

Company Registration Number : 07109869 (England and Wales)
Registered Charity Number : 1142608

THE RAILWAY CONVALESCENT HOMES
(A Company Limited by Guarantee)

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2020

Casson Beckman
Chartered Accountants
Murrills House
48 East Street
Portchester
PO16 9XS

Reference SD/516691/SRW

THE RAILWAY CONVALESCENT HOMES

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THE RAILWAY CONVALESCENT HOMES

REFERENCE AND ADMINISTRATIVE INFORMATION

TRUSTEE MEMBERS AND DIRECTORS

The Directors of the Charitable Company (The Charity) are its Trustees for the purpose of charity law. The Trustees and Officers serving during the period and since the year end were as follows :

L. Horwood (Deceased 20/03/20)
 P. C. Moakes
 J. F. L. Reeves
 S. J. Brook
 C. C. Mills
 A. D. Sugden
 W.J. Collins
 P. E. O'Hare
 C. Donovan
 D.R. Crome
 B. J. Davenport
 G.P. Isom (Appointed 16/12/20)

COMPANY SECRETARY A. B. Conyard

REGISTERED CHARITY NUMBER 1142608

COMPANY REGISTRATION NUMBER 07109869

REGISTERED OFFICE Bridge House
 2 Church Street
 Dawlish
 Devon
 EX7 9AU

INDEPENDENT AUDITORS Casson Beckman
 Murrills House
 48 East Street
 Portchester
 PO16 9XS

LEGAL ADVISORS Hunters
 9 New Square
 Lincoln's Inn
 London
 WC2A 3QN

BANKERS Lloyds TSB
 PO Box 1000
 Andover
 BX1 1LT

INVESTMENT MANAGERS Sarasin & Partners LLP
 Juxon House
 100 St Pauls Churchyard
 London
 EC4M 8BU

M&G Investments
 PO Box 9039
 Chelmsford
 CM99 2XF

THE RAILWAY CONVALESCENT HOMES

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2020

The Trustees present their report and the audited financial statements of the Charity and its subsidiary for the year ended 31 December 2020, which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes. The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

Constitution, objects and policies

The Charity was registered on 27 June 2011 and the funds of its predecessor Charity (Charity registration number 207528) were transferred into it. The Charity is a charitable company limited by guarantee and governed in accordance with the memorandum and articles of association.

The object of the Charity is to provide convalescent homes for relieving, in cases of need, persons of the following classes who are invalids or are convalescent in the following order of priority:

- (a) Persons who are or who have been employees of current or former railway undertakings including the British Railways Board and including any publicly owned railway undertakings;
- (b) Persons who are employees of any nationalised transport undertakings in the United Kingdom and any nationalised undertakings auxiliary or subsidiary thereto;
- (c) Persons who have been employees of any nationalised transport undertakings in the United Kingdom and any nationalised undertakings auxiliary or subsidiary thereto;
- (d) Persons who are or have been employees of any public transport undertakings in the Republic of Ireland and any nationalised undertakings auxiliary or subsidiary thereto which operate or have operated in conjunction with any nationalised transport undertakings in the United Kingdom and any nationalised undertakings auxiliary or subsidiary thereto;
- (e) Persons who are the spouse or other dependants of persons of the above mentioned classes.

The Charity operated a convalescent centre at Dawlish in Devon which has provided the care described above. The facility was closed in March 2020 due to Covid 19 and subsequently the decision was made to permanently close the facility on 31 October 2020. The Trustees are now liaising with the Charity Commission and the Charity's solicitors regarding the alteration of the Charities objectives and alternative income streams. Although the main trade has ceased during the year, the Charity continues to be a going concern due to the other income streams receivable, the other ongoing operations undertaken by the charity and the level of assets held.

The Charity had previously measured its success based on guest numbers year on year. During the year 246 (2019 : 1422) guests were cared for by the Charity.

The Trustees have always ensured that the activities undertaken are in line with the charitable objectives and policies.

Organisational and decision-making structure

The Trustees (who are also the Directors for the purposes of company law) who have served during the year are set out on page 1. They are appointed by the Board of Trustees and serve in accordance with the scheme approved by the Charity Commission.

The Board of Trustees meets quarterly and in addition has biannual strategy meetings at which the board reviews the progress and plans the future strategy of the Charity.

There is a single standing committee, the joint management committee, which meets quarterly and reports to the Board of Trustees.

