

**Rustington
Convalescent
Home**

Annual Report and Accounts

31 December 2021

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 J Morrison
Senior Warden	Brigadier M J Meardon
Middle Warden	Dr A Zimble
Junior Warden	Dr L D G Grossman
	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 P
	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 F Bower
	His Hon P W Birts
Deputy Master	The Lord Flight, of Worcester
<i>Committee of Management</i>	
Chairman	Mr M H W Neal
	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
Ex-officio members	<i>The Master of the Company</i>
	Mr M J Morrison
	<i>The Junior Warden</i>
	Dr L D G Grossman
	<i>Treasurer</i>
	Mr M J Samuel
Secretary	Brigadier T J Gregson

Legal and administrative information

Home Manager	Mrs J Haynes
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 2021

The Trustee presents its statutory report with the accounts of Rustington Convalescent Home ('the Home') for the year ended 31 December 2021.

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 (CQC) 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 2021

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

Mr M H W Neal (Chairman from 4 August 2021)
Rev Dr W P Povey (Chairman until 4 August 2021)
Dr C N Birts
Miss H M Bower
Mr R H Eveleigh
Mr M O P May
Mr J W Preston

Ex officio members

Mr M J Morrison (Master)
Dr L D G Grossman (appointed 4 August 2021)
Dr A Zimbler (resigned 4 August 2021)
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 (2020 - £nil). Expenses of £335 (2020 - £194) 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. This was amply demonstrated by the major upgrade of the Home in 2019 and its re-opening on 3 February 2020. With the onset of COVID-19 in March 2020, the Trustee had no alternative other than to agree to close the Home to new enquiries from Service Users from 20 March 2020. The Home was closed on 1 April 2020.

While the Home was closed, the staff were retained and a programme of training was implemented. This involved gaining expertise in using lateral flow tests and recording PCR test data. All staff were kept abreast of new policies drafted specifically for the pandemic. This was to prove invaluable as the lockdowns continued into 2021 and the Home headed for a partial opening. Staff were instructed in the use of PPE and handwashing, infection control and COVID swabbing. Training took place in the safeguarding of vulnerable adults, including discussing the relevant issues in the Mental Capacity and Equality and Diversity Acts. Health and Safety, fire safety and fire drills were all reviewed.

Trustee's report Year to 31 December 2021

Achievements and performance (continued)

In addition, the Home and its garden were fully maintained. Improvements to the Home's IT, computer system and Wi-Fi were also carried out.

The Home reopened on 1 June 2021 on the basis of 50% occupancy. This was considered to be a prudent level so that social distancing could be maintained in public areas. Testing of staff and Service Users continued unabated and the recording of test results has been meticulous. Inevitably, a few members of staff did record a positive result and the appropriate action was taken on each occasion with the result that there was no spread of COVID in the Home among staff or Service Users. As the virulence of COVID and its variants recedes and the lockdowns are suspended, it is hoped that the Home will be fully re-opened so that the newly modernised Home can be appreciated.

Care Quality Commission

Monthly virtual visits by members of the Committee of Management were held with the Home Manager by Zoom. Access to the Home was strictly only for staff members, essential maintenance contractors and Service Users who had tested negative for COVID. The last CQC inspection was carried out in June 2016. Julia Haynes has liaised with the Inspectorate since reopening but there has been no on-site visit during 2021.

Policies and Procedures

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

The closure gave 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

Members of staff were retained under HM Government Coronavirus Job Retention Scheme until it ended on 30 September 2021 and were subsequently fully employed.

As described above, the staff have undertaken professional development training. All staff have been fully vaccinated.

Staffing remains buoyant and their commitment during the pandemic and the subsequent partial opening has been much appreciated by the Trustee.

Training

Mandatory training sessions are ongoing.

Maintenance

The Home clock and its tower are undergoing refurbishment. A programme of rainwater ingress prevention to all facades that face the prevailing wind is being considered and planned.

Achievements and performance (continued)

Buildings and land

It remains the intention of the Trustee to sell the land that is surplus to requirements on the north side of the Home. Negotiations are in progress with an interested party.

The Trustee considers that the newly upgraded facilities of the Home are for public benefit and have been substantially modernised so as to future-proof for care provision into the next decades.

Financial review

Total income for the year amounted to £915,068 (2020 - £871,767). Patient fee income was only £153,725 (2020 - £73,478) due to the temporary closure of the Home because of COVID-19 restrictions. Income from investments increased by £64,309 to £634,923 (2020 - £570,614). The Home also claimed £107,132 in furlough scheme grants (2020 - £221,829).

During the year the Home incurred charitable expenditure of £1,148,099 (2020 - £1,060,604), of which almost half related to staff costs.

