

Charity registration number 1142608

Company registration number 07109869 (England and Wales)

THE RAILWAY CONVALESCENT HOMES
(A Company Limited by Guarantee)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

THE RAILWAY CONVALESCENT HOMES

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	P Moakes	
	S Brook	
	C Mills	
	W Collins	
	P O'Hare	
	C Donovan	
	D Crome	
	B Davenport	
	G Isom	
	L Farley	
	R Stoneham	(Appointed 18 May 2023)
Secretary	A Conyard	
Charity number	1142608	
Company number	07109869	
Registered office	Bridge House 2 Church Street Dawlish Devon EX7 9AU	
Auditor	Rupp & Fraser Chartered Accountants 7 St Paul's Road Newton Abbot Devon TQ12 2HP	

THE RAILWAY CONVALESCENT HOMES

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THE RAILWAY CONVALESCENT HOMES

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 DECEMBER 2023

The trustees present their annual report and financial statements for the year ended 31 December 2023.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's [governing document], the Companies Act 2006 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 2019).

THE RAILWAY CONVALESCENT HOMES

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

Objectives and activities

The Charity was registered on 21 December 2009 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 invalided 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 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 nationalise undertakings auxiliary or subsidiary thereof.
- (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 operates 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 in Dawlish in Devon which has provided the care described above. The facility was closed in March 2020 due to Covid19 and subsequently the decision was made to permanently close the facility on 31 October 2020. The Trustees are now liaising with the Charity Commissioners 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 income streams receivable and the level of assets held.

The Charity has previously measured its success based on guest numbers year on year. Currently the most significant income source for the Charity is from Investments and rent.

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 Commissioners to ensure the charitable objectives can continue to be fulfilled.

THE RAILWAY CONVALESCENT HOMES

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

Changes to Objects

A Special Resolution was passed by the Board on 12th September 2023 to change the Objects of the Charity. However, some minor amendments were subsequently made to the objects and a further draft scheme was prepared by the Charity Commission. Once agreed by the Board it will become the subject of a further Special Resolution which will replace that of 12th September 2023, following which the Charity Commission will formally issue the Charity's new scheme, expected in early 2025.

The objects should then be as follows:

For the relief of need of those beneficiaries by reason of age, ill-health, disability, poverty, financial hardship or other disadvantage including but not limited to by the provision of:

1. Accommodation including but not limited to the provision of social housing in the form of alms houses and other independent living accommodation; and

2. Grants to

Where the term beneficiaries above is defined in the following classes and order of priority as those:

a) persons who are or who have been employees of current or former nationalised or formerly nationalised railway undertakings;

b) persons who are employees of any nationalised or formerly nationalised transport undertakings in the United Kingdom and any nationalised or formerly nationalised undertakings or auxiliary or subsidiary thereto;

c) persons who have been employees of any nationalised or formerly nationalised transport undertakings in the United Kingdom and any nationalised or formerly nationalised undertakings auxiliary or subsidiary thereto;

d) persons who are or have been employees of any public or formerly public transport undertakings in the Republic of Ireland and any public or formerly public undertakings auxiliary or subsidiary thereto which operate or have operated in conjunction with any nationalised or formerly nationalised transport undertakings in the United Kingdom or with any nationalised or formerly nationalised undertakings auxiliary or subsidiary there to: and

e) persons who are the spouses or other dependents of the above mentioned classes.

Public benefit

The trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the charity should undertake.

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 our policies and main activities undertaken for the public benefit.

Financial review

The Board reports a net outflow of funds of £126,249 (2022 inflow £11,461) before gains on investments. The Charity reports a gain on net movement of funds for the year of £242,936 (2022 loss £943,249) after losses/gains on investments. A significant part of this is due to the movements on investment value during the year.

THE RAILWAY CONVALESCENT HOMES

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

Reserves policy

It is the policy of the charity that unrestricted funds which have not been designated for a specific use should be maintained at a level equivalent to between three and six month's expenditure. The trustees consider that reserves at this level will ensure that, in the event of a significant drop in funding, they will be able to continue the charity's current activities while consideration is given to ways in which additional funds may be raised. This level of reserves has been maintained throughout the year.

At the 31 December 2023 the Charity held funds totalling £9,735,338 (2022 £9,492,402) of which the Charity had unrestricted funds of £7,418,625 (2022 £ 7,175,689) and Permanent Endowment Funds of £2,316,713 (2022 £2,316,713).