The committee covers Property, Finance, Personnel and General issues and is composed of at least three Trustees and specialist co-opted members. In addition there is a Marketing sub committee which reviews marketing arrangements and how the Charity positions itself with other rail charities, the rail industry and the local community.

The Charity also has a wholly owned subsidiary company that takes responsibility for trading activities. It has a board of six directors, composed of Charity Trustees and persons from outside the Charity. The company's Board of Directors meets at least twice a year.

The Trustees are selected in accordance with their association to the railways and their skill set, and change at regular intervals. Those selected may also be Trustees of other charities.

THE RAILWAY CONVALESCENT HOMES

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

Organisational and decision-making structure (continued)

The induction process for any newly appointed Trustee is to firstly meet with the Chairman and the remaining board members, followed by further meetings with the Trustees to explain the objectives and procedures. The new Trustee will receive copies of the Charity's governing document and is expected to be fully conversant with its aims and objectives. The Trustee will meet with the Chair prior to their first meeting to clarify any uncertainties.

The trustees have ultimate control over the Charity and its subsidiary. A good support structure is in place within the home in the form of a business manager Annette Everett. Staff numbers have been significantly cut during the year and there is now a small team undertaking the general day to day running of the building and management of the business. The business manager and the remaining staff have been in place for a considerable number of years and have vast experience in their particular field of expertise. The remaining staff live within a 5 mile radius of the home, which also enables the Charity to provide benefit via employment to the local community.

The day to day care of the building and business management is undertaken by the business manager, who has been granted the power to make decisions which enable the building to remain in acceptable condition. The business manager does attend board meetings and is therefore also involved in the strategic decisions made by the trustees, the input of the business manager provides the trustees with a grounded view of the financial position of the charity and the requirements of the business on a daily basis.

The trustees set the staffing remuneration in line with the type of work being undertaken and with reference to the local economy. All staff receive a minimum of the living wage for their services. Staff undertaking the same job are paid equally and there is no pay grading scale in operation.

The organisation and structure of the various committees will now be reviewed and amended to ensure they are suitable to the Charity's new and future circumstances.

Public Benefit

When planning activities and development each year we have regard to both the Charity Commission's general guidance on public benefit and provision of our services for public benefit.

We have stated above in our constitution, object and policies the main activities undertaken to further the Charity's purposes for the public benefit.

Financial Review and Achievements and Performance

The board reports net outgoing resources of £269,012 (2019: £31,065) before gains on investments. The Charity reports a loss on net movements in funds for the year of £58,604 (2019: Gain £939,988) after gains on investments. A significant part of this is due to the movements on investment values in the year.

The principal funding of the Charity currently comes from investments. Prior to Covid 19 this came from the discounted rates paid by guests during their stay, the operating income amounted to £22,782 in the year (2019: £426,125). The fees charged were suitably discounted to ensure the guests received adequate care in a suitable environment without paying care home rates. The Charity supported the guests by supplying the facilities and the guests reap the financial rewards of this, therefore fulfilling the Charity's objectives.

A further source of income was provided by the Charity's trading subsidiary, the income from this in the year was £50,369 (2019 : £94,095). The trading subsidiary enabled the Charity to offer rooms to the general public when the home was not fully occupied. The rates of these stays were higher than the rates charged to those meeting the Charity's standard criteria, the objective of the subsidiary was to provide additional funding to the Charity to support the running of the facilities and the care of those requiring convalescence. The subsidiary is no longer in operation due to the closure of the facility, although the company remains while the restructure of the charity is undertaken.

Expenditure was carefully controlled during the year, however there were additional unexpected costs due to the closure of the facility, in particular redundancy payments, the charity did receive furlough payments which reduced the financial burden of wages during the year. Expenditure will be significantly reduced in the future due to the closure of the facility, but tight controls over expenditure will continue.

THE RAILWAY CONVALESCENT HOMES

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

Policy on Reserves

At the year end the Charity held funds totalling £9,485,758 (2019: £9,544,362). Of this the Charity had unrestricted funds of £7,499,863 (2019: £7,558,467) and Permanent endowment funds of £1,985,895 (2019: £1,985,895).

The permanent endowment represents the value of the premises which the Charity operates from and the investment flats also situated within the grounds. These must remain to ensure the future operation of this charity and therefore have been assigned as a permanent endowment in line with the Charity Commission requirements.

It is clear that the Charity does need reserves of at least the current level for a number of reasons:

- * It has a need for investment income as there is currently no trading income.
- * It needs reserves to provide for future capital investment at the facility.
- * To facilitate the restructure of the Charity.