Net expenditure for the year before investment gains and losses amounted to £390,159 (2020 - £334,718).

Realised and unrealised gains on listed investments amounted to £3,362,005 (2020 - £538,766) and there was an increase in the value of investment properties of £30,000 (2020 - £25,000) resulting in a net increase in funds of £3,001,846 (2020 - £229,048).

Financial position

The balance sheet shows total reserves of £32,275,326 (2020 - £29,273,480).

These include a permanent endowment fund of £31,548,207 (2020 - £28,582,460).

Of the unrestricted funds of £727,119, £269,377 (2020 - £316,022) is represented by tangible fixed assets. The designated maintenance fund of £282,000 as at 31 December 2020 was released in the year resulting in free reserves of £457,742 (2020 - £92,998).

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 £457,742 represents three months' expenditure and therefore is below the target level. However, with the implementation of a Total Return Policy for the charity's permanent endowment investments, additional reserves are available to supplement free reserves if necessary.

Trustee's report Year to 31 December 2021

Investment policy

The charity has a portfolio of listed investments including cash with a market value of £27,203,398 (2020 - £24,069,020) which is managed by Newton Investment Management Limited. In addition it has investments of £444,980 (2020 - £668,347) in COIF Charity Funds.

The investment manager operates within specific guidelines, which are set out and regularly reviewed by the Trustee.

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

The Trustee, by resolution and believing that this approach is in the best interests of the charity, adopted a total return approach to the listed investment endowment funds in accordance with the requirements of the Charity Commission. This approach was applied from 1 January 2021 when the value of the endowment funds at 31 December 2003 of £11,905,444 was used as a proxy for the original value of the endowment funds. In adopting this policy the listed investment permanent endowment funds will not be permitted to fall below the original value of £11,905,444. The original investment value is recorded in the balance sheet as the 'trust for investment' with subsequent realised and unrealised gains and undistributed income as 'unapplied total return'. The fund reconciliation is disclosed in note 7.

The charity also holds two investment properties which are used to generate rental income.

Fundraising statement

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

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

Trustee's report Year to 31 December 2021

Trustee's responsibilities statement (continued)

- ♦ 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 6 April 2022 by:



M H W Neal

Chairman of the Committee of Management and Member of the Court

Independent auditor's report 31 December 2021

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 2021 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 2021 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.

Independent auditor's report 31 December 2021

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.

Independent auditor's report 31 December 2021

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 2021

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

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 2021

	Notes	Unrestricted funds £	Permanent endowment funds £	Total 2021 funds £	Unrestricted funds £	Permanent endowment funds £	Total 2020 funds £
Income from:							
Donations and legacies		19,219	—	19,219	4,975	—	4,975
Investment income	1	18,140	616,783	634,923	570,614	—	570,614
Charitable activities							
· Provision of convalescence care		153,725	—	153,725	73,478	—	73,478
Other income							
· Government grants		107,132	—	107,132	221,829	—	221,829
· Other income		69	—	69	871	—	871
Total income		298,285	616,783	915,068	871,767	—	871,767
Expenditure on:							
Cost of raising funds							
· Investment management fees		26,236	130,892	157,128	145,881	—	145,881
Charitable activities							
· Provision of convalescence care	2	1,079,367	68,732	1,148,099	992,741	67,863	1,060,604
Total expenditure		1,105,603	199,624	1,305,227	1,138,622	67,863	1,206,485
Net (expenditure) income before gains and losses on investments		(807,318)	417,159	(390,159)	(266,855)	(67,863)	(334,718)
Net gains on revaluation of investment properties	7	—	30,000	30,000	—	25,000	25,000
Net gains on listed investments	7	76,634	3,285,371	3,362,005	54,384	484,382	538,766
Net (expenditure) income for the year		(730,684)	3,732,530	3,001,846	(212,471)	441,519	229,048
Transfer between funds	7	766,783	(766,783)	—	—	—	—
Net movement in funds		36,099	2,965,747	3,001,846	(212,471)	441,519	229,048
Reconciliation of funds:							
Fund balances brought forward at 1 January 2021		691,020	28,582,460	29,273,480	903,491	28,140,941	29,044,432
Fund balances carried forward at 31 December 2021		727,119	31,548,207	32,275,326	691,020	28,582,460	29,273,480

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 2021

	Notes	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Tangible assets	6		3,733,951		3,843,850
Investments	7		28,158,378		25,217,367
			<u>31,892,329</u>		<u>29,061,217</u>
Current assets					
Debtors	8	259,856		265,643	
Cash at bank and in hand		<u>246,791</u>		<u>80,368</u>	
		506,647		346,011	
Liabilities					
Creditors: amounts falling due within one year	9	(123,650)		(133,748)	
Net current assets			382,997		212,263
Total net assets			<u>32,275,326</u>		<u>29,273,480</u>
The funds of the charity					
Capital funds:					
Endowment funds	10		31,548,207		28,582,460
Income funds:					
Unrestricted funds					
. General funds		727,119		409,020	
. Designated funds	11	<u>—</u>		<u>282,000</u>	
			727,119		691,020
Total charity funds			<u>32,275,326</u>		<u>29,273,480</u>