The Permanent Endowment Funds represent the value of the premises from which the Charity operates and the investment flats situated in the grounds.

Structure, governance and management

The charity is a company limited by guarantee.

The trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements are shown on page 1.

P Moakes

S Brook

C Mills

W Collins

P O'Hare

C Donovan

D Crome

B Davenport

G Isom

L Farley

C Selway

R Stoneham

(Resigned 21 March 2024)

(Appointed 18 May 2023)

THE RAILWAY CONVALESCENT HOMES

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

Recruitment and appointment of trustees

Details of method of recruitment and appointment of trustees.

None of the trustees has any beneficial interest in the company. All of the trustees are members of the company and guarantee to contribute £1 in the event of a winding up.

The recruitment process for any newly appointed Trustee is to first 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 the first meeting to clarify any uncertainties.

The trustees have ultimate control over the Charity and its dormant 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 number of years and have vast experience in their particular field of expertise. The staff live locally which also enables the Charity to provide employment in 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 attends board meetings and is therefore also involved in the strategic decisions made by the Trustees, the input of the business manager provides the Trustee with a grounded view of the financial position of the Charity and 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 pay grading scale in operation.

Statement of trustees' responsibilities

The trustees, who are also the directors of The Railway Convalescent Homes for the purpose of company law, are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- 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 the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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

Auditor

Rupp & Fraser will not be standing for re-election as they are ceasing to be Registered Auditors.

THE RAILWAY CONVALESCENT HOMES

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) *FOR THE YEAR ENDED 31 DECEMBER 2023*

Risk Management

The Trustees are aware of the major issues which the Charity faces and especially regarding the change in recent years following the cessation of the Dawlish centre and keep this under regular review.

Investment Portfolio

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 returns with a medium risk portfolio. The portfolio is specific to Charities and therefore is deemed to be socially, environmentally and ethically responsible in its investment policy.

As at 31 December 2023 the Charity's balance sheet showed investments totalling £8,810,480 (2022: £8,483,498) that produced income of £300,148 (2022: £299,984). The 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 an investment property and provide rental income for the Charity.

Disclosure of information to auditor

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

The trustees' report was approved by the Board of Trustees.

C.C.Mills
Trustee

17 January 2025

THE RAILWAY CONVALESCENT HOMES

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE RAILWAY CONVALESCENT HOMES

Opinion

We have audited the financial statements of The Railway Convalescent Homes (the 'charity') for the year ended 31 December 2023 which comprise the statement of financial activities, the balance sheet and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2023 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report for the financial year for which the financial statements are prepared, which includes the directors' report prepared for the purposes of company law, is consistent with the financial statements; and
- the directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.

THE RAILWAY CONVALESCENT HOMES

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF THE RAILWAY CONVALESCENT HOMES

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

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

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

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of the charity for the purpose of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

THE RAILWAY CONVALESCENT HOMES

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF THE RAILWAY CONVALESCENT HOMES

Christopher Rupp FCA (Senior Statutory Auditor)
for and on behalf of Rupp & Fraser

17 January 2025

Chartered Accountants
Statutory Auditor

Chartered Accountants
7 St Paul's Road
Newton Abbot
Devon
TQ12 2HP

THE RAILWAY CONVALESCENT HOMES

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	Unrestricted funds 2023 £	Unrestricted funds 2022 £
Income and endowments from:			
Donations and legacies	3	300	213
Charitable activities	4	2,380	3,007
Investments	5	300,148	299,984
Other income	6	1,100	-
Total income		303,928	303,204
Expenditure on:			
Charitable activities	7	430,177	291,739
Total expenditure		430,177	291,739
Net gains/(losses) on investments	12	369,185	(954,714)
Net income/(expenditure) and movement in funds		242,936	(943,249)
Reconciliation of funds:			
Fund balances at 1 January 2023		7,175,689	8,118,938
Fund balances at 31 December 2023		7,418,625	7,175,689

