

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 2022

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 :

P. C. Moakes
 S. J. Brook
 C. C. Mills
 A. D. Sugden (Resigned 16/03/22)
 W.J. Collins
 P. E. O'Hare
 C. Donovan
 D.R. Crome
 B. J. Davenport
 G.P. Isom
 L.E.Farley (Appointed 21/09/22)
 C R Selway (Appointed 21/09/22)

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

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 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 2022

The Trustees present their report and the audited financial statements of the Charity and its subsidiary for the year ended 31 December 2022, which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes. The financial statements comply with the charity's Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by charity's: Statement of Recommended Practice applicable to charity's 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 Charity's objectives and alternative income streams. Following the closure of the Charity's operational care facility, the Charity continues to be a going concern due to the other income streams receivable and the level of assets held.

The Charity had previously measured its success based on guest numbers year on year. Currently the most significant income source for the Charity is from investments.

The Trustees have always ensured that the activities undertaken are in line with the charitable objectives and policies. They are now liaising with the Charity Commission to ensure the charitable objectives can continue to be fulfilled.

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 four 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 2022 (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 Charity in the form of a business manager Annette Everett. There is a small team undertaking the general day to day running of the building and management of the business. The business manager and the staff have been in place for a considerable number of years and have vast experience in their particular field of expertise. The 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 incoming resources of £11,461 (2021: £39,712) before gains on investments. The Charity reports a loss on net movements in funds for the year of £943,254 (2021: Profit £950,249) after losses/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.

Expenditure was carefully controlled during the year and has been significantly reduced since the closure of the facility, tight controls over expenditure continue.

Policy on Reserves

At the year end the Charity held funds totalling £9,492,753 (2021: £10,436,007). Of this the Charity had unrestricted funds of £7,176,040 (2021: £8,119,294) and Permanent endowment funds of £2,316,743 (2021: £2,316,743).

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.

THE RAILWAY CONVALESCENT HOMES

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

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 2022 the Charity's balance sheet showed that it had investments totalling £8,483,589 (2021: £9,308,329) that produced income of £299,983 (2021: £304,500). 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).

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 RAILWAY CONVALESCENT HOMES**REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)****Statement of Trustees' responsibilities (continued)**

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 5th July 2023 and signed on their behalfs by:



C. 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 2022

Opinion

We have audited the consolidated and charity financial statements of The Railway Convalescent Homes for the year ended 31 December 2022 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 9 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 20 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.

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 any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Charity'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.

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 2022 (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.

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:

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements, including how fraud may occur by enquiring of management of its own consideration of fraud. In particular, we looked at where management made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. We also considered potential financial or other pressures, opportunity and motivations for fraud. As part of this discussion we identified the internal controls established to mitigate risks related to fraud or noncompliance with laws and regulations and how management monitor these processes. Appropriate procedures included the review and testing of manual journals and key estimates and judgements made by management.

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, drawing on our broad sector experience, and considered the risk of acts by the Company that were contrary to these laws and regulations, including fraud.

We focused on laws and regulations that could give rise to a material misstatement in the financial statements, including, but not limited to, UK tax legislation and equivalent local laws and regulations.

We made enquiries of management with regards to compliance with the above laws and regulations and corroborated any necessary evidence to relevant information

Our tests included agreeing the financial statements disclosures to underlying supporting documentation and enquiries with management.

We did not identify any key audit matters relating to irregularities, including fraud. As in all of our audits, we also addressed the risk of management override of internal controls including testing journals and evaluation whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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.

THE RAILWAY CONVALESCENT HOMES

INDEPENDENT AUDITORS REPORT TO THE TRUSTEES OF THE RAILWAY CONVALESCENT HOMES FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

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 2022 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

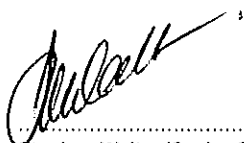
In our opinion the information in the Trustees Report for the financial year for which the financial statements are prepared is consistent with the financial statements and in accordance with applicable legal requirements.