Approved by the Trustee on 6 April 2022 and signed on its behalf by:

M. H. W. Neal

M H W Neal
Chairman of the Committee of Management
and member of the Court

Statement of cash flows 31 December 2021

	Notes	2021 £	2020 £
Cash outflow from operating activities:			
Net cash used in operating activities	A	(889,622)	(903,741)
Cash inflow from investing activities:			
Dividends and interest from investments		616,783	577,351
Purchase of tangible fixed assets		(11,732)	(495,250)
Proceeds from the disposal of listed investments		4,062,641	5,062,232
Purchase of listed investments		(3,691,334)	(4,468,905)
Net cash provided by investing activities		976,358	675,428
Change in cash and cash equivalents in the year		86,736	(228,313)
Cash and cash equivalents at 1 January 2021	B	897,458	1,125,771
Cash and cash equivalents at 31 December 2021	B	984,194	897,458

Notes to the cash flow statement for the year to 31 December 2021.

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

	2021 £	2020 £
Net movement in funds (as per the statement of financial activities)	3,001,846	229,048
Adjustments for:		
Depreciation charge	121,631	128,553
Gains on listed investments	(3,362,005)	(538,766)
Gains on investment properties	(30,000)	(25,000)
Dividends and interest from investments	(616,783)	(570,614)
Decrease (increase) in debtors	5,787	(23,174)
Decrease in creditors	(10,098)	(103,788)
Net cash used in operating activities	(889,622)	(903,741)

B Analysis of cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	246,791	80,368
Cash held by investment managers	737,403	817,090
Total cash and cash equivalents	984,194	897,458

C Reconciliation of net funds

	At 1 January 2021 £	Cash flows £	At 31 December 2021 £
Cash and cash equivalents	897,458	86,736	984,194

Principal accounting policies 31 December 2021

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 2021 with comparative information presented for the year ended 31 December 2020.

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; and
- ◆ property redevelopment costs treated as prepayments.

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 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.

Principal accounting policies 31 December 2021

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 2021

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 2021

Fund accounting

Endowment funds comprise monies which must be held indefinitely as capital. The charity has adopted a total return approach to its permanent endowment listed investments and accordingly income and gains on these investments are added to the unapplied total return fund which is available for transfer to unrestricted funds, when required.

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.

Notes to the accounts 31 December 2021

1 Investment income

	Total 2021 £	Total 2020 £
Income from listed investments	616,783	561,618
Income from investment properties	18,140	8,996
Total funds	634,923	570,614

Following the implementation of the total return policy in the year (see note 7), All income from listed investments forms part of the permanent endowment fund in 2021. All investment income in 2020 and the income from investment properties in 2021 is unrestricted.

2 Provision of convalescence care

	Total 2021 £	Total 2020 £
Residential, nursing and establishment costs		
Staff costs	539,350	506,975
Catering	21,014	9,595
Pharmacy	—	184
Administration (including staff costs)	180,015	181,854
Establishment		
. Depreciation, rent, rates etc	193,860	191,225
. Cyclical maintenance	112,494	95,471
Grounds (including staff costs)	23,342	23,948
Worshipful Company of Carpenters expenses	35,738	23,652
Professional fees	22,626	7,780
Governance costs		
. Auditor's remuneration	19,660	19,920
Total funds	1,148,099	1,060,604

All expenditure in 2021 and 2020 was unrestricted except for depreciation of £68,731 (2020 - £67,863), which is attributable to permanent endowment funds.

3 Net expenditure before gains and losses on investments

This is stated after charging:

	2021 £	2020 £
Staff costs (note 4)	640,046	605,535
Auditor's remuneration (including VAT)	19,660	19,920
Depreciation	121,631	128,553

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

	2021 £	2020 £
Staff costs during the year were as follows:		
Wages and salaries	511,213	493,627
Social security costs	34,639	28,215
Other pension costs	51,477	51,897
Other staff costs	42,717	31,796
	640,046	605,535
Staff costs per function were as follows:		
Nursing	255,557	226,666
Administration	100,696	98,560
Catering and domestic	283,793	280,309
	640,046	605,535

No employees earned over £60,000 during the year, including taxable benefits but excluding employer's national insurance and pension contributions (2020 – none).

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

	2021 Average Number	2020 Average Number
Nursing	14	14
Administration	2	2
Catering and domestic