

REGISTERED COMPANY NUMBER: 09327637 (England and Wales)
REGISTERED CHARITY NUMBER: 1168947

REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2020
FOR
WATERMOOR HOUSE R C H

Andorran Limited (Statutory Auditor)
6 Manor Park Business Centre
Mackenzie Way
Cheltenham
Gloucestershire
GL51 9TX

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FOR THE YEAR ENDED 31 AUGUST 2020**

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WATERMOOR HOUSE R C H

**REFERENCE AND ADMINISTRATIVE DETAILS
FOR THE YEAR ENDED 31 AUGUST 2020**

TRUSTEES	Dr K Badcock J W Lamus Sir R K Morland (resigned 16.12.19) Dr S R Owen Earl A C B Bathurst Mrs G M Roberts B A Jashanmal (resigned 16.12.19) Revd P Light (appointed 20.4.20) Mrs J Carter (appointed 20.4.20)
REGISTERED OFFICE	Watermoor House Watermoor Road Cirencester Gloucestershire GL7 1JR
REGISTERED COMPANY NUMBER	09327637 (England and Wales)
REGISTERED CHARITY NUMBER	1168947
AUDITOR	Andorran Limited (Statutory Auditor) 6 Manor Park Business Centre Mackenzie Way Cheltenham Gloucestershire GL51 9TX

WATERMOOR HOUSE R C H

CHAIR'S REPORT FOR THE YEAR ENDED 31 AUGUST 2020

This has undoubtedly been a challenging yet rewarding year for Watermoor House. We continued our long path to improving processes and procedures and started to enjoy and build upon these improvements, seeing better staff working culture - recognised by achieving a 'Good' CQC rating - alongside better financial performance just as the Covid-19 pandemic broke in the UK. We had improved our gardens and refurbished our dining room and continued our path of long-needed building repairs.

With better management controls in place, and the strong staff morale these engendered, we entered the Covid-19 pandemic along with the rest of the nation and indeed, the world. Fortunately, we recognised at least some of the impending Covid-19 challenges slightly ahead, closing the Home to visitors ahead of Government guidance, ensuring our staff had adequate stocks of PPE before shortages became commonplace and enhancing staff training on infection control measures early. Our managers and trustees were quick to recognise and act upon the potential challenges that necessary Covid-related restrictions and extra responsibilities would present to both residents and staff. Management began monitoring these early on, for example, with emotional mapping of staff, and enhanced, personalised one-to-one support for residents.

The pandemic continued to present an ever-changing landscape of threats and regulatory changes throughout the second half of this reporting year. We have met these and coped well, but only through strong and open leadership supported by tremendous teamwork from all our staff, residents and relatives.

We are not complacent, but we are extremely proud of the successes our staff and management have achieved keeping residents healthy, cheerful and interested in life. We recognise the marvellous work of all our staff: carrying out extra tasks required to keep residents safe and well while not letting slip the routine, day-to-day responsibilities and helping to fill the gaps created by not being able to have our usual visitors, residents' family and friends, entertainers and activity helpers.

This work goes on but it is worth remembering here some examples of how we have kept spirits up and looked after the emotional, physical and intellectual wellbeing of residents in the extraordinary period of lockdown: exercises with Tic-Toc, Chair's Pic of the Day from the around the world with discussion-provoking commentary, Easter-themed in-house activities from Easter bonnet competition to special Easter tea party, regular religious services led by our Activities Coordinator with input from Reverend Light, distanced garden sing-alongs with MindSong, staff Sports Day with a barbecue for residents, visits from the ice cream van in the height of the summer, craft activities with activity kits from our craft partners, choir participation through YouTube and our own daily Watermoor House news with a poem, prayer and quote of the day.

Finally, we would like to recognise some changes to our Board membership in this financial year. We are very pleased to welcome Mrs Jillian Carter and Reverend Penny Light to the Board. Each of them brings particular experience and perspectives to the Board which help to broaden the skillset amongst Board members. Sadly, Mr Bharat Jashanmal and Sir Robert Morland also left the Board in the course of this year. Both of them brought depth of business insight, tremendous people management skills and real dedication to Watermoor House, its mission, staff and residents and will be sorely missed. We thank them each for their tremendous contributions and wish them all best in the next chapters of their lives.



Dr S R Owen – Chair

Date: 26 April 2021

WATERMOOR HOUSE R C H

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2020

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 August 2020. The trustees have adopted the provisions of 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).

OBJECTIVES AND ACTIVITIES

Objectives and aims

The Company's charitable objectives are to provide care for older people in Gloucestershire. It currently operates a residential home providing a mix of permanent accommodation and respite care for up to 39 elderly residents in appealing and safe surroundings with constant care and attention.