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 : 5/7/2023

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2022

		Continuing Group Unrestricted funds year ended 31 December 2022 £	Discontinued Group Unrestricted funds year ended 31 December 2022 £	Continuing Group Restricted funds year ended 31 December 2022 £	Group Total funds year ended 31 December 2022 £	Group Total funds year ended 31 December 2021 £	Charity Total funds year ended 31 December 2022 £	Charity Total funds year ended 31 December 2021 £
INCOME	Note							
Donations and legacies	4	213	-	-	213	500	213	500
Income from charitable activities Contributions		-	3,007	-	3,007	3,909	3,007	3,909
Investment Income	6	299,983	-	-	299,983	304,500	299,983	304,500
Total Incoming resources		300,196	3,007	-	303,203	308,909	303,203	308,909
EXPENDITURE								
Cost of raising funds Trading expenses	5	-	-	-	-	1,309	-	1,309
		-	-	-	-	1,309	-	1,309
Net Incoming resources available for charitable application		300,196	3,007	-	303,203	307,600	303,203	307,600
Expenditure on charitable activities Support costs	7	273,784	-	17,958	291,742	267,888	291,742	267,888
Net Incoming/(outgoing) resources for the year before recognised gains and losses		26,412	3,007	(17,958)	11,461	39,712	11,461	39,712
Other recognised gains and losses								
Unrealised investment (losses)/gains	10	(834,802)	-	-	(834,802)	953,971	(834,802)	953,971
Unrealised cash losses		(129,975)	-	-	(129,975)	(55,764)	(129,975)	(55,764)
Realised investment gains		10,062	-	-	10,062	12,330	10,062	12,330
Net movement in funds		(928,303)	3,007	(17,958)	(943,254)	950,249	(943,254)	950,249
Reconciliation of funds								
Total funds brought forward	14	8,119,679	-	2,316,713	10,436,392	9,486,143	10,436,392	9,486,143
Transfer between funds	14	(17,958)	-	17,958	-	-	-	-
Fund balances carried forward at 31 December 2022	14	7,173,418	3,007	2,316,713	9,493,138	10,436,392	9,493,138	10,436,392

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 2022

	Year Ended 31 December 2022 £	Year Ended 31 December 2021 £
Income		
Contributions	3,007	3,909
Investment income	299,983	304,500
Voluntary income	213	500
Total Income	303,203	308,909
Expenditure		
Trading expenses	-	1,309
Expenditure on charitable activities	291,742	267,888
Total Expenditure	291,742	269,197
Surplus for the year before Other recognised gains and losses	11,461	39,712
Other Recognised gains and losses:		
Realised gains on disposal of investments	10,062	12,330
Surplus before and after tax	21,523	52,042

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 2022

	Note	Group 2022 £	Charity 2022 £	Group 2021 £	Charity 2021 £
FIXED ASSETS					
Tangible assets	9	712,578	712,578	731,301	731,301
Investments	10	8,483,589	8,483,589	9,308,329	9,308,329
TOTAL FIXED ASSETS		9,196,167	9,196,167	10,039,630	10,039,630
CURRENT ASSETS					
Debtors	11	21,960	25,180	20,422	23,626
Cash at bank and in hand	12	300,627	297,022	401,821	398,237
TOTAL CURRENT ASSETS		322,587	322,202	422,243	421,863
LIABILITIES					
Creditors falling due within one year	13	(25,816)	(25,816)	(25,096)	(25,486)
NET CURRENT ASSETS		296,971	296,586	397,147	398,377
TOTAL ASSETS LESS CURRENT LIABILITIES		9,493,138	9,492,753	10,436,777	10,436,007
THE FUNDS OF THE CHARITY:					
Unrestricted income funds	14	7,176,040	7,176,040	8,119,679	8,119,294
Non-charitable trading funds	14	385	-	385	-
Permanent endowment funds	14	2,316,713	2,316,713	2,316,713	2,316,713
TOTAL CHARITY FUNDS		9,493,138	9,492,753	10,436,777	10,436,007

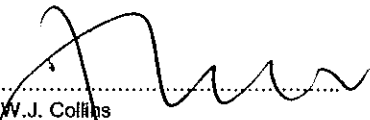
The Trustees have prepared group accounts in accordance with section 398 of the Charities Act 2006 and section 138 of the Companies Act 2011. These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts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

The notes at pages 12 to 17 form part of these accounts.

