

**Rustington
Convalescent
Home**

Annual Report and Accounts

31 December 2020

Charity Registration Number
216865

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Legal and administrative information

Trustee	The Worshipful Company of Carpenters
<i>Court members</i>	
The Master	Mr M Morrison
Senior Warden	Brigadier M J Meardon
Middle Warden	Dr A Zimbler
Junior Warden	Dr L D G Grossman (appointed 22 September 2020)
	Mr V G Morton-Smith
	Mr W S Haynes
	Mr P A Luton
	Mr J A C Wheeler
	Mr M O P May
	Mr M R Mathews
	Rev Dr W P Povey
	Mr H M Lancaster
	Mr M J Samuel
	Mr M R Mosley
	Mr M W F Felton
	Mr M H W Neal
	Mr A M Gregory-Smith
	Mrs R Bower
	His Hon P W Birts QC
Deputy Master	The Lord Flight, of Worcester
<i>Committee of Management</i>	
Chairman	Rev Dr W P Povey
	Dr C N Birts
	Miss H M Bower
	Mr R H Eveleigh
	Mr M O P May
	Mr J W Preston
	Mr M H W Neal
Ex-officio members	<i>The Master of the Company</i>
	Mr M Morrison
	<i>The Junior Warden</i>
	Dr L D G Grossman
	<i>Treasurer</i>
	Mr M J Samuel
Secretary	Brigadier T J Gregson MBE
Home Manager	Mrs J Haynes

Legal and administrative information

Registered address	Carpenters' Hall 1 Throgmorton Avenue London EC2N 2JJ
Home address	Sea Road Rustington Littlehampton BN16 2LZ
Charity registration number	216865
Auditors	Buzzacott LLP 130 Wood Street London EC2V 6DL
Investment managers	Newton Investment Management Limited 160 Queen Victoria Street London EC4V 4LA
Bankers	Barclays Bank plc 1 Churchill Place London E14 5HP
Solicitors	Wedlake Bell LLP 52 Bedford Row London WC1R 4LR

Trustee's report Year to 31 December 2020

The Trustee presents its statutory report with the accounts of Rustington Convalescent Home ('the Home') for the year ended 31 December 2020.

The accounts have been prepared in accordance with the accounting policies set out on pages 18 to 21 and comply with the charity's governing documents, the Charities Act 2011 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).

Structure, governance and management

Rustington Convalescent Home was founded by the late Sir Henry Harben, Past Master of the Worshipful Company of Carpenters, and liberally endowed by him and his daughter, the late Mrs Thomas Wharrie.

Rustington Convalescent Home is a registered charity, charity registration number 216865, and is regulated by two Declarations of Trust dated 23 October 1897 and 9 March 1899. It is administered under two schemes of the Charity Commissioners dated 6 May 1968 and 24 March 1971. The Home is registered with the Care Quality Commission as a "Care Home with Nursing".

The Trustee of the charity is The Worshipful Company of Carpenters which performs its function as Trustee through its Court of Assistants, the members of which are listed on page 1. New Assistants are appointed from the members of the Company, of whom normally one is inducted each year.

The Trustee has considerable experience of the charity through its Court of Assistants. This experience has been gathered over many years and the Court's knowledge of the workings of the charity is extensive. Further training has been given to members of the Court during the year and is made available when appropriate. Professional advice is sought when required.

The Court annually elects and appoints a Committee of Management which meets three times a year or as necessary. The Clerk of the Worshipful Company of Carpenters is appointed as the Secretary of the Home. The Master and the Junior Warden of the Company are ex-officio members of the Committee of Management, as is its Treasurer.

During the year, the day to day running of the Home is under the control of the Home Manager who is appointed by the Court of the Worshipful Company of Carpenters.

Trustee's report Year to 31 December 2020

Structure, governance and management (continued)

The following members of the Committee of Management were in office during the year and served throughout the year, except where shown.

Committee of Management	Appointed/resigned
Rev Dr W P Povey (Chairman)	
Dr C N Birts	
Miss H M Bower	
Mr R H Eveleigh	
Mr M O P May	
Mr J W Preston	
Mr M H W Neal	
<i>Ex officio members</i>	
Mr M Morrison	Appointed 22 September 2020
The Lord Flight, of Worcester	Resigned 22 September 2020
Dr L D G Grossman	Appointed 22 September 2020
Dr A Zimble	Resigned 22 September 2020
Mr M J Samuel (Treasurer)	

Key management personnel

The Trustee is the Worshipful Company of Carpenters, represented by its Court which delegates supervision of the Home to a Committee of Management. A list of Court and Committee members is provided on page 1.