Our short-term aim is to provide most of the requirements to maximise the quality of life for our residents at an affordable cost. Our longer-term goal is to enable us to continue doing so for others like them in the future. Our strategy to achieve this is to operate efficiently at a viable level of occupancy with well trained staff who carry out their duties in a professional yet friendly manner. Our guiding principle is that our Home is our residents' home.

Watermoor House currently provides accommodation, meals and domestic services, personal care, arrangements for hairdressing, chiropody and visits to and from healthcare providers, communal facilities, a wide range of activities, outings and other services to assist residents' daily living in a caring and personal atmosphere. Unlike many care providers, we make no additional charge for transporting and accompanying residents to hospital and doctor's visits.

In addition to ensuring the smooth running of the Home, the Trustees remain aware of the longer-term changes in the care industry and the need to take appropriate action to remain efficient and continue to provide care at an affordable cost. The second half of this year has been an extraordinarily challenging time due to the Covid-19 pandemic. To date, no Watermoor House resident has had Covid-19. The Chair's report outlines some of the measures we took to ensure the health and well-being of residents as well as staff throughout this challenging time.

The charitable company is a registered charity. Governance and strategic leadership are provided by the Board of Directors, all of whom are trustees and provide their services as unpaid volunteers.

Public benefit

In planning the charitable company's activities, the trustees keep in mind the Charity Commission's guidance on public benefit. Access to the Home is available to all whether it be as one of our permanent residents or respite clients, or as a visitor on an activity or open day. The focus of the charity's activities during the year, which explains the delivery by the charity of public benefit, is set out below under 'achievement and performance'.

WATERMOOR HOUSE RCH

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2020

ACHIEVEMENT AND PERFORMANCE

Charitable activities

Watermoor House RCH subsidises the fees for a significant proportion of residents who are funded by Social Services; at least 30% of residents throughout this year, frequently more. Additionally, with no discrimination between full fee-paying clients and others, additional special needs such as accompanied transport to medical appointments and special diets are provided at no charge regardless of fee status.

We continue to provide a varied and busy activities schedule to meet the needs and interests of all our residents well beyond the levels required for adequate care at no charge regardless of fee status. We have a dedicated, qualified activities coordinator who identifies activities to meet the different interests of our residents. In normal, non-pandemic times these range from our regular keep fit sessions, poetry and quiz sessions to the weekly board games morning, the choir in collaboration with our neighbours at Paternoster, to scrabble, crosswords, Knit & Natter and our weekly film sessions through to the array of interactive musical entertainments from professionally presented guitar, piano and sing-along sessions to outings to garden centres, canal boat trip and other local attractions. We have special meals, activities and celebrations to mark seasonal holidays.

We have arrangements with local schools for regular visits from very young children and also with older young volunteers who come in as part of our programme of one-to-one befriending relationships for mutual benefit with the local community. We enable our residents to participate in community activities such as Christmas celebrations in Cirencester and theatre outings and we open Watermoor House to the public for Heritage Day, when visitors can enjoy our historic building.

We also give support to residents to follow their individual pursuits and interests. In particular, for those who cannot or choose not to participate in group activities, we provide one-to-one assistance and support. Each resident's birthday is celebrated and we enjoyed several 100th birthday parties this year.

During the months when the Covid-19 pandemic meant outside activities and visitors had to be restricted or ceased, we ramped up our in-house activities both for socially distanced groups of residents and for individuals with one-to-one support, finding ways to maintain interest and promote mental as well as physical well-being for all residents, including for residents who were bedbound or occasionally room-bound.

We found ways to bring the outside community in to Watermoor House in different ways that helped to maintain a sense of normality and connection to residents whilst still protecting them from infection. A few examples are distanced indoor/outdoor visitors being accommodated from June 2020, outdoor singalongs with our partners from MindSong throughout the summer and religious services led by our Activities Coordinator with input and guidance from Reverend Light.

The Board monitors performance across all the Home's endeavours, firstly through monthly House and Business reports to set formats. These routinely monitor and report occupancy, enquiries, staff levels, sickness and agency usage, training, any complaints or reportable incidents, quality audits, financial performance, business and marketing activity.

Additionally, we carry out an annual staff survey and a survey of residents' satisfaction as well as a separate survey on food provision. This year we had additional surveys for all stakeholders regarding Watermoor House's response to the challenges presented by the pandemic. The bimonthly meetings of management with residents normally used to obtain views of residents on an ongoing basis were replaced in the second half of the year with regular one-to-one sessions between residents and the Home Manager.

Our financial performance is highly geared to the level of room occupancy. We monitor this as described above and this provides us with an ongoing measure of marketing performance which in a time of natural change in our permanent residents is a measure of the effectiveness of our marketing strategy. With increased and better targeted marketing efforts throughout the year until pandemic restrictions came into force, we saw a sustained rise in occupancy levels.