Approved on 5th July 2023 by the board of Trustees and signed on its behalf by:


C. 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 2022

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.

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.

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 charity including support costs.

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 7.

THE RAILWAY CONVALESCENT HOMES

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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
Computer equipment	33% reducing balance basis
Garden Equipment	25% 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 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:	2022	2021
	£	£
Depreciation	<u>18,723</u>	<u>19,401</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 2022

4 DONATIONS AND LEGACIES

	2022 £	2021 £
Donations	213	500

5 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 is currently dormant due to the closure of the Charity's operational facility.

Summary Profit and Loss Account	2022 £	2021 £
Administrative expenses	-	(1,309)
Net profit	-	(1,309)
Amount gifted to The Railway Convalescent Homes	-	1,309
Retained in subsidiary	-	-
The assets and liabilities of the subsidiary were:		
Current assets	3,584	3,584
Creditors: Amounts falling due within one year	(3,199)	(3,199)
Aggregate share capital and reserves	385	385

Please refer to the Trustees Report and Notes 1 and 21, the closure of the Convalescent Home has also meant that the trading company has ceased trading for the foreseeable future.

6 INVESTMENT INCOME

	2022 £	2021 £
Income from managed investments	224,837	227,463
Rents from investment properties	75,146	77,037
	299,983	304,500

The investment property is shown in note 10.

7 SUPPORT COSTS

	Continuing Restricted Funds	Continuing Charitable Expenditure	2022 £	2021 £
Wages	-	130,218	130,218	115,559
Pension contributions	-	5,796	5,796	4,986
Rates	-	5,329	5,329	24,865
Insurance	-	19,404	19,404	14,152
Light and heat	-	6,321	6,321	7,669
Property maintenance	-	61,744	61,744	38,854
Telephone	-	2,894	2,894	3,195
Computer expenses	-	2,049	2,049	2,046
Printing, stationery and postage	-	3,725	3,725	4,087
Travelling and accommodation	-	118	118	67
Staff uniforms	-	260	260	276
Audit and accountancy	-	7,061	7,061	6,540
Professional fees	-	28,300	28,300	26,962
Depreciation	17,958	765	18,723	19,401
Loss on disposal of assets	-	(200)	(200)	(771)
	17,958	273,784	291,742	267,886

These costs have been apportioned on a usage basis.

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

8 ANALYSIS OF STAFF COSTS AND NUMBERS

	2022 £	2021 £
Wages	123,987	108,571
Social security costs	6,231	6,988
Pension costs	5,796	4,986
	136,014	120,545

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

The average weekly number of persons employed by the Charity during the year was 4 (2021 : 4).

THE RAILWAY CONVALESCENT HOMES

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022

9 TANGIBLE FIXED ASSETS FOR USE BY THE CHARITY AND GROUP

	Freehold land and buildings £	Computer equipment £	Garden Equipment	2022 Total £	2021 Total £
Cost					
At 1 January 2022	897,888	6,455	3,099	907,442	904,343
Additions	-	-	-	-	3,099
At 31 December 2022	897,888	6,455	3,099	907,442	907,442
Accumulated depreciation					
At 1 January 2022	169,441	5,955	745	176,141	156,740
Charge for year	17,958	176	589	18,723	19,401
At 31 December 2022	187,399	6,131	1,334	194,864	176,141
Net book value					
At 31 December 2022	710,489	324	1,765	712,578	731,301

10 FIXED ASSET INVESTMENTS FOR CHARITY AND GROUP

	Listed Investments £	Investment property £	2022 Total £	2021 Total £
Market value at 1 January 2022	7,808,329	1,500,000	9,308,329	8,342,028
Additions	10,062	-	10,062	12,330
Net investment gains - Unrealised	(834,802)	-	(834,802)	953,971
Market value at 31 December 2022	6,983,589	1,500,000	8,483,589	9,308,329
Historical cost at 31 December 2022	4,773,254	1,169,182	5,942,436	5,932,374
Listed investments at market value comprised:				
UK fixed interest securities			1,030,281	941,162
Overseas fixed interest securities			67,180	71,142
Equities			4,682,364	5,688,006
UK property investments			301,959	305,360
Other investments			901,805	802,659
Investments listed on a recognised stock exchange			6,983,589	7,808,329
Investment managers' cash account			151,399	281,374
			7,134,988	8,089,703

The Investment holdings at 31 December 2022 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 2022, the basis of the valuation was current market value. The valuation is based on property prices for similar properties in the area.