In view of the Charity's current position its present investment income is essential to underwrite on-going charitable costs.

Risk management

The Trustees are aware of the major issues which face the Charity. In 2013 they prepared a comprehensive report which fully reviewed all the various risk factors facing the Charity, considered means by which these risks could be mitigated and considered the financial impact of each risk to the Charity. The risk schedule is reviewed at each trustee meeting and updated, the Trustees have taken constructive action to reduce all risk to an acceptable level.

The trustees had deemed the most significant risk to the charity to be a fall in occupancy numbers, however the unexpected and immediate cessation of the business was not predicted. The Trustees have now escalated plans for restructure that had previously been identified through the risk management process.

As the Charity is now undergoing a restructure, the Trustees will prepare a new risk report when new objectives and a new business model is implemented.

Investment Policy

The Trust Deed authorises the Trustees to make and hold investments using the general funds of the Charity. Our investment managers are instructed to invest in a portfolio which will maximise total return with a medium risk portfolio. The portfolio is specific to Charities and therefore is deemed to be socially, environmentally and ethically responsible in its investing policy.

At 31 December 2020 the Charity's balance sheet showed that it had investments totalling £8,342,028 (2019: £8,322,120) that produced income of £393,221 (2019: £381,758). This result is deemed satisfactory by the trustees.

The Charity owns the Waterside Apartments, which were originally part of the home in Dawlish. These are now classified as investment property and provide rental income to the Charity.

Statement of Trustees' responsibilities

The Trustees (who are also the Directors for the purposes of company law) are responsible for preparing the Trustees' Report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

THE RAILWAY CONVALESCENT HOMES

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

Statement of Trustees' responsibilities (continued)

Company law requires the Trustees to prepare financial statements for each financial year that give a true and fair view of the statement of affairs of the charitable company (and the group), and of the income and application of the resources, including the income and expenditure, of the charitable group for that year. In preparing the 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.
- * 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; and;
- * prepare the financial statements on a going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

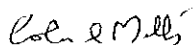
The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company which will enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company (and the group) and hence taking reasonable steps for the prevention and detection of fraud and other irregularities through, inter alia, audit and appropriate financial delegated authorities. The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement as to disclosure of information to auditors

In so far as the Trustees are aware, there is no relevant audit information of which the charitable company's auditors are 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 auditors are aware of that information.

Approval

This report was approved by the Trustees on 22nd Sept 2021 and signed on their behalfs by:



C. Mills

Trustee and Director

THE RAILWAY CONVALESCENT HOMES

INDEPENDENT AUDITORS REPORT TO THE TRUSTEES OF THE RAILWAY CONVALESCENT HOMES FOR THE YEAR ENDED 31 DECEMBER 2020

Opinion

We have audited the consolidated and charity financial statements of The Railway Convalescent Homes for the year ended 31 December 2020 which comprise of the Consolidated Statement of Financial Activities, the Consolidated Income and Expenditure Account, the Consolidated and Charity Balance Sheet, and the related notes as set out on pages 8 to 17. 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).

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the 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 the provisions available for small entities, in the circumstances set out in note twenty two to the financial statements, 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.

Material uncertainty relating to going concern

We draw your attention to the trustees report and notes 1 and 23, which indicate that the effects of the Covid-19 pandemic have forced the closure of the main trading operation and created uncertainty about the level of future revenue and whether the current charitable objectives can be fulfilled. This indicates that a material uncertainty exists which may cast significant doubt on the Charities ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

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

Other information

The trustees are responsible for the other information. The other information comprises the information in the Report of the trustees, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, 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.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees Responsibilities on page 4-5, the Trustees (who are also the Directors of The Railway Convalescent Homes 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 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 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 company or to cease operations, or have no realistic alternative but to do so.

THE RAILWAY CONVALESCENT HOMES

INDEPENDENT AUDITORS REPORT TO THE TRUSTEES OF THE RAILWAY CONVALESCENT HOMES FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

Our 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 a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Opinion on financial statements

In our opinion the financial statements :

- * Give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 December 2020 and of the groups and the parent charitable company's incoming resources and application of resources, including its income and expenditure, for the year then ended; and
- * Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- * Have been properly prepared in accordance with the requirements of the Charities Act 2011 and the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information in the Trustees Report for the financial year for which the financial statements are prepared is consistent with the financial statements and in accordance with applicable legal requirements.

Matters on which we are required to report by exception.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Act 2011 requires us to report to you if, in our opinion:

- * The parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- * The parent charitable company financial statements are not in agreement with the accounting records and returns; or
- * Certain disclosures of Trustees remuneration as 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.