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

THE RAILWAY CONVALESCENT HOMES

BALANCE SHEET

AS AT 31 DECEMBER 2023

	Notes	2023 £	£	2022 £	£
Fixed assets					
Tangible assets	14		702,504		712,584
Investment property	15		1,499,999		1,499,999
Investments	16		7,310,481		6,983,499
			<u>9,512,984</u>		<u>9,196,082</u>
Current assets					
Debtors	17	20,960		24,870	
Cash at bank and in hand		229,661		297,066	
		<u>250,621</u>		<u>321,936</u>	
Creditors: amounts falling due within one year					
Taxation and social security		4,643		2,806	
Other creditors	18	23,624		22,810	
		<u>28,267</u>		<u>25,616</u>	
Net current assets			<u>222,354</u>		<u>296,320</u>
Total assets less current liabilities			<u>9,735,338</u>		<u>9,492,402</u>
Net assets excluding pension liability			<u>9,735,338</u>		<u>9,492,402</u>
			<u><u>9,735,338</u></u>		<u><u>9,492,402</u></u>
The funds of the charity					
Unrestricted funds			7,418,625		7,175,689
Permanent endowment funds			2,316,713		2,316,713
			<u>9,735,338</u>		<u>9,492,402</u>

The financial statements were approved by the trustees on 17 January 2025

C.C.Mills
Trustee

W.J.Collins
Trustee

Company registration number 07109869 (England and Wales)

THE RAILWAY CONVALESCENT HOMES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

Charity information

The Railway Convalescent Homes is a private company limited by guarantee incorporated in England and Wales. The registered office is Bridge House, 2 Church Street, Dawlish, Devon, EX7 9AU.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's [governing document], the Companies Act 2006, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Charities SORP "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 2019). The charity is a Public Benefit Entity as defined by FRS 102.

The charity has taken advantage of the provisions in the SORP for charities not to prepare a Statement of Cash Flows.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, [modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value]. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Restricted funds are subject to specific conditions by donors or grantors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Endowment funds are subject to specific conditions by donors that the capital must be maintained by the charity.

1.4 Income

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

THE RAILWAY CONVALESCENT HOMES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

(Continued)

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Freehold land and buildings	2% straight line
Fixtures and fittings	25% reducing balance
Computers	33% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of financial activities.

1.7 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in profit or loss.

[Property rented to a group entity is accounted for as tangible fixed assets.]

1.8 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

1.9 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

THE RAILWAY CONVALESCENT HOMES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

(Continued)

1.11 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, 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 financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

1.12 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

THE RAILWAY CONVALESCENT HOMES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Income from donations and legacies

	Unrestricted funds 2023 £	Unrestricted funds 2022 £
Donations and gifts	300	213

4 Income from charitable activities

	Unrestricted funds 2023 £	Unrestricted funds 2022 £
Contributions	2,380	3,007

5 Income from investments

	Unrestricted funds 2023 £	Unrestricted funds 2022 £
Rental income	73,165	75,147
Other income	225,813	224,802
Interest receivable	1,170	35
	300,148	299,984

THE RAILWAY CONVALESCENT HOMES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

6 Other income

	Unrestricted funds 2023 £	Unrestricted funds 2022 £
Sale of Lawn Mower	1,100	-

7 Expenditure on charitable activities

	2023 £	2022 £
Direct costs		
Staff costs	151,825	131,220
Depreciation and impairment	21,517	18,721
Laundry and cleaning	30	107
Household Goods	275	230
Training	355	270
Expenses Waterside	71,214	24,013
General Repairs	64,281	19,464
Staff Welfare	416	915
Long Service Award	2,250	1,000
Water Rates	737	722
General rates	3,572	4,608
Electricity	4,913	2,994
Gas	9,387	3,327
Travelling	150	118
Company Secretary	2,195	1,350
Trustees Expenses	1,169	496
Postage and Carriage	238	185
Other charitable expenditure	95,653	81,999
	<u>430,177</u>	<u>291,739</u>
Analysis by fund		
Unrestricted funds	<u>430,177</u>	<u>291,739</u>

8 Charitable Activities

The Objects of the Charity are set out in the Trustees' Report.

THE RAILWAY CONVALESCENT HOMES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

9	Net movement in funds	2023	2022
		£	£
	The net movement in funds is stated after charging/(crediting):		
	Fees payable for the audit of the charity's financial statements	5,733	7,061
	Depreciation of owned tangible fixed assets	21,517	18,721
		<u> </u>	<u> </u>

10 Trustees

None of the trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year.

11 Employees

The average monthly number of employees during the year was:

	2023	2022
	Number	Number
	4	4
	<u> </u>	<u> </u>

Employment costs	2023	2022
	£	£
Wages and salaries	136,295	120,225
Social security costs	8,919	6,231
Other pension costs	6,611	4,764
	<u> </u>	<u> </u>
	151,825	131,220
	<u> </u>	<u> </u>

There were no employees whose annual remuneration was more than £60,000.