No member of the Court or the Committee of Management received any remuneration in respect of their services during the year, nor any reimbursement of expenses from the charity (2019 - £nil). Expenses of £194 (2019 - £1,469) were paid to members of the Committee of Management by the Worshipful Company of Carpenters. These were not recharged to the charity.

The line-management of the Home is carried out by the Clerk and the Financial Controller of the Worshipful Company of Carpenters. Their management of the Home is recharged on a time basis, which is reviewed each year and their remuneration is set and paid by the Trustee.

Routine management of the Home is carried out by its Manager, Mrs Julia Haynes. Her remuneration and that of all members of the Home staff are reviewed on an annual basis by the Committee of Management, which makes recommendations to the Trustee.

Structure, governance and management (continued)

Risk management

The Trustee, via the Committee of Management, undertakes an annual review of the principal risks and uncertainties that the charity faces categorising the risks between those affecting the governance and management of the charity, operational risks, financial risks, reputational risks and those which occur because of circumstances outside of the charity's control such as changes in government policy, laws and regulations. They regularly review the measures already in place, or needing to be put in place, to establish policies, systems and procedures to mitigate those risks identified in the annual review and ensure that action is taken to implement changes to those policies, systems and procedures, should they be needed, to minimise or manage any potential impact on the charity should those risks materialise.

The Committee of Management has identified five main areas where risks may occur: governance and management; operational; financial; reputational; and regulatory.

Governance and management looks at the skills and training of the members of the Court and Committee of Management and staff, and the good use of its resources.

Operational looks at the risks inherent in the charity's activities including in the operation of the Home, poor maintenance, shortcomings in the services provided, difficulties with staff, poor health and safety, lack of a disaster recovery plan, etc.

Financial risks include those arising as a result of poor budgetary control, inappropriate spending, poor accounting, inappropriate investment policies, etc.

Reputational looks at possible damage to the Home's reputation.

Regulatory looks at the effects of government policies, the consequences of non-compliance with laws and regulations and poor risk assessment.

Having assessed the major risks to which the charity is exposed, the Committee of Management believe that by monitoring reserve levels, by ensuring controls exist over key financial systems, and by examining the operational and business risks faced by the charity, they have established effective systems to mitigate those risks.

The key risks for the charity as identified by the Committee of Management, are described below together with the principal ways in which they are mitigated.

- ◆ The charity's principal asset comprises listed investments, the value of which is dependent on movements in UK and world stock markets. The investments are managed by reputable investment managers who adhere to a policy agreed by the Trustee. The investment manager's performance and that of the portfolio are monitored. The investment strategy is assessed regularly to ensure it remains appropriate to the charity's needs - both now and in the future.

Structure, governance and management (continued)

Risk management (continued)

- ◆ The Committee of Management comprises care professionals and legal and financial professionals. Members of this Committee monitor the myriad of clinical, care and other risks associated with the operation of the Home including, for example, safeguarding; the shortage of qualified nurses and care assistants; and the changing regulatory environment including alterations to the inspection regime of the Care Quality Commission and the need for specific written policies.
- ◆ The closure has given an opportunity to review, modify and improve the Home's operational policies. New COVID policies, shaped by advice from Public Health England, have been introduced. The new COVID policies are important for the protection of Service Users, Home staff, tradespeople and visitors to the Home. It should be noted that the Home's insurance company, in line with many insurance companies nationally, has withdrawn insurance cover for COVID-related issues other than for Employers' Liability Insurance. All policies have been externally reviewed.

Relationships with related parties and other organisations

The Trustee, the Worshipful Company of Carpenters, is also responsible for the management and administration of three other registered charities, details of which are given in note 14 to the accounts.

Objectives and activities

The principal objective of the charity is to provide short term convalescence following illness or injury as prescribed in accordance with its regulations.

The charity achieves its objective through the running of Rustington Convalescent Home in West Sussex.

Achievements and performance

In setting the objectives and planning the activities of the Home for the year, the Trustee has continued to give careful consideration to the Charity Commission's guidance on public benefit. In the furtherance of that public benefit, it undertook a major upgrade of the Home, the detail of which appeared in the Trustee's Annual Report for the year ended 31 December 2019. Having received the Home back from the contractors in mid-December 2019, the Home was made ready in early 2020 for the reception of Service Users. A Newsletter, prepared by the Home's marketing advisers, was circulated widely to encourage potential Service Users to book a convalescent or respite stay, and the Home re-opened fully on 3 February 2020.