Stephen Walter (Senior Statutory Auditor)
for and on behalf of Casson Beckman

Chartered Accountants
Registered Auditors
Murrills House
48 East Street
Portchester
PO16 9XS

Date : 22 September 2021

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2020

		Continuing Group Unrestricted funds year ended 31 December 2020 £	Discontinued Group Unrestricted funds year ended 31 December 2020 £	Continuing Group Restricted funds year ended 31 December 2020 £	Discontinued Group Restricted funds year ended 31 December 2020 £	Group Total funds year ended 31 December 2020 £	Group Total funds year ended 31 December 2019 £	Charity Total funds year ended 31 December 2020 £	Charity Total funds year ended 31 December 2019 £
	Note								
INCOME									
Donations and legacies	4	-	2,488	-	-	2,488	38,011	2,488	38,011
Income from charitable activities									
Contributions		-	8,537	-	-	8,537	15,607	8,537	15,607
Operating income	5	-	22,782	-	-	22,782	426,125	22,782	426,125
Other income	6	-	2,660	-	-	2,660	13,244	2,660	13,244
Income from other trading activities									
Trading income	7	-	50,369	-	-	50,369	94,095	50,369	94,095
Investment income	8	393,221	-	-	-	393,221	381,758	393,221	381,758
Total Incoming resources		393,221	86,836	-	-	480,057	988,840	480,057	968,840
EXPENDITURE									
Cost of raising funds									
Trading expenses	7	-	3,156	-	-	3,156	7,228	3,156	7,228
Publicity		-	1,951	-	-	1,951	13,791	1,951	13,791
		-	5,107	-	-	5,107	21,019	5,107	21,019
Net Incoming resources available for charitable application		393,221	81,729	-	-	474,950	947,821	474,950	947,821
Expenditure on charitable activities									
Support costs	9	286,414	459,590	17,958	-	743,962	978,886	743,962	978,886
Net Incoming/(outgoing) resources for the year before recognised gains and losses		126,807	(377,861)	(17,958)	-	(269,012)	(31,065)	(269,012)	(31,065)
Other recognised gains and losses									
Unrealised investment gains	12	84,805	-	-	-	84,805	867,842	84,805	867,842
Unrealised cash gains		58,051	-	-	-	58,051	59,652	58,051	59,652
Unrealised revaluation losses	12	-	-	-	-	-	-	-	-
Realised investment gains		67,552	-	-	-	67,552	43,559	67,552	43,559
Net movement in funds		337,215	(377,861)	(17,958)	-	(58,604)	939,988	(58,604)	939,988
Reconciliation of funds									
Total funds brought forward	16	7,558,852	-	1,985,895	-	9,544,747	8,604,759	9,544,382	8,604,374
Transfer between funds	16	(17,958)	(17,958)	17,958	17,958	-	-	-	-
Fund balances carried forward at 31 December 2020	16	7,878,109	(395,819)	1,985,895	17,958	9,488,143	9,544,747	9,485,758	9,544,362

The notes to the financial statements provide information on movements in the Group and Charity's funds during the year.

THE RAILWAY CONVALESCENT HOMES

CONSOLIDATED INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 DECEMBER 2020

	Year Ended 31 December 2020 £	Year Ended 31 December 2019 £
Income		
Contributions	8,537	15,607
Operating Income	22,782	426,125
Trading Income	50,369	94,095
Other Income	2,660	13,244
Investment Income	393,221	381,758
Voluntary Income	2,488	38,011
Total Income	480,057	968,840
Expenditure		
Trading expenses	3,156	7,228
Publicity	1,951	13,791
Expenditure on charitable activities	743,962	978,886
Total Expenditure	749,069	999,905
Deficit for the year before Other recognised gains and losses	(269,012)	(31,065)
Other Recognised gains and losses:		
Realised gains on disposal of investments	59,231	43,559
Deficit/Surplus before and after tax	(209,781)	12,494

The income and expenditure account is derived from the Statement of Financial Activities but excludes amounts for unrealised gains.

The notes to the financial statements provide information on movements in the Group and Charity's funds during the year.