12 Gains and losses on investments

	Unrestricted	Unrestricted
	funds	funds
	2023	2022
	£	£
Gains/(losses) arising on:		
Revaluation of investments	326,888	(954,714)
Gain on Cash	42,297	-
	<u> </u>	<u> </u>
	369,185	(954,714)
	<u> </u>	<u> </u>

13 Taxation

The charity is exempt from taxation on its activities because all its income is applied for charitable purposes.

THE RAILWAY CONVALESCENT HOMES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

14 Tangible fixed assets

	Freehold land and buildings £	Fixtures and fittings £	Computers £	Total £
Cost				
At 1 January 2023	897,888	3,099	6,455	907,442
Additions	-	9,643	1,797	11,440
At 31 December 2023	897,888	12,742	8,252	918,882
Depreciation and impairment				
At 1 January 2023	187,395	1,335	6,131	194,861
Depreciation charged in the year	17,958	2,852	707	21,517
At 31 December 2023	205,353	4,187	6,838	216,378
Carrying amount				
At 31 December 2023	692,535	8,555	1,414	702,504
At 31 December 2022	710,493	1,764	324	712,581

The carrying value of land included in land and buildings comprises:

	2023 £	2022 £
Freehold	692,532	710,493

15 Investment property

	2023 £
Fair value	
At 1 January 2023 and 31 December 2023	1,499,999

Investment property comprises Waterside Apartments]. The fair value of the investment property has been arrived at on the basis of a valuation carried out at 31 December 2023 by the Trustees. The valuation was made on an open market value basis by reference to market evidence of transaction prices for similar properties.

The Trustees are of the opinion that it would be too costly to have a formal valuation.

	2023 £	2022 £
Freehold	692,535	710,493

THE RAILWAY CONVALESCENT HOMES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

16 Fixed asset investments

	Listed investments £
Cost or valuation	
At 1 January 2023 & 31 December 2023	4,773,254
Carrying amount	
At 31 December 2023	7,310,477
At 31 December 2022	6,983,502

17 Debtors

	2023 £	2022 £
Amounts falling due within one year:		
Trade debtors	2	-
Amounts owed by fellow group undertakings	3,392	3,204
Prepayments and accrued income	17,566	21,960
	<u>20,960</u>	<u>25,164</u>

18 Other creditors falling due within one year

	2023 £	2022 £
Trade creditors	14,016	15,406
Amounts owed to group undertakings	385	-
Accruals and deferred income	9,223	7,404
	<u>23,624</u>	<u>22,810</u>

19 Retirement benefit schemes

	2023 £	2022 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	6,611	4,764

The charity operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the charity in an independently administered fund.

THE RAILWAY CONVALESCENT HOMES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

20 Unrestricted funds

The unrestricted funds of the charity comprise the unexpended balances of donations and grants which are not subject to specific conditions by donors and grantors as to how they may be used. These include designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes.

	At 1 January 2023	Incoming resources	Resources expended	Gains and losses	At 31 December 2023
	£	£	£	£	£
General funds	7,175,689	303,928	(430,177)	369,185	7,418,625
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Previous year:	At 1 January 2022	Incoming resources	Resources expended	Gains and losses	At 31 December 2022
	£	£	£	£	£
General funds	8,118,938	303,204	(291,739)	(954,714)	7,175,689
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

21 Future Expenditure

The Trustees have been informed that there is potential expenditure required on maintenance and structure which has been estimated in the region of £35,000 for replacement of fire alarms and remedial works in various areas which could be in the region of £150,000. The Charity will have to sell some of its investment to fund this expenditure.

22 Related party transactions

There were no disclosable related party transactions during the year (2022 - none).

23 Constitutional Matters

On 12 September 2023 a Special Resolution was passed by the Board to change the Objects of the Charity, as stated in the Trustees Report.

At the request of the Charity Commission a review of the attribution of the cash investments between Unrestricted and Restricted (Permanent Endowment) is being undertaken.

24 Basis of Identification of Permanent Endowment Property

During discussions with the Charity Commission on changing the Charity's objects it was discovered the the Charity's former solicitors working on the incorporation in 2009-2011 may not have completed all of the necessary work.

If this is the case then the Board estimates that the Charity's legal costs in relation to trying to recover these additional costs on this on going matter are estimated to be at least £15,000.