Achievements and performance (continued)

However, by this date, cases of infection with the novel coronavirus SARS-CoV-2 which causes the coronavirus disease COVID-19, first identified in the Chinese city of Wuhan in late 2019, were identified in the United Kingdom. By 15 March, the number of confirmed cases in the UK exceeded 100 with a first fatality reported. As days went by, the COVID-19 situation deteriorated, cases escalated, fatalities increased. Non-emergency surgery ceased in most National Health Service hospitals to enable them to cope with the surge of COVID patients, and the NHS commandeered many private hospitals to give COVID support. The World Health Organisation declared the international COVID situation a pandemic. Consequently, there was no call for post-operative convalescence, so Service User numbers plummeted. The Trustee determined that, with a deadly virus sweeping the community, in the light of emerging Government policy and medical advice, it was no longer tenable to admit new Service Users. The last post-operative Service Users were admitted on 20 March, and the Home was closed on 1 April, when they had completed their stay. The UK steadily moved into a lockdown position, and the Home has remained closed.

Notwithstanding these vicissitudes, at the appropriate moment the Trustee will re-open the Home, and despite the reduction of both Service User and investment income, the Trustee is of the opinion that the charity continues to be a going concern. Recognising the pressure on income, towards the end of 2020 it commenced a process of consultation with professional advisers regarding introducing a Total Return Policy for the Trust's investment portfolio, in accordance with the Charity Commission's published permissive Advice of 1 November 2013.

Care Quality Commission

The Home had an unannounced inspection from the Care Quality Commission on 2 and 8 June 2016. The Home was rated overall 'Good' in all five areas reviewed by the Commission's inspectors, and the Commission's report, published 24 August 2016, identified elements that are described as 'Outstanding'. We also maintained our Environmental Health Food Hygiene rating of 5 again following the inspection in January 2020.

Policies and Procedures

The Care Quality Commission requires that policies and procedures are in place and reviewed annually or at such time as is needed and and/or legislation dictates.

The closure has given an opportunity to review, modify and improve the Home's operational policies. New COVID policies, shaped by advice from Public Health England, have been introduced. All policies have been externally reviewed.

Staffing

During the closure, all members of staff have been retained, with up to 39 staff being fully or flexibly furloughed under the HM Government COVID furlough scheme, continuing until the Home reopens. Some staff left during the year and there are now 38 members of staff, excluding bank staff.

Achievements and performance (continued)

Staffing (continued)

All staff have undertaken continued professional development training, externally moderated, during the closure of the Home. All Home staff and visiting specialists have had a first injection of one of the approved COVID vaccines, and are programmed to have a booster injection by the end of April 2021.

Staffing remains stable and their commitment to the Home is much appreciated by the Trustee.

Training

Mandatory training sessions are ongoing. All care staff bar one hold a National Vocational Qualification (NVQ) in Care at level 2 or 3.

Maintenance

All curtains were cleaned and new blinds purchased before the Home was reopened in early 2020. New furniture was purchased for the new rooms. The car park and terrace were resurfaced with a ramp installed and a new bike shelter was built. Fencing was improved.

Buildings and land

Various items of maintenance of the Home have been completed during the closure. Snagging after the major upgrade continues, with some outstanding issues involving discussion with the contractor.

Early in 2021, the Home's Surveyor identified building issues in the Clock Tower and the Activities Room, and these will be investigated further with a view to remediation. This is expected to be costly.

The Lodge and Lodge Flat, following restoration, are now tenanted.

It remains the intention of the Trustee to sell the land surplus to the requirements of the Home for a housing development, in accordance with the extant Arun District Council planning consent.

The Trustee considers that the facilities of the Home, for the public benefit, have been substantially boosted so as to future-proof for care provision into the next decades.

Financial review

Total income for the year amounted to £871,767 (2019 - £719,662). Patient fee income was only £73,478 (2019 - £1,563) due to the temporary closure of the Home because of COVID-19 restrictions. In 2019, patient income was even lower due to the temporary closure of the Home for refurbishment works. Income from investments decreased by £143,246 to £570,614 (2019 - £713,860). The Home also claimed £221,829 in furlough scheme grants (2019 – nil).

During the year the Home incurred charitable expenditure of £1,062,036 (2019 - £943,855), of which over half related to staff costs.

Financial review (continued)

Net expenditure for the year before investment gains and losses amounted to £334,718 (2019 - £371,796).

Realised and unrealised gains on listed investments amounted to £538,766 (2019 - £3,429,486) and there was an increase in the value of investment properties of £25,000 (2019 – a decrease of £15,000) resulting in a net increase in funds of £229,048 (2019 - £3,042,690).

Financial position

The balance sheet shows total reserves of £29,273,480 (2019 - £29,044,432).

These include a permanent endowment fund of £28,582,460 (2019 - £28,140,941). The income therefrom can be used for the general purposes of the charity and is credited to unrestricted funds.

Of the unrestricted funds, £282,000 (2019 - £282,000) has been designated, or set aside, for building maintenance purposes. A further £316,022 (2019 - £114,076) is represented by tangible fixed assets, leaving free reserves of £92,998 (2019 - £507,415).