THE RAILWAY CONVALESCENT HOMES

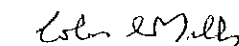
CONSOLIDATED AND CHARITY BALANCE SHEETS AT 31 DECEMBER 2020

	Note	Group 2020 £	Charity 2020 £	Group 2019 £	Charity 2019 £
FIXED ASSETS					
Tangible assets	11	747,603	747,603	895,194	895,194
Investments	12	8,342,028	8,342,028	8,322,120	8,322,120
TOTAL FIXED ASSETS		9,089,631	9,089,631	9,217,314	9,217,314
CURRENT ASSETS					
Debtors	13	21,958	25,130	31,601	31,601
Cash at bank and in hand	14	396,673	393,088	381,469	379,223
TOTAL CURRENT ASSETS		418,631	418,218	413,070	410,824
LIABILITIES					
Creditors falling due within one year	15	(21,734)	(22,091)	(85,252)	(83,776)
NET CURRENT ASSETS		396,897	396,127	327,818	327,048
TOTAL ASSETS LESS CURRENT LIABILITIES		9,486,528	9,485,758	9,545,132	9,544,362
THE FUNDS OF THE CHARITY:					
Unrestricted income funds	16	7,500,248	7,499,863	7,558,852	7,558,467
Non-charitable trading funds	16	385	-	385	-
Permanent endowment funds	16	1,985,895	1,985,895	1,985,895	1,985,895
TOTAL CHARITY FUNDS		9,486,528	9,485,758	9,545,132	9,544,362

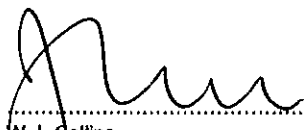
The Trustees have prepared group accounts in accordance with section 398 of the Charities Act 2006 and section 138 of the Charities Act 2011. These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the company.

The notes at pages 11 to 17 form part of these accounts.

Approved on 22.08.2021 by the board of Trustees and signed on its behalf by:


C. Mills

Trustee and Director


W.J. Collins
Trustee and Director

Company Registration No. 07109869

THE RAILWAY CONVALESCENT HOMES

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020

1 PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted, judgements and key sources of estimation in the preparation of the financial statements are as follows:

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 Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015) - (Charities SORP (FRS102)), and the Companies Act 2006 and the Charities Act 2011.

The financial statements have been prepared under the historical cost convention, with the exception of investments and investment properties which are included at market value. They include the results of the Charity's operations which are described in the Trustees' Report, all of which are continuing.

The charity meets the definition of a public benefit entity under FRS102.

There are material uncertainties around going concern as the facility has closed in the year, these indicate that the going concern basis may not be appropriate. The main trading activity ceased permanently in the year due to the Covid-19 pandemic. However the Charity does have other sources of income in the form of investments, which will be used to support the Charity financially while the Trustees explore other charitable avenues in consultation with the Charity Commission and the Charity's solicitors. Therefore despite the uncertainty the financial statements have been prepared on a going concern basis.

Please refer to the Trustees Report for information on the closure of the Convalescent Home.

Exemption from preparing a cash flow statement

Exemption has been taken from preparing a cash flow statement on the grounds that the company qualifies as a small company.

1.1 GROUP FINANCIAL STATEMENTS

These financial statements consolidate the results of the Charity and its wholly owned subsidiary RCH Limited on a line by line basis.

1.2 INCOME

All income is recognised once the Charity has entitlement to the income, it is certain that the income will be received and the monetary value of income can be measured with sufficient reliability. Income relating to accommodation is deferred until the time of stay.

1.3 EXPENDITURE

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the Charity to the expenditure. 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 classified under the following activity headings:

Costs of raising funds

Costs of raising funds comprise the costs of commercial trading from its subsidiary company and their associated support costs.

Expenditure on charitable activities

Cost of charitable activities include costs directly associated with running the convalescent care home, providing care to the residents and other activities undertaken to further the purposes of their charity, including their support costs.

Other expenditure

Other expenditure represents those items not falling into any other heading.

Support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include all costs relating to compliance with regulations and good practice. These costs include costs related to statutory audit, legal fees and Trustee meeting expenses together with other governance costs. The basis on which support costs have been allocated are set out in note 9.

Irrecoverable VAT

The irrecoverable element of VAT is shown as a separate expense within expenditure on charitable activities.

THE RAILWAY CONVALESCENT HOMES

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

1.3 EXPENDITURE (Continued)

Operating leases

The Charity had a number of operating leases to which the title of the equipment remained with the lessor. Rental charges are charged on a straight line basis over the term of the lease.

1.4 TANGIBLE FIXED ASSETS (other than Investments)

All expenditure on the acquisition or installation of tangible fixed assets is capitalised where the expenditure exceeds £500.