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2020**

FINANCIAL REVIEW

Financial position

2019/20 has been an extremely challenging year from both care and financial perspectives. It was a year in three parts:

- Months 1-5 - Focussing on achieving our financial budget objectives and achieving an overall 'Good' rating from the CQC
- Month 6 - Responding to the initial announcements concerning the spread of a new Coronavirus (Covid- 19) to ensure the immediate wellbeing of our residents and acknowledging there would be an impact on our budget predictions
- Month 7 and ongoing - Continuing to ensure the wellbeing of residents, acknowledging that budget predictions would be severely impacted and working to ensure the long-term financial viability of the Charity.

Ahead of Government announcements, the decision was taken to close the Home to new residents as part of a package of measures to minimise the risk of Covid-19 entering the house. This decision was primarily driven by the need to protect our residents. It was also felt to be the most effective way to protect the finances of Watermoor House RCH.

As is confirmed by hindsight, an outbreak of Covid-19 in the Home would have been tragic for residents and their families. Additionally, the ensuing loss of income to Watermoor House could easily have escalated to the point where the future financial viability of the Charity would have been threatened. We were very aware that closing the Home to new residents would inevitably lead to a reduction in income. However, this would be in a way that could, to some extent, be predicted and managed from knowledge of resident mortality in previous years, not at the behest of Covid-19. It was also decided that in addition to PPE that could be sourced through government routes, we would build PPE stocks to ensure we were not faced with shortages. The decision to increase the ratio of permanent staff to residents, though not necessarily the total number of staff, in the interest of better infection control, also had cost implications, but again managed, not dictated by other events.

Thanks to the Herculean efforts of the whole team at Watermoor House and an element of luck (we believe that the team through their efforts helped make that luck) residents have so far remained Covid-19 free and all financial impacts have been in a managed environment.

Government support and the ability of the team to improve our CQC rating during such a demanding year will stand us in good stead as we slowly come out of rigours imposed due to Covid-19 and move back to normality.

The financial imperative is to survive the pandemic without the need to dig too deeply into our reserves. For the year ended 31 August 2020 we have increased free Net Current Assets by £53k. This is £22k greater than budget.

Without government Covid-19 support grants (£59k) free reserves would have been depleted by £6k, in line with our joint pandemic objectives of ensuring resident wellbeing whilst also ensuring sufficient reserves to enable the charity to fully recover once Covid-19 is under control.

This performance enables us to be confident that our current finances and future plans are such that we can go forward as a going concern.

Performance through to the end of 2021/22 is not expected to satisfy our revised criteria to add 3% of turnover in any one year to reserves. Current estimate for 2020/21 is breakeven (no movement on free reserves); 2021/22 2% of budgeted resident income. For 2022/23 we fully expect to achieve the 3% target.

Major impacts on financial performance over the next two years will be:

- Reduced occupancy until early 2022
- Increased marketing/PR to rebuild public confidence in the residential care sector

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2020**

- Maintaining increased staff to resident ratios until Covid-19 is controlled and occupancy returns to budget levels (91%)
- We feel retaining and rewarding the current team will pay long-term dividends
- Additional non-staff costs related to Covid-19 - PPE, infection control measures, enabling safe visiting etc.

Investment policy and objectives

Under the Articles of Association, the Trustees/Directors have the power to invest in any way they think fit. The Trustees have considered the most appropriate policy for investing funds and have found that a balanced portfolio of specialised unit trusts, designed for the charity sector, meets their requirements to generate both income and capital growth. The Trustees monitor returns and market changes but still consider this investment portfolio to be the most appropriate strategy for investing the Company's reserves. The balance at 31 August 2020 stood at £15,009.

Reserves policy

The Trustees have examined the requirement for free reserves, which are those unrestricted funds not invested in fixed assets or designated for specific purposes. The Trustees consider that, as a minimum, they should aim for free reserves of £200,000, although cash at bank and in hand plus investments and net of debtors and creditors now total £157,676 (an increase of £51,159). This target has not been achieved at 31 August 2020 and the Trustees will continue to take all prudent steps to improve this position.

The investment with COIF Charity Funds is recorded under fixed assets, as the intention is to hold this as a long-term reserve. However, as the funds are unrestricted and readily redeemable the value is included when assessing funds counting towards our free reserves target of £200,000.

During this period of recovery, it is felt that the decision to hold relatively low reserves with COIF and maintain the remaining surplus as cash deposits to support the recovery process is appropriate. As the recovery consolidates and work to secure the fabric of our building proceeds, more of this fund will be transferred to COIF or other appropriate long-term investment portfolio.