Reserves policy

The unrestricted general funds are retained to meet the fluctuating cash flow requirements associated with the day to day operations of the Home.

The Trustee aims to hold free reserves of up to six months' expenditure on unrestricted funds. The current level of free reserves of £92,998 represents one month's expenditure and therefore is below the target level. The Trustee has commenced a process of consultation with professional advisers regarding introducing a Total Return Policy for the charity's permanently endowment investments.

Investment policy

The charity has a portfolio of listed investments including cash with a market value of £24,069,020 (2019 - £23,583,476) which is managed by Newton Investment Management Limited. In addition it has investments of £668,347 (2019 - £988,962) in COIF Charity Funds.

The investment manager operates within specific guidelines, which are set out and regularly reviewed by the Trustee. The investment manager's objective for 2020 was to provide a yield of £650,000 (2019 - £650,000) whilst maintaining the capital value in real terms.

The Trustee is satisfied that performance of the charity's listed investments was in line with market conditions.

The charity also holds two investment properties which are used to generate rental income. They had been vacant since February 2018 due to adjacent building work, but were re-let in July 2020.

Fundraising statement

The charity accepts donations but does not actively engage in fundraising.

Future plans and post balance sheet events

With the publication of HM Government's Roadmap for the re-opening of England after the current 2021 lockdown, the Trustee will carefully monitor prevalent infection rates and the fulfilment of the promulgated stage dates to arrive at a decision as to when to safely re-open the Home. This will trigger further marketing of the Home.

Trustee's responsibilities statement

The Trustee is responsible for preparing the Trustee's report and accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the Trustee to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity and of the income and expenditure of the charity for that year. In preparing these accounts, the Trustee is required to:

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

The Trustee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which enables the Trustee to ensure that the accounts comply with the Charities Act 2011, applicable Charity (Accounts and Reports) Regulations and the provisions of the Trust Deed. The Trustee is 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.

Approved by the Committee of Management and the Trustee and signed on their behalf on 7 April 2021 by:



W P Povey

Chairman of the Committee of Management and Member of the Court

Independent auditor's report to the Trustee of Rustington Convalescent Home

We have audited the accounts of Rustington Convalescent Home (the 'charity') for the year ended 31 December 2020 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the notes to the accounts. 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 accounts:

- ◆ give a true and fair view of the state of the charity's affairs as at 31 December 2020 and of 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 Charities Act 2011.

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 accounts 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 accounts, we have concluded that the Trustee's use of the going concern basis of accounting in the preparation of the accounts 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 accounts are authorised for issue.

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

Other information

The Trustee is responsible for the other information. The other information comprises the information included in the Annual Report and Accounts other than the accounts and our auditor's report thereon. Our opinion on the accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities Act 2011 requires us to report to you if, in our opinion:

- ◆ the information given in the Trustee's report is inconsistent in any material respect with the accounts; or
- ◆ sufficient accounting records have not been kept; or
- ◆ the accounts are not in agreement with the accounting records and returns; or
- ◆ we have not received all the information and explanations we require for our audit.

Responsibilities of Trustee

As explained more fully in the Trustee's responsibilities statement, the Trustee is responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the Trustee determines is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the Trustee is 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 Trustee either intends to liquidate the charity or to cease operations, or has 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 accounts 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 accounts.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- ◆ assessing the design effectiveness of key controls in place over the accounting system with regard to their ability to prevent and detect fraud and verifying their implementation;
- ◆ reviewing journal entries in the ledger for indications they have been used to fraudulently manipulate the accounts;
- ◆ making enquiries of management and the Trustee of relevant laws and regulations which could result in a material misstatement in the financial statements and reviewing minutes for indications of non-compliance; and
- ◆ reviewing and challenging the assumptions and judgements made by management in relation to significant accounting estimates.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected a material misstatement within the accounts while performing our audit in accordance with applicable auditing standards. Irregularities may involve a collusion, forgery, intentional omissions, misrepresentations or override of internal controls.

The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the Trustee and management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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

Independent auditor's report 31 December 2020

Use of our report

This report is made solely to the charity's Trustee, as a body, in accordance with section 144 of the Charities Act 2011 and with regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's Trustee 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 charity and the charity's Trustee as a body, for our audit work, for this report, or for the opinions we have formed.



Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

17 April 2021

Buzzacott LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Statement of financial activities 31 December 2020

	Notes	Unrestricted funds £	Permanent endowment funds £	Total 2020 funds £	Unrestricted funds £	Permanent endowment funds £	Total 2019 funds £
Income from:							
Donations and legacies		4,975	—	4,975	3,853	—	3,853
Investment income	1	570,614	—	570,614	713,860	—	713,860
Charitable activities							
. Provision of convalescence care		73,478	—	73,478	1,564	—	1,564
Other income							
. Government grants		221,829	—	221,829	—	—	—
. Other income		871	—	871	385	—	385
Total income		871,767	—	871,767	719,662	—	719,662
Expenditure on:							
Cost of raising funds							
. Investment management fees		145,881	—	145,881	147,603	—	147,603
Charitable activities							
. Provision of convalescence care	2	992,741	67,863	1,060,604	927,855	16,000	943,855
Total expenditure		1,138,622	67,863	1,206,485	1,075,458	16,000	1,091,458
Net expenditure before gains and losses on investments		(266,855)	(67,863)	(334,718)	(355,796)	(16,000)	(371,796)
Net gains (losses) on revaluation of investment properties	7	—	25,000	25,000	—	(15,000)	(15,000)
Net gains on listed investments	7	54,384	484,382	538,766	175,976	3,253,510	3,429,486
Net (expenditure) income and net movement in funds for the year		(212,471)	441,519	229,048	(179,820)	3,222,510	3,042,690
Reconciliation of funds:							
Fund balances brought forward at 1 January 2020		903,491	28,140,941	29,044,432	1,083,311	24,918,431	26,001,742
Fund balances carried forward at 31 December 2020		691,020	28,582,460	29,273,480	903,491	28,140,941	29,044,432

All of the charity's activities derived from continuing operations during the above financial periods.

All recognised gains and losses are included in the above statement of financial activities.

Balance Sheet 31 December 2020

	Notes	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Tangible assets	6		3,843,850		3,589,153
Investments	7		<u>25,217,367</u>		<u>25,027,438</u>
			29,061,217		28,616,591
Current assets					
Debtors	8	265,643		249,206	
Cash at bank and in hand		<u>80,368</u>		<u>528,171</u>	
		346,011		777,377	
Liabilities					
Creditors: amounts falling due within one year	9	<u>(133,748)</u>		<u>(349,536)</u>	
Net current assets			212,263		427,841
Total net assets			<u>29,273,480</u>		<u>29,044,432</u>
The funds of the charity					
Capital funds:					
Endowment funds	10		28,582,460		28,140,941
Income funds:					
Unrestricted funds					
. General funds		409,020		621,491	
. Designated funds	11	<u>282,000</u>		<u>282,000</u>	
			691,020		903,491
Total charity funds			<u>29,273,480</u>		<u>29,044,432</u>

Approved by the Trustee on 7 April 2021 and signed on its behalf by:



W P Povey
Chairman of the Committee of Management
and member of the Court

Statement of cash flows 31 December 2020

	Notes	2020 £	2019 £
Cash outflow from operating activities:			
Net cash used in operating activities	A	(903,741)	(867,816)
Cash inflow from investing activities:			
Dividends and interest from investments		577,351	713,860
Purchase of tangible fixed assets		(495,250)	(2,412,304)
Proceeds from the disposal of listed investments		5,062,232	3,194,973
Purchase of listed investments		(4,468,905)	(2,319,502)
Net cash provided by (used in) investing activities		675,428	(822,973)
Change in cash and cash equivalents in the year		(228,313)	(1,690,789)
Cash and cash equivalents at 1 January 2020	B	1,125,771	2,816,560
Cash and cash equivalents at 31 December 2020	B	897,458	1,125,771

Notes to the cash flow statement for the year to 31 December 2020.

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

	2020 £	2019 £
Net movement in funds (as per the statement of financial activities)	229,048	3,042,690
Adjustments for:		
Depreciation charge	128,553	47,770
Gains on listed investments	(538,766)	(3,429,486)
(Gains) losses on investment properties	(25,000)	15,000
Dividends and interest from investments	(570,614)	(713,860)
(Increase) decrease in debtors	(23,174)	191,916
Decrease in creditors	(103,788)	(21,846)
Net cash used in operating activities	(903,741)	(867,816)

B Analysis of cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	80,368	528,171
Cash held by investment managers	817,090	597,600
Total cash and cash equivalents	897,458	1,125,771

C Reconciliation of net funds

	At 1 January 2020 £	Cash flows £	At 31 December 2020 £
Cash and cash equivalents	1,125,771	(228,313)	897,458

Principal accounting policies 31 December 2020

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the accounts are laid out below.

Basis of preparation

These accounts have been prepared for the year to 31 December 2020 with comparative information presented for the year ended 31 December 2019.

The accounts have been prepared under the historical cost convention with items initially recognised at cost or transaction value unless otherwise stated in the relevant accounting policy.

The accounts have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The charity constitutes a public benefit entity as defined by FRS 102.

The accounts are presented in sterling and are rounded to the nearest pound.

Critical accounting estimates and areas of judgement

Preparation of the accounts requires the Trustee and management to make significant judgements and estimates.

