

	At 1 April 2022 £	Income and gains £	Expenditure and losses £	Transfers £	At 31 March 2023 £
Analysis of movements in unrestricted funds:					
General reserve					
General	2,965,224	7,789,484	(8,159,716)	(131,668)	2,463,324
Fair value reserve	700,000	135,000	-	-	835,000
Total General reserve	<u>3,665,224</u>	<u>7,924,484</u>	<u>(8,159,716)</u>	<u>(131,668)</u>	<u>3,298,324</u>
Designated reserve					
Fixed asset fund	3,132,653	-	(298,899)	131,668	2,965,422
Unrestricted funds	<u>6,797,877</u>	<u>7,924,484</u>	<u>(8,458,615)</u>	<u>-</u>	<u>6,263,746</u>
Analysis of movements in restricted funds:					
Restricted revenue funds					
Nurses' social committee fund	3,274	-	-	-	3,274
Helen Ley physio equipment	4,241	-	(4,241)	-	-
New build professional fees	13,670	-	(596)	-	13,074
Software fund	1,543	-	(599)	-	944
Leisure and sporting activities	1,972	-	(178)	-	1,794
Other	4,808	1,298	(1,537)	-	4,569
	<u>29,508</u>	<u>1,298</u>	<u>(7,151)</u>	<u>-</u>	<u>23,655</u>
Restricted capital funds					
New build fund	25	150,000	(195,525)	45,500	-
Helen Ley – new ensuite room	45,500	-	-	(45,500)	-
Helen Ley – Cosy corner	-	5,000	(5,000)	-	-
	<u>75,033</u>	<u>156,298</u>	<u>(207,676)</u>	<u>-</u>	<u>23,655</u>
Endowment fund (RMCHD)	4,250,000	-	-	-	4,250,000
Total funds	<u>11,122,910</u>	<u>8,080,782</u>	<u>(8,666,291)</u>	<u>-</u>	<u>10,537,401</u>

CASTEL FROMA NEURO CARE LIMITED
(a company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2023

19 Analysis of charitable funds (continued)

The general reserve represents the free funds of the charity which are not designated for particular purposes.

The fair value reserve represents cumulative surpluses arising from annual remeasurements of the charitable company's investment property at fair value through the Statement of Financial Activities.

Designated unrestricted funds include reserves invested in fixed assets and land and property assets held for resale less the associated bank loans.

The endowment fund is held by Royal Midland Counties Home for the Disabled and comprises a permanent endowment of £4,250,000, being the site of the charity's registered address (represented within freehold land & buildings in note 10). On 1 April 2011 the endowment fund was placed under the protection of the trustees of Castel Froma Neuro Care Limited under a Uniting Direction. The endowment fund is being held by Castel Froma Neuro Care Limited as a trustee of Royal Midland Counties Home for the Disabled.

The restricted funds are those funds which have been used in accordance with restrictions imposed by donors or funds which have been raised by the charity for specific purposes.

The nurses' social committee fund represents amounts received from the Mary Hallam estate to be spent by the committees.

The Helen Ley physio equipment fund arose out of specific donations received and appeals made by the charity as a contribution towards the cost of this charitable activity.

The new build professional fees fund represents a specific donation to cover some of the upfront costs associated with the proposed new build site.

The software fund represents amounts donated by Royal Midlands Counties Home for the Disabled and other donors to install relevant software and purchase the necessary support and testing required to bring it into full operational use.

The leisure and sporting activities fund represents amounts donated towards additional leisure and sporting activities for the benefit of residents.

Other restricted funds comprise funds in relation to: People's postcode lottery; Specialist training; and The English Project.

The new build and ensuite funds represent funds raised to assist in the future development of the charity's care centres and have been used as part of the expansion of Heley Ley House.

The Helen Ley cosy corner fund represents amounts spent in improving an area within Helen Ley House and was funded by a specific donation.

Where a transfer has been made from restricted to unrestricted funds, this is to reflect that the terms of a restricted capital donation have been met once the associated fixed assets have been acquired. The net book values of the associated assets are included in the fixed asset designated fund.

CASTEL FROMA NEURO CARE LIMITED
(a company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2023

20 Analysis of net assets between funds

	Tangible fixed assets £	Investments £	Net current assets £	Long term creditors £	Total £
Unrestricted funds					
General reserve	-	2,916,179	382,145	-	3,298,324
Designated reserve	3,920,729	-	(56,624)	(898,683)	2,965,422
Restricted funds	-	-	23,655	-	23,655
Endowment fund	4,250,000	-	-	-	4,250,000
	8,170,729	2,916,179	349,176	(898,683)	10,537,401

21 Related party transactions

There were no related party transactions during the year (2022: £Nil).

22 Capital commitments

The charity had capital commitments at the year-end of £770,000 (2022: £Nil).

23 Controlling Interest

The charity is controlled by the trustees.

24 Post balance sheet event

The charity disposed of its investment property in October 2023 and realised proceeds of £2,535,000. The funds released were used initially to settle bank loans and associated selling costs in the region of £1.5 million.