Depreciation is provided on all fixed assets, other than freehold land, at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life. The annual depreciation rates and bases used are as follows :

Freehold buildings	2% straight line basis
Furniture, fixtures and fittings	10% reducing balance basis
Motor vehicles	25% reducing balance basis
Computer equipment	33% reducing balance basis

1.5 FIXED ASSET INVESTMENTS

Investments are stated at market value at the balance sheet date. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year. The investments are held on the Charity's behalf, as part of a central pool managed by Sarasin & Partners LLP and M&G Investments. The investments are held primarily to provide an investment return for the Charity.

Fixed asset investments include investment property held at valuation; these are held primarily to provide an investment return for the Charity.

1.6 PENSION COSTS

The Charity pays pensions, on a voluntary basis, to former employees who do not have their own pension funded by the contributory scheme. The Charity also operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.7 REALISED AND UNREALISED GAINS AND LOSSES

All gains and losses are taken to the statement of financial activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and opening market value. Unrealised gains and losses are calculated as the difference between the market value at the period end and opening market value or purchase date if later.

1.8 FUNDS STRUCTURE

Restricted funds comprise of a permanent endowment fund as stipulated by the Charity Commission and are funds which cannot be sold or used without approval of the Charity Commission. The only charges to the fund are the depreciation associated with the property involved, any expenditure incurred is transferred from the unrestricted fund.

Unrestricted funds comprise those funds which the Trustees are free to use for any purpose in the furtherance of the charitable objectives. Unrestricted funds include designated funds where the Trustees, at their discretion, have created a fund for a specific purpose.

1.9 BASIC FINANCIAL INSTRUMENTS

Basic financial instruments are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method, unless the arrangement constitutes a financial transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

2 NET MOVEMENT IN FUNDS FOR THE YEAR

Net movement in funds for the year is after charging:	2020	2019
	£	£
Depreciation	<u>18,776</u>	<u>34,668</u>

3 LEGAL STATUS OF THE CHARITY

The Charity is a company limited by guarantee and has no share capital. The members of the Charity are the Trustees listed on Page 1. In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the Charity.

THE RAILWAY CONVALESCENT HOMES

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020

4 DONATIONS AND LEGACIES	2020 £	2019 £
Donations	2,488	2,725
Legacies	-	35,286
	<u>2,488</u>	<u>38,011</u>

5 OPERATING INCOME	2020 £	2019 £
Convalescent care	<u>22,782</u>	<u>426,125</u>

6 OTHER INCOME	2020 £	2019 £
Bar income	<u>2,660</u>	<u>13,244</u>

7 INCOME FROM SUBSIDIARY'S TRADING ACTIVITIES

The Charity has a wholly owned trading subsidiary, RCH Limited which is registered in England and Wales, Company number 2897315. RCH Limited takes on surplus facilities from the Railway Convalescent Homes centres to provide recuperative breaks. The subsidiary donates its taxable profits to the Charity under the Gift Aid scheme. A summary of the trading results is shown below.

Summary Profit and Loss Account	2020 £	2019 £
Turnover	50,369	94,095
Less:		
Administrative expenses	(3,156)	(7,228)
Net profit	<u>47,213</u>	<u>86,867</u>
Amount gifted to The Railway Convalescent Homes	(16,763)	(31,067)
Inter-group trading:		
Facilities purchased from The Railway Convalescent Homes	(30,450)	(55,800)
Retained in subsidiary	<u>-</u>	<u>-</u>
The assets and liabilities of the subsidiary were:		
Current assets	38,222	38,222
Creditors: Amounts falling due within one year	(37,837)	(37,837)
Aggregate share capital and reserves	<u>385</u>	<u>385</u>

Please refer to the Trustees Report and Notes 1 and 23, the closure of the Convalescent Home has also meant that the trading company has ceased trading for the foreseeable future.

8 INVESTMENT INCOME	2020 £	2019 £
Income from managed investments	314,574	304,873
Rents from investment properties	78,619	76,875
Bank deposit interest	28	10
	<u>393,221</u>	<u>381,758</u>

The investment property is shown in note 12.