The items in the accounts where the judgements and estimates have been made include:

- ◆ the useful economic life of tangible fixed assets for the purpose of determining a depreciation rate;
- ◆ the fair value of investment properties;
- ◆ property redevelopment costs treated as prepayments; and
- ◆ the Trustee's assessment of the appropriateness of the going concern assumption (see below).

Going concern

The Trustee has assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The Trustee has made this assessment in respect of a period of at least one year from the date of approval of these accounts, including consideration of the impact of COVID-19 on the charity's operations and finances. The key assumption is that the Home will reopen in June 2021.

The Trustee has concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The Trustee is of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due.

Income

Income is recognised in the period in which the charity is entitled to receipt and the amount can be measured with reasonable certainty and it is probable that the income will be received. Income is deferred only when the charity has to fulfil conditions before becoming entitled to it or where the donor or funder has specified that the income is to be expended in a future accounting period.

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

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

Monies receivable from the Government's Coronavirus Job Retention Scheme are recognised when the charity has entitlement to the income.

Expenditure and the basis of apportioning costs

Expenditure is recognised as soon as there is a legal or constructive obligation committing the charity to make a payment 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.

All expenditure is accounted for on an accruals basis. Expenditure comprises direct costs and support costs. All expenses, including support costs, are allocated or apportioned to the applicable expenditure headings. The classification between activities is as follows:

- ◆ Expenditure on raising funds includes all expenditure associated with raising funds for the charity. This includes investment management fees.
- ◆ Expenditure on charitable activities includes all costs associated with furthering the charitable purposes of the charity through the provision of its charitable activities. Such costs include:
 - ◇ Nursing, catering and domestic staff costs
 - ◇ Establishment costs, including depreciation
 - ◇ Maintenance of grounds
 - ◇ Administration costs i.e. costs of directly administering and supporting the Home's operations
 - ◇ Governance costs.

All expenditure is stated inclusive of irrecoverable VAT.

The majority of costs are directly attributable to specific activities and any apportionment between headings is negligible.

Principal accounting policies 31 December 2020

Tangible fixed assets

Tangible fixed assets were included in the accounts at a valuation based on open market value as at 31 December 1999 which is treated as deemed cost.

Since that date additions costing more than £500 are capitalised and included at cost including any incidental expenses of acquisition.

Depreciation is provided to write off each asset over its estimated useful life as follows:

- ♦ Freehold buildings 50 years
- ♦ Furniture, fixtures and fittings 3 to 10 years

No depreciation has been provided on freehold land.

Investments

Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

Investment properties are included at their fair value using market values based on a desktop valuation by independent chartered surveyors.

Realised gains (or losses) are calculated as the difference between disposal proceeds and the opening carrying value or the purchase value if acquired subsequent to the first day of the financial year. Unrealised gains (or losses) are calculated as the difference between the fair value at the year end and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt.

Principal accounting policies 31 December 2020

Fund accounting

Endowment funds comprise monies which must be held indefinitely as capital. Income therefrom is credited to general funds and applied for general purposes.

Designated funds comprise monies set aside out of unrestricted general funds for specific future purposes or projects.

General funds represent those monies which are available for application towards achieving any charitable purpose that falls within the charity's charitable objects.

Pension costs

The charity is a participating employer in a defined benefit scheme, operated by the Worshipful Company of Carpenters. The scheme is a multi-employer scheme and the charity is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis. Therefore, as required by FRS 102, the charity accounts for the contributions to the scheme as if it were a defined contribution scheme.

Contributions in respect of the defined contribution scheme are recognised in the statement of financial activities when payable.

1 Investment income

	Total 2020 £	Total 2019 £
Income from listed investments	561,618	713,860
Income from investment properties	8,996	—
2020 total funds	570,614	713,860

2 Provision of convalescence care

	Total 2020 £	Total 2019 £
Residential, nursing and establishment costs		
Staff costs	506,975	590,524
Catering	9,595	319
Pharmacy	184	—
Administration (including staff costs)	181,854	126,872
Establishment		
. Depreciation, rent, rates etc	191,225	93,088
. Cyclical maintenance	95,471	42,395
Grounds (including staff costs)	23,948	24,059
Carpenters' Company expenses	23,652	43,744
Professional fees	7,780	5,664
Governance costs		
. Auditor's remuneration	19,920	17,190
2020 total funds	1,060,604	943,855

All expenditure in 2020 and 2019 was unrestricted except for depreciation of £67,863 (2019 - £16,000), which is attributable to permanent endowment funds.