This level of reserves is needed for the following reasons:

- 1 to minimise the potential disruption, distress and expense which might be caused to the elderly and infirm residents of the Home in the event of:
 - the need for emergency repairs to the Home resulting in residents being moved away into temporary accommodation; and/or
 - the need for expensive repairs, maintenance and improvements to the Home, which is a Grade II listed property.
- 2 to meet the continuing costs of complying with new and proposed regulation and legislation, and
- 3 to enable the Company's activities to be expanded to meet increasing demands for its services.

FUTURE PLANS

Plans for the coming year will continue our focus on two main areas: continuous improvement in care delivery and improving financial sustainability. Improvements in care delivery will especially involve our work to develop skills throughout all levels of management and staff to identify trends across many aspects of behaviour and care - not the least, in dementia care - then to spot opportunities, implement and track improvement.

To improve financial sustainability, we will continue actions aimed to reduce the use of agency staff and to maintain high occupancy levels. To do this we are continuing to implement our programme of restructuring staff procedures to improve both efficiency and rates satisfaction of staff members in all departments hand in hand with maintaining and continuing to improve quality of life for our residents. We will continue our more active and targeted marketing activity to help drive occupancy rates.

Additionally, we will continue to work towards our longer term aims of rebuilding our reserves and a planned programme for maintenance of our historic building.

**REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 AUGUST 2020**

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The charitable company is limited by guarantee, having no share capital. It is established under a Memorandum of Association, which sets out the objects and powers of the charitable company, and is governed under its Articles of Association, as amended by Special Resolutions dated 20 April 2016 and 11 August 2016 respectively.

Recruitment and appointment of new trustees

New Trustees with appropriate life and professional skills are appointed by the members to strengthen the Board for the future good of the Company. Every new Trustee must have an enhanced Disclosure and Barring Service check carried out before taking up appointment and undergoes an induction process.

Organisational structure

The charity is administered by the Board of Trustees all of whom give their time for no financial reward. There are no standing subcommittees but working committees of Trustees and Officers are appointed as the Board deems necessary on an ad hoc basis. A Home Manager is appointed by the Trustees to manage the day to day operations of the Company. This is supported by a Business and Marketing Manager. To facilitate effective operations they have delegated authority within terms of delegation approved by the Trustees for operational matters including finance, employment, purchasing, compliance with regulations and dealing with residents' needs and requirements.

Decisions concerning the pay and remuneration of key management personnel are made by the Board in conjunction with HR consultants by reference to the salaries paid by other similar local organisations. All pay rates are reviewed annually.

Induction and training of new trustees

New Trustees undergo a formal process for induction. It aims to familiarise the new member with their legal obligations as well as the workings of Watermoor House and its personnel. During this year the Board reviewed, revised and substantially enhanced the trustee induction process.

They meet one-to-one with the Chair, other Board members and senior management and are taken on a tour of Watermoor House. They receive a pack of written materials including recent Board papers, the last Annual Report and documents from the CQC and Charity Commission. Through the induction process new trustees are informed of the general operational activities of the Home, financial reporting and the regulatory framework in which the Company operates.

The Company's Board members are updated on the legal requirements for Trustees on an ongoing basis by the Company's Officers.

Risk management

The charitable company carries out a formal annual risk review procedure and updates its continuity plan in which major risks are identified and brought to the attention of the Board, which then decides the appropriate course of action to avoid the risk, share or transfer it, mitigate or exploit it. These procedures have highlighted risks that might arise through non-compliance in the ever-changing regulatory regime, risks to residents' safety and financial risks. The Board has taken appropriate action in response to them.

With the added help of fundraising, it is the intention to create sufficient reserves in the future to further mitigate financial risks and this policy is reviewed regularly at Board meetings by reference to current management accounts. The Trustees believe that the current free reserves provide enough resources in the event of adverse conditions but are working to increase reserves to ensure additional long-term resilience for the Company.

Regular statutory inspections for Health and Safety, Food and Hygiene, Fire and by the Care Quality Commission are reported through the Officers to the Board and assist in highlighting operational risks.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors of Watermoor House R C H for the purposes of company law) are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

WATERMOOR HOUSE R C H

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2020

STATEMENT OF TRUSTEES' RESPONSIBILITIES - continued

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the 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 which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the Trustees are aware, there is no relevant information of which the Charity's auditors are unaware, and each Trustee has taken all the steps that they ought to have taken as a Trustee in order to make them aware of any audit information and to establish that the Charity's auditors are aware of that information.

AUDITOR

The auditors, Andorran Limited (Statutory Auditor), will be proposed for re-appointment at the forthcoming Board meeting in April 2020. These financial statements were approved at the same meeting.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Approved by order of the board of trustees on 26 April 2021 and signed on its behalf by:



Dr S R Owen - Trustee

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF WATERMOOR HOUSE R C H

Opinion

We have audited the financial statements of Watermoor House R C H (the 'charitable company') for the year ended 31 August 2020 which comprise the Statement of Financial Activities, the Statement of Financial Position, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (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 August 2020 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 responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditor thereon.