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.

THE RAILWAY CONVALESCENT HOMES

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022

11 DEBTORS	<u>Group</u> 2022	<u>Charity</u> 2022	<u>Group</u> 2021	<u>Charity</u> 2021
Prepayments	21,960	21,960	20,422	20,422
Amounts due from trading subsidiary	-	3,220	-	3,204
	<u>21,960</u>	<u>25,180</u>	<u>20,422</u>	<u>23,626</u>

12 CASH AT BANK AND IN HAND	<u>Group</u> 2022 £	<u>Charity</u> 2022 £	<u>Group</u> 2021 £	<u>Charity</u> 2021 £
Bank current and deposit accounts	149,085	145,480	120,348	116,764
Petty cash	100	100	100	100
Investment cash	151,443	151,443	281,374	281,374
	<u>300,627</u>	<u>297,022</u>	<u>401,821</u>	<u>398,237</u>

13 CREDITORS	<u>Group</u> 2022 £	<u>Charity</u> 2022 £	<u>Group</u> 2021 £	<u>Charity</u> 2021 £
Operating creditors	15,406	15,406	14,618	14,618
Taxation and social security costs	2,806	2,806	2,744	2,744
Other creditors	1,033	1,033	959	1,349
Accruals and deferred income	6,371	6,371	6,775	6,775
	<u>25,616</u>	<u>25,616</u>	<u>25,096</u>	<u>25,486</u>

14 NET MOVEMENT IN CHARITABLE FUNDS

Analysis of unrestricted fund movements

	Balance as at 01.01.2022 £	Incoming resources £	Resources expended £	Investment gains/ (losses) £	Transfer to restricted fund	Balance as at 31.12.2022 £	Balance as at 31.12.2021
General purpose Fund	8,119,294	303,203	(273,784)	(954,715)	(17,958)	7,176,040	8,119,294
Non-charitable trading funds	385	-	-	-	-	385	385
	<u>8,119,679</u>	<u>303,203</u>	<u>(273,784)</u>	<u>(954,715)</u>	<u>(17,958)</u>	<u>7,176,425</u>	<u>8,119,679</u>

Analysis of restricted fund movements

	Balance as at 01.01.2022 £	Incoming resources £	Resources expended £	Investment gains/ (losses) £	Transfer from un-restricted fund £	Balance as at 31.12.2022 £	Balance as at 31.12.2021 £
Permanent endowment	2,316,713	-	(17,958)	-	17,958	2,316,713	2,316,713

15 ANALYSIS OF GROUP ASSETS BETWEEN FUNDS

	Unrestricted Funds	Restricted Funds	Total Funds £	Balance as at 31.12.2021 £
Tangible fixed assets	2,089	710,489	712,578	731,301
Fixed asset investments	6,983,589	1,500,000	8,483,589	9,308,329
Cash at bank and in hand	300,627	-	300,627	401,821
Other net current liabilities	(3,656)	-	(3,656)	(4,674)
	<u>7,282,649</u>	<u>2,210,489</u>	<u>9,493,138</u>	<u>10,436,777</u>

THE RAILWAY CONVALESCENT HOMES**NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022****16 OPERATING LEASES**

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

The company is entitled to rental income under non-cancellable operating leases due within 1 year of £34,800. There are no leases beyond this period.

17 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 £496 (2021 £120), for travel, subsistence and room hire.

18 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.

19 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).

20 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.

21 SUBSEQUENT EVENTS

As stated in the trustees report, due to COVID 19 the convalescent home has closed permanently. The Trustees no longer deem the business model to be effective and they are liaising with the Charity Commission over the future of the Charity.