THE RAILWAY CONVALESCENT HOMES

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020

9 SUPPORT COSTS	Continuing Restricted Funds	Discontinued Restricted Funds	Continuing Charitable Expenditure	Discontinued Charitable Expenditure	2020 £	2019 £
Wages	-	-	121,595	307,073	428,668	549,180
Pension contributions	-	-	5,245	8,701	13,946	20,164
Food and Bar	-	-	-	17,476	17,476	89,874
Laundry and cleaning	-	-	-	703	703	3,441
Rates	-	-	8,814	-	8,814	25,134
Insurance	-	-	27,815	-	27,815	22,905
Light and heat	-	-	17,439	-	17,439	29,669
Entertainment for guests	-	-	-	1,480	1,480	8,885
Property maintenance	-	-	56,938	-	56,938	101,624
Telephone	-	-	2,740	-	2,740	2,942
Computer expenses	-	-	-	8,229	8,229	9,645
Printing, stationery and postage	-	-	7,210	-	7,210	8,343
Travelling and accommodation	-	-	1,683	-	1,683	4,553
Staff uniforms	-	-	-	392	392	1,208
Training	-	-	-	-	-	4,743
Audit and accountancy	-	-	8,138	-	8,138	6,583
Professional fees	-	-	7,624	-	7,624	3,350
Bank charges	-	-	1,173	-	1,173	3,630
Irrecoverable VAT	-	-	-	9,734	9,734	30,279
Depreciation	-	17,958	-	818	18,776	34,668
Loss on disposal of assets	-	-	-	104,984	104,984	18,036
	-	17,958	266,414	459,590	743,962	978,856

These costs have been apportioned on a usage basis.

The auditors remuneration relates to audit and accountancy services for the year.

10 ANALYSIS OF STAFF COSTS AND NUMBERS

	2020 £	2019 £
Wages	96,791	523,961
Social security costs	24,804	25,219
Pension costs	5,245	20,164
	<u>126,840</u>	<u>569,344</u>

No employee earned more than £60,000 per annum.

The average weekly number of persons employed by the Charity during the year was 45 (2019: 45).

THE RAILWAY CONVALESCENT HOMES

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020

11 TANGIBLE FIXED ASSETS FOR USE BY THE CHARITY AND GROUP

	Freehold land and buildings £	Furniture, fixtures and fittings £	Computer equipment £	Motor vehicles £	2020 Total £	2019 Total £
Cost						
At 1 January 2020	897,888	196,636	8,325	30,710	1,133,559	1,105,517
Additions	-	-	-	-	-	68,377
Disposals	-	(196,636)	(1,870)	(30,710)	(229,216)	(40,335)
At 31 December 2020	897,888	-	6,455	-	904,343	1,133,559
Accumulated depreciation						
At 1 January 2020	133,525	74,141	6,309	24,390	238,365	225,996
Charge for year	17,958	-	818	-	18,776	34,668
Disposals	-	(74,141)	(1,870)	(24,390)	(100,401)	(22,299)
At 31 December 2020	151,483	-	5,257	-	156,740	238,365
Net book value						
At 31 December 2020	746,405	-	1,198	-	747,603	895,194

12 FIXED ASSET INVESTMENTS FOR CHARITY AND GROUP

	Listed Investments £	Investment property £	2020 Total £	2019 Total £
Market value at 1 January 2020	7,152,838	1,169,182	8,322,120	7,494,745
Disposals	(132,449)	-	(132,449)	(84,026)
Net Investment gains - Realised	67,552	-	67,552	43,559
Net Investment gains/(losses) - Unrealised	84,805	-	84,805	867,842
Market value at 31 December 2020	7,172,846	1,169,182	8,342,028	8,322,120
Historical cost at 31 December 2020	4,750,862	1,169,182	5,920,044	6,128,234
Listed investments at market value comprised:				
UK fixed interest securities			1,163,938	1,137,964
Overseas fixed interest securities			62,748	75,919
UK equity shares			1,511,046	1,646,392
Overseas equity shares			3,658,703	3,364,239
UK property investments			176,583	580,599
Other investments			599,828	347,915
Investments listed on a recognised stock exchange			7,172,846	7,153,028
Investment managers' capital account			337,138	270,766
			7,509,984	7,423,794

THE RAILWAY CONVALESCENT HOMES

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020

12 FIXED ASSET INVESTMENTS FOR CHARITY AND GROUP (CONTINUED)

Analysis of market value of Investments between those held within and outside the United Kingdom:

	2020	2019
	Total	Total
	£	£
UK Listed Investments	3,451,395	3,712,870
Overseas Investments	3,721,451	3,440,158
Total Investments	7,172,846	7,153,028
Cash held by investment managers	337,138	270,766
	7,509,984	7,423,794

The investment holdings at 31 December 2020 did not include any individual assets with a value above 5% of the portfolio value.

The investment property was valued by the trustees at 31 December 2020, the basis of the valuation was current market value. A professional valuation has not been obtained in the year as the Trustees consider that the costs outweigh the benefits of this.