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.

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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF
WATERMOOR HOUSE R C H**

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where 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 take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

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 Independent Auditor 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 Independent Auditor.

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.



Roger Downes FCA (Senior Statutory Auditor)
for and on behalf of Andorran Limited (Statutory Auditor)
6 Manor Park Business Centre
Mackenzie Way
Cheltenham
Gloucestershire
GL51 9TX

Date: 06 May 2021

WATERMOOR HOUSE R C H

**STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2020**

	Notes	Unrestricted funds £	Restricted funds £	31.8.20 Total funds £	31.8.19 Total funds £
INCOME AND ENDOWMENTS FROM					
Donations and legacies	2	-	3,805	3,805	4,015
Charitable activities	4				
Residential Care		1,431,481	10,000	1,441,481	1,434,886
Investment income	3	780	-	780	590
Other income	5	58,865	-	58,865	-
Total		<u>1,491,126</u>	<u>13,805</u>	<u>1,504,931</u>	<u>1,439,491</u>
EXPENDITURE ON					
Charitable activities	6				
Residential Care		1,429,499	908	1,430,407	1,386,964
Net gains on investments		<u>-</u>	<u>-</u>	<u>-</u>	<u>86</u>
NET INCOME		<u>61,627</u>	<u>12,897</u>	<u>74,524</u>	<u>52,613</u>
RECONCILIATION OF FUNDS					
Total funds brought forward		863,481	5,925	869,406	816,793
TOTAL FUNDS CARRIED FORWARD		<u><u>925,108</u></u>	<u><u>18,822</u></u>	<u><u>943,930</u></u>	<u><u>869,406</u></u>

The notes form part of these financial statements

WATERMOOR HOUSE R C H

**STATEMENT OF FINANCIAL POSITION
31 AUGUST 2020**

	Notes	Unrestricted funds £	Restricted funds £	31.8.20 Total funds £	31.8.19 Total funds £
FIXED ASSETS					
Tangible assets	13	776,060	5,017	781,077	758,159
Investments	14	15,009	-	15,009	15,009
		<u>791,069</u>	<u>5,017</u>	<u>796,086</u>	<u>773,168</u>
CURRENT ASSETS					
Stocks	15	5,177	-	5,177	4,730
Debtors	16	26,635	-	26,635	18,617
Cash at bank and in hand		166,311	13,805	180,116	147,886
		<u>198,123</u>	<u>13,805</u>	<u>211,928</u>	<u>171,233</u>
CREDITORS					
Amounts falling due within one year	17	(64,084)	-	(64,084)	(74,995)
NET CURRENT ASSETS		<u>134,039</u>	<u>13,805</u>	<u>147,844</u>	<u>96,238</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>925,108</u>	<u>18,822</u>	<u>943,930</u>	<u>869,406</u>
NET ASSETS		<u>925,108</u>	<u>18,822</u>	<u>943,930</u>	<u>869,406</u>
FUNDS	19				
Unrestricted funds				925,108	863,481
Restricted funds				18,822	5,925
TOTAL FUNDS				<u>943,930</u>	<u>869,406</u>

These financial statements have been prepared in accordance with the provisions applicable to charitable companies subject to the small companies regime.

The financial statements were approved by the Board of Trustees and authorised for issue on 26 April 2021 and were signed on its behalf by:



S R Owen - Trustee

WATERMOOR HOUSE R C H

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2020**

	Notes	31.8.20 £	31.8.19 £
Cash flows from operating activities			
Cash generated from operations	1	67,047	55,626
Net cash provided by operating activities		<u>67,047</u>	<u>55,626</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(35,597)	(10,671)
Interest received		293	103
Dividends received		487	487
Net cash used in investing activities		<u>(34,817)</u>	<u>(10,081)</u>
Change in cash and cash equivalents in the reporting period		<u>32,230</u>	<u>45,545</u>
Cash and cash equivalents at the beginning of the reporting period		<u>147,886</u>	<u>102,341</u>
Cash and cash equivalents at the end of the reporting period		<u><u>180,116</u></u>	<u><u>147,886</u></u>

The notes form part of these financial statements

WATERMOOR HOUSE R C H

**NOTES TO THE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2020**

1. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	31.8.20 £	31.8.19 £
Net income for the reporting period (as per the Statement of Financial Activities)	74,524	52,613
Adjustments for:		
Depreciation charges	11,742	8,951
Losses on investments	-	(86)
Loss on disposal of fixed assets	937	9,011
Interest received	(293)	(103)
Dividends received	(487)	(487)
Increase in stocks	(447)	(1,997)
(Increase)/decrease in debtors	(8,018)	14,425
Decrease in creditors	(10,911)	(26,701)
Net cash provided by operations	<u>67,047</u>	<u>55,626</u>

2. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.9.19 £	Cash flow £	At 31.8.20 £
Net cash			
Cash at bank and in hand	147,886	32,230	180,116
	<u>147,886</u>	<u>32,230</u>	<u>180,116</u>
Total	<u>147,886</u>	<u>32,230</u>	<u>180,116</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) '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)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value, as modified by the revaluation of certain assets.