3 Net expenditure before gains and losses on investments

This is stated after charging:

	2020 £	2019 £
Staff costs (note 4)	605,535	665,397
Auditor's remuneration (including VAT)	19,920	17,190
Depreciation	128,553	47,770

4 Staff costs and Trustee's and Committee of Management remuneration

	2020 £	2019 £
Staff costs during the year were as follows:		
Wages and salaries	493,627	542,630
Social security costs	28,215	34,272
Other pension costs	51,897	58,964
Other staff costs	31,796	29,531
	605,535	665,397
Staff costs per function were as follows:		
Nursing	226,666	286,652
Administration	98,560	74,873
Catering and domestic	280,309	303,872
	605,535	665,397

No employee earned over £60,000 during the year, including taxable benefits but excluding employer's national insurance and pension contributions (2019 – none).

The average number of employees during the year analysed by function was as follows:

	2020 Average Number	2019 Average Number
Nursing	14	15
Administration	2	1
Catering and domestic	27	26
	43	42

No member of the Court or the Committee of Management received any remuneration in respect of their services during the year nor any reimbursement of expenses from the charity (2019 - £nil). Expenses of £194 (2019 - £1,469) were paid to members of the Committee of Management by the Worshipful Company of Carpenters. These were not recharged to the charity.

The key management personnel of the charity in charge of controlling, directing, running and operating the charity on a day to day basis comprise the members of the Court, the Committee of Management, the Clerk and the Financial Controller of the Worshipful Company of Carpenters and the Home Manager. The total remuneration (including taxable benefits and employer's national insurance and pension contributions) for key management personnel in the year was £91,352 (2019 - £97,705). This includes relevant costs covered by the management charge from the Worshipful Company of Carpenters.

5 Taxation

Rustington Convalescent Home is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

6 Tangible fixed assets

	Freehold land £	Freehold buildings £	Refurbish- ment project £	Furniture, fixtures and fittings £	Total £
Cost					
At 1 January 2020	467,000	773,263	2,537,257	369,351	4,146,871
Additions	—	—	358,257	24,993	383,250
Transfers	—	2,657,871	(2,895,514)	237,643	—
Disposals	—	—	—	(179,046)	(179,046)
At 31 December 2020	467,000	3,431,134	—	452,941	4,351,075
Depreciation					
At 1 January 2020	—	302,443	—	255,275	557,718
Charge for year	—	67,863	—	60,690	128,553
Disposals	—	—	—	(179,046)	(179,046)
At 31 December 2020	—	370,306	—	136,919	507,225
Net book values					
At 31 December 2020	467,000	3,060,828	—	316,022	3,843,850
At 31 December 2019	467,000	470,820	2,537,257	114,076	3,589,153

Freehold land and buildings were valued by Tod Miller Thomas, Chartered Surveyors, at their open market value as at 31 December 1999 for the purposes of inclusion in the charity's accounts. Subsequent expenditure is included at cost.

As permitted under FRS 102, the charity continues to adopt a policy of not revaluing its tangible fixed assets and the original valuation is treated as the deemed cost.

7 Investments

At 31 December 2020 fixed asset investments comprised:

	2020 £	2019 £
Freehold investment property	480,000	455,000
Listed investments and cash held for re-investment	24,737,367	24,572,438
	25,217,367	25,027,438
	2020 £	2019 £
Freehold investment property		
Market value at 1 January 2020	455,000	470,000
Gain (loss) on revaluation	25,000	(15,000)
Market value at 31 December 2020	480,000	455,000

Investment properties comprise The Lodge House and The Lodge Flat. These properties are included on the balance sheet at their open market value based on a desktop valuation by Daniel Watney, chartered surveyors.

Notes to the accounts 31 December 2020

7 Investments (continued)

	2020 £	2019 £
Listed investments		
Market value at 1 January 2020	23,974,838	21,420,823
Additions at cost	4,468,905	2,319,502
Disposals at book value (proceeds: £5,062,232 losses: £110,624)	(5,172,856)	(2,955,536)
Net unrealised investment gains	649,390	3,190,049
Market value at 31 December 2020	23,920,277	23,974,838
Cash held by investment managers for re-investment	817,090	597,600
	24,737,367	24,572,438
Cost of listed investments at 31 December 2020	17,186,368	16,518,596

Listed investments held at 31 December 2020 comprised the following:

	2020 £	2019 £
Unit trusts	1,534,623	1,885,634
Corporate loan stock	417,762	997,626
Equities	19,945,060	19,247,692
Government stock	2,022,832	1,843,886
	23,920,277	23,974,838

	2020 £	2019 £
UK investments	12,171,108	11,899,724
Overseas investments	11,749,169	12,075,114
	23,920,277	23,974,838

8 Debtors

	2020 £	2019 £
Prepayments and accrued income	265,643	249,206
	265,643	249,206

9 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	7,178	92,128
Other creditors	54,326	170,116
Accruals	54,379	63,944
Amounts due to the Worshipful Company of Carpenters (note 14)	17,865	23,348
	133,748	349,536

10 Endowment funds

The capital funds of the charity include endowed monies which must be retained indefinitely.