The Charity holds 2 shares of £1 each in its wholly owned trading subsidiary company RCH Limited, company number 02897315, which is incorporated in the United Kingdom and shares its registered office with the Charity. These are the only shares allotted, called up and fully paid. The activities and results of this company are summarised in note 7.

13 DEBTORS

	Group 2020	Charity 2020	Group 2019	Charity 2019
Trade Debtors	1,656	1,656	4,952	4,952
Prepayments	20,302	20,302	26,484	26,484
Amounts due from trading subsidiary	-	3,172	-	-
Other debtors	-	-	165	165
	21,958	25,130	31,601	31,601

14 CASH AT BANK AND IN HAND

	Group 2020 £	Charity 2020 £	Group 2019 £	Charity 2019 £
Bank current and deposit accounts	59,436	55,851	110,303	108,057
Petty cash	100	100	400	400
Investment cash	337,138	337,138	270,766	270,766
	396,673	393,088	381,469	379,223

15 CREDITORS

	Group 2020 £	Charity 2020	Group 2019 £	Charity 2019 £
Operating creditors	3,507	3,507	11,281	11,281
Taxation and social security costs	10,358	10,715	13,923	8,782
Amounts due to trading subsidiary	-	-	-	25,992
Other creditors	1,094	1,094	2,321	2,321
Accruals and deferred income	6,775	6,775	57,727	35,400
	21,734	22,091	85,252	83,776

THE RAILWAY CONVALESCENT HOMES

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2020

16 NET MOVEMENT IN CHARITABLE FUNDS

Analysis of unrestricted fund movements

	Balance as at 01.01.2020	Incoming resources	Resources expended	Investment gains/ (losses)	Transfer to restricted fund	Balance as at 31.12.2020	Balance as at 31.12.2019
	£	£	£	£		£	
General purpose Fund	7,558,467	480,057	(731,111)	210,408	(17,958)	7,499,863	7,558,467
Non-charitable trading funds	385	-	-	-	-	385	385
	<u>7,558,852</u>	<u>480,057</u>	<u>(731,111)</u>	<u>210,408</u>	<u>(17,958)</u>	<u>7,500,248</u>	<u>7,558,852</u>

Analysis of restricted fund movements

	Balance as at 01.01.2020	Incoming resources	Resources expended	Investment gains/ (losses)	Transfer from un-restricted fund	Balance as at 31.12.2020	Balance as at 31.12.2019
	£	£	£	£	£	£	£
Permanent endowment	1,985,895	-	(17,958)	-	17,958	1,985,895	1,985,895

17 ANALYSIS OF GROUP ASSETS BETWEEN FUNDS

	Unrestricted Funds	Restricted Funds	Total Funds £	Balance as at 31.12.2019 £
Tangible fixed assets	1,198	746,405	747,603	895,194
Fixed asset investments	7,172,846	1,169,182	8,342,028	8,322,120
Cash at bank and in hand	396,673	-	396,673	381,469
Other net current liabilities	224	-	224	(53,651)
	<u>7,570,941</u>	<u>1,915,587</u>	<u>9,486,528</u>	<u>9,545,132</u>

18 OPERATING LEASES

The company has no commitments due under non-cancellable operating leases.

The company is entitled to rental income under non-cancellable operating leases due within 1 year of £39,310. There are no leases beyond this period.

19 TRUSTEE REMUNERATION AND EXPENSES

No remuneration was paid to the Trustees during the year. The Trustees were paid expenses for attending meetings and activities directly related to their duties as Trustees. In the year Trustees were paid total expenses of £120 (2019 £1,067), for travel, subsistence and room hire. These expenses were paid to a total of 11 Trustees (2019: 11).

20 TAXATION

The company is a registered Charity and therefore exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objectives. Therefore, no provision is considered necessary for taxation.

21 RELATED PARTY TRANSACTIONS

Included within these consolidated financial statements are the results of the charitable company's wholly owned subsidiary RCH Limited (registered in England and Wales).

22 AUDITORS' ETHICAL STANDARDS

In common with many businesses of our size and nature we use our auditors to assist with the preparation of the financial statements.

23 SUBSEQUENT EVENTS

As stated in the trustees report, due to COVID 19 the Trustees have made the decision to close the convalescent home permanently. The home was officially closed on 31 October 2020, but the last paying guests were received in March 2020. The Trustees no longer deem the business model to be effective and they will be liaising with the Charity Commission over the future of the Charity.