Going Concern

Given the current situation and pressures around the Covid pandemic, the directors have looked forward eighteen months from March 2021 in assessing the future viability of the charitable company as a going concern. For the year being reported 2019/20, the second half of which was heavily affected by the pandemic, reserves increased by £51k. The impact of Covid on financial performance will, we believe, continue throughout the financial year 2020/21 and beyond. We are confident that performance to date due to actions already taken and the measures we will be taking during the remainder of the year will enable us to maintain reserves at their 31 August 2020 level for 31 August 2021.

As we move beyond August 2021, we are confident that lessons learned thus far and the success in keeping Watermoor House residents free of Covid will enable us to once again return to target occupancy levels, maintain tight control over costs and increase reserves year on year by circa £30k at 31 August 2022.

For 2022/23 we have every confidence that we will achieve our reserves policy objective of increasing reserves by 3% of resident income each year. Reporting and control procedures have been significantly enhanced to ensure not only that these objectives are achieved, but also to ensure that any slippage is identified at the earliest point to enable corrective action to be taken. As a result of our evaluation of future performance and the actions being taken, we are confident in the ongoing success of the charitable company as a going concern and have prepared the financial statements on that basis.

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Donations and legacies are included in the year in which they are receivable, which is when the charity becomes entitled to the resource. In accordance with this policy, legacies are included when the charity is advised by the personal representative of an estate that payment will be made or property transferred and the amount involved can be quantified.

Investment income is included in the year in which it is receivable.

Rental income from the letting of the non-investment property is payable in advance per calendar month. Although 'The Lodge' is let on a short term lease for rental income, the primary purpose of the property is to support the charitable activities of the charitable company and the intention that it is kept available for a supported living house. The Lodge is located within the grounds of Watermoor House and has no separate legal title to that of Watermoor House filed with Land Registry.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, 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 accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2020

1. ACCOUNTING POLICIES - continued

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures, fittings & equipment	- 10% on reducing balance
Minibus	- 25% on reducing balance

Depreciation has not been provided on the freehold buildings as the Trustees conduct an annual review of the local property market for comparable buildings and consider that the residual value will exceed the book value. No depreciation is provided on freehold land.

Tangible fixed assets are capitalised when they are initially acquired by the Charity. Subsequent expenditure on tangible fixed assets is written off to the Statement of Financial Activities unless it replaces or restores a specifically-identified component within the fixed asset or enhances the asset. Assets individually costing under £1,000 are written off to the Statement of Financial Activities.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

The Charity benefits from rates relief and is exempt from corporation tax on its charitable activities. It is not, however, exempt from VAT and irrecoverable VAT is included in the cost of those items to which it relates.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Pension costs and other post-retirement benefits

The charitable company operates a defined contribution pension scheme. Contributions payable to the charitable company's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

2. DONATIONS AND LEGACIES

	31.8.20	31.8.19
	£	£
Donations	3,805	4,015
	<u> </u>	<u> </u>

WATERMOOR HOUSE R C H

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2020**

3. INVESTMENT INCOME

	31.8.20	31.8.19
	£	£
Income from unlisted investments	487	487
Deposit account interest	293	103
	<u>780</u>	<u>590</u>

4. INCOME FROM CHARITABLE ACTIVITIES

		31.8.20	31.8.19
	Activity	£	£
Received from residents	Residential Care	1,161,333	1,083,713
Received from local authority	Residential Care	261,788	343,887
Income from Lodge	Residential Care	8,360	7,286
Grants	Residential Care	10,000	-
		<u>1,441,481</u>	<u>1,434,886</u>

Funding from the Local Authority is received in respect to those residents who have satisfied the relevant means tests.