	At 1 January 2020 £	Expenditure £	Investment gains £	At 31 December 2020 £
Permanent endowment funds	28,140,941	(67,863)	509,382	28,582,460

	At 1 January 2019 £	Expenditure £	Investment gains £	At 31 December 2019 £
Permanent endowment funds	24,918,431	(16,000)	3,238,510	28,140,941

The funds were established in 1897 by Sir Henry Harben, Past Master of the Carpenters' Company, and subsequently by his daughter, Mrs Thomas Wharrie.

The original endowment consisted of the freehold land and buildings comprising the Home and shares.

11 Designated fund

The income funds of the charity comprise a designated fund which has been set aside out of unrestricted funds by the Trustee to provide for building maintenance expenditure.

12 Analysis of net assets between funds

	General funds £	Designated funds £	Endowment funds £	Total 2020 £
Fund balances at 31 December 2020 are represented by:				
Tangible fixed assets	316,022	—	3,527,828	3,843,850
Investments	668,347	—	24,549,020	25,217,367
Net current (liabilities) assets	(575,349)	282,000	505,612	212,263
Total net assets	409,020	282,000	28,582,460	29,273,480

	General funds £	Designated funds £	Endowment funds £	Total 2019 £
<i>Fund balances at 31 December 2019 are represented by:</i>				
<i>Tangible fixed assets</i>	<i>114,076</i>	<i>—</i>	<i>3,475,077</i>	<i>3,589,153</i>
<i>Investments</i>	<i>973,962</i>	<i>—</i>	<i>24,053,476</i>	<i>25,027,438</i>
<i>Net current (liabilities) assets</i>	<i>(466,547)</i>	<i>282,000</i>	<i>612,388</i>	<i>427,841</i>
<i>Total net assets</i>	<i>621,491</i>	<i>282,000</i>	<i>28,140,941</i>	<i>29,044,432</i>

13 Pension commitments

Certain employees and former employees of the charity are members of the contributory pension scheme operated by the Worshipful Company of Carpenters, known as the “Carpenters’ Company Pension and Assurance Scheme” which provides benefits based on final pensionable salary. The assets of the scheme are held separately from those of the charity and sponsoring employer, being invested with Legal and General Assurance in an Insurance Contract.

The contributions are determined on the basis of triennial valuations by a qualified actuary using the attained age method. The employers’ contribution rate was 28.3% of pensionable pay and the employees’ contribution rate was 6% of pensionable pay. The total charge for the year in these accounts is £nil (2019 - £771).

A triennial valuation was carried out as at 1 July 2018 and showed that the market value of the scheme’s assets was £5,006,000 and that the ongoing funding level was 124%. The assumptions which have the most significant effect on the results of the valuation were as follows:

- ◆ RPI 3.1% p.a.
- ◆ Earnings increases 3.1% p.a.
- ◆ Discount rate 2.6% p.a.

The scheme has been closed to new members and the final active member ceased making contributions in October 2019. New employees are able to join a group personal pension scheme administered by Standard Life.

The scheme is a multi-employer scheme and the charity is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis. Therefore, as required by FRS 102, the charity accounts for the contributions to the scheme as if it were a defined contribution scheme.

The following information is based upon a full actuarial valuation of the scheme as at 1 July 2018 updated to 30 June 2020 by a qualified independent actuary using FRS 102 guidelines and relates to the scheme as a whole.

	30 June 2020 £	30 June 2019 £
Total market value of assets	4,467,000	4,944,000
Present value of scheme liabilities	(4,747,000)	(4,591,000)
(Deficit) surplus in the scheme – net pension (liability) asset	(280,000)	353,000

14 Related party transactions and connected charities

The Trustee, The Worshipful Company of Carpenters, is also responsible for the management and administration of the following charities, which are registered with the Charity Commission:

- ◆ Building Crafts College: No. 312856
- ◆ Carpenters' Company Charitable Trust: No. 276996
- ◆ Norton Folgate Trust: No. 230990

General administrative expenses and salaries recharged by the Worshipful Company of Carpenters to the charity during the year amounted to £23,652 (2019 - £43,744). The balance due to the Worshipful Company of Carpenters at the year end was £17,865 (2019 - £23,348). Expenses of £194 (2019 - £1,469) were paid by the Worshipful Company of Carpenters to members of the Committee of Management. These were not recharged to the charity.

Other than those transactions stated above there were no other related party transactions during the year requiring disclosure.

15 Capital commitments

At 31 December 2020, the charity had no unaccrued capital commitments in relation to the refurbishment of the Home (2019 - £409,000).