Grants received, included in the above, are as follows:

	31.8.20	31.8.19
	£	£
Big Lottery	<u>10,000</u>	<u>-</u>

5. OTHER INCOME

	31.8.20	31.8.19
	£	£
Government grants	<u>58,865</u>	<u>-</u>
	<u>31.8.20</u>	<u>31.8.19</u>
	£	£
Infection Control Grant	38,100	-
Coronavirus Job Retention Scheme	13,279	-
Coronavirus Community Support Fund	5,472	-
Coronavirus Statutory Sick Pay Rebate Scheme	2,014	-
	<u>58,865</u>	<u>-</u>

WATERMOOR HOUSE R C H

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 AUGUST 2020

6. CHARITABLE ACTIVITIES COSTS

	Direct Costs (see note 7) £	Support costs (see note 8) £	Totals £
Residential Care	1,423,483	6,924	1,430,407

7. DIRECT COSTS OF CHARITABLE ACTIVITIES

	31.8.20 £	31.8.19 £
Staff costs	1,095,195	1,055,955
Subscriptions and registration fees	5,779	3,975
Light and heat	31,636	33,865
Postage, stationery, advertising, telephone and sundries	56,722	57,559
Equipment rental and maintenance	35,226	39,353
Other house expenses	41,852	32,090
Food	82,907	77,336
Property maintenance & repairs	49,107	46,735
Other property expenses	9,068	11,151
Accountancy & payroll	3,300	2,868
Depreciation	11,742	8,951
Loss on sale of assets	937	9,011
	1,423,483	1,378,837

8. SUPPORT COSTS

	Governance costs £
Residential Care	6,924

Support costs, included in the above, are as follows:

	31.8.20 Residential Care £	31.8.19 Total activities £
Auditors' remuneration	6,924	5,880
Legal fees	-	2,247
	6,924	8,127

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2020

9. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	31.8.20	31.8.19
	£	£
Auditors' remuneration	6,924	5,880
Depreciation - owned assets	11,742	8,951
Deficit on disposal of fixed assets	937	9,011
	<u> </u>	<u> </u>

10. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 August 2020 nor for the year ended 31 August 2019.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 August 2020 nor for the year ended 31 August 2019.

11. STAFF COSTS

	31.8.20	31.8.19
	£	£
Wages and salaries	1,008,258	972,368
Social security costs	65,344	65,455
Other pension costs	21,593	18,132
	<u> </u>	<u> </u>
	<u>1,095,195</u>	<u>1,055,955</u>

The average monthly number of employees during the year was as follows:

	31.8.20	31.8.19
Administration	5	5
Support	48	49
	<u> </u>	<u> </u>
	<u>53</u>	<u>54</u>

No employees received emoluments in excess of £60,000.

The key management personnel of the charity comprise the Home Manager, Deputy Home Manager, Business and Marketing Manager, Finance Officer and Administrator. The total cost to the charity of the key management personnel was £136,443 (2019: £126,279).

WATERMOOR HOUSE R C H

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2020

12. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds £	Restricted funds £	Total funds £
INCOME AND ENDOWMENTS FROM			
Donations and legacies	4,015	-	4,015
Charitable activities			
Residential Care	1,434,886	-	1,434,886
Investment income	590	-	590
Total	<u>1,439,491</u>	<u>-</u>	<u>1,439,491</u>
EXPENDITURE ON			
Charitable activities			
Residential Care	1,383,911	3,053	1,386,964
Net gains on investments	86	-	86
NET INCOME/(EXPENDITURE)	<u>55,666</u>	<u>(3,053)</u>	<u>52,613</u>
RECONCILIATION OF FUNDS			
Total funds brought forward	807,815	8,978	816,793
TOTAL FUNDS CARRIED FORWARD	<u>863,481</u>	<u>5,925</u>	<u>869,406</u>

13. TANGIBLE FIXED ASSETS

	Freehold property £	Linen £	Fixtures, fittings & equipment £	Minibus £	Totals £
COST					
At 1 September 2019	675,393	1,416	201,712	13,500	892,021
Additions	-	-	35,597	-	35,597
Disposals	-	(1,416)	(3,057)	-	(4,473)
At 31 August 2020	<u>675,393</u>	<u>-</u>	<u>234,252</u>	<u>13,500</u>	<u>923,145</u>
DEPRECIATION					
At 1 September 2019	-	1,416	118,946	13,500	133,862
Charge for year	-	-	11,742	-	11,742
Eliminated on disposal	-	(1,416)	(2,120)	-	(3,536)
At 31 August 2020	<u>-</u>	<u>-</u>	<u>128,568</u>	<u>13,500</u>	<u>142,068</u>
NET BOOK VALUE					
At 31 August 2020	<u>675,393</u>	<u>-</u>	<u>105,684</u>	<u>-</u>	<u>781,077</u>
At 31 August 2019	<u>675,393</u>	<u>-</u>	<u>82,766</u>	<u>-</u>	<u>758,159</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2020

13. TANGIBLE FIXED ASSETS - continued

The Board have considered the value of the property at 31 August 2020. Although no formal, external professional valuation has been obtained, they have conducted a property benchmarking pricing exercise by reviewing comparable properties in the local area. Following that internal review, the Board are satisfied that the residual value of the freehold property exceeds the above cost and accordingly no depreciation charge is deemed necessary. The Board will conduct this annual review at the end of every subsequent reporting period.

14. FIXED ASSET INVESTMENTS

	Unlisted investments £
MARKET VALUE	
At 1 September 2019 and 31 August 2020	15,009
NET BOOK VALUE	
At 31 August 2020	15,009
At 31 August 2019	15,009

There were no investment assets outside the UK.

15. STOCKS

	31.8.20 £	31.8.19 £
Stocks	5,177	4,730

16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.8.20 £	31.8.19 £
Trade debtors	5,935	9,827
Other debtors	7,286	-
Prepayments and accrued income	13,414	8,790
	26,635	18,617

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2020

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.8.20	31.8.19
	£	£
Creditors for operating activities	27,788	29,566
Social security and other taxes	24,616	24,921
Other creditors	-	10,000
Accrued expenses	11,680	10,508
	<u>64,084</u>	<u>74,995</u>

18. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	31.8.20	31.8.19
	£	£
Within one year	8,788	11,428
Between one and five years	11,050	20,101
	<u>19,838</u>	<u>31,529</u>

19. MOVEMENT IN FUNDS

	At 1.9.19	Net movement in funds	At 31.8.20
	£	£	£
Unrestricted funds			
General fund	798,282	87,409	885,691
Major projects and improvement	65,199	(25,782)	39,417
	<u>863,481</u>	<u>61,627</u>	<u>925,108</u>
Restricted funds			
Dining room renovations	5,925	(908)	5,017
Minibus	-	13,805	13,805
	<u>5,925</u>	<u>12,897</u>	<u>18,822</u>
TOTAL FUNDS	<u>869,406</u>	<u>74,524</u>	<u>943,930</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2020

19. MOVEMENT IN FUNDS - continued

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	1,491,126	(1,403,717)	87,409
Major projects and improvement	-	(25,782)	(25,782)
	<u>1,491,126</u>	<u>(1,429,499)</u>	<u>61,627</u>
Restricted funds			
Dining room renovations	-	(908)	(908)
Minibus	13,805	-	13,805
	<u>13,805</u>	<u>(908)</u>	<u>12,897</u>
TOTAL FUNDS	<u>1,504,931</u>	<u>(1,430,407)</u>	<u>74,524</u>

Comparatives for movement in funds

	At 1.9.18 £	Net movement in funds £	Transfers between funds £	At 31.8.19 £
Unrestricted funds				
General fund	720,605	77,656	21	798,282
Major projects and improvement	87,210	(22,011)	-	65,199
Legacy from former resident	-	21	(21)	-
	<u>807,815</u>	<u>55,666</u>	<u>-</u>	<u>863,481</u>
Restricted funds				
Dining room renovations	8,978	(3,053)	-	5,925
	<u>816,793</u>	<u>52,613</u>	<u>-</u>	<u>869,406</u>

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds				
General fund	1,438,604	(1,361,034)	86	77,656
Major projects and improvement	-	(22,011)	-	(22,011)
Legacy from former resident	887	(866)	-	21
	<u>1,439,491</u>	<u>(1,383,911)</u>	<u>86</u>	<u>55,666</u>
Restricted funds				
Dining room renovations	-	(3,053)	-	(3,053)
	<u>1,439,491</u>	<u>(1,386,964)</u>	<u>86</u>	<u>52,613</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 AUGUST 2020

19. MOVEMENT IN FUNDS - continued

Purposes of designated fund - Major projects and improvement

Donation received from UBS DAF I & S Owen Charitable Foundation to be used primarily for major projects, and improvements to the fabric of the building and to help ensure the ongoing viability of the Charity, as opposed to day-to-day running costs.

Purposes of designated fund - Legacy from former resident

Donation received from a former resident via her Estate distribution. The trustees agreed to ringfence this money and utilise for a specific purpose. Subsequently the funds were used to purchase a new television for the residents lounge. A small residual balance remained and was transferred to the General Fund in the comparative period.

Purposes of restricted fund - Dining room renovations

Grant awarded by Mrs K.D. Winstone Trust to provide funding for the renovation of the residents dining room and the patio garden adjacent to the dining room.

Purposes of restricted fund - Minibus

Funding received from various donors and grant providers including Big Lottery towards the cost of a new Minibus for The House.

20. CONTINGENT LIABILITIES

Various funders retain the right to claw back grants should the use of funds not be in accordance with the terms of the grant. In the opinion of the trustees no such liability exists at the year-end.

21. RELATED PARTY DISCLOSURES

The £10,000 loan owed to Dr S R Owen made in March 2016 and included in Other Creditors at 31 August 2019, was repaid in full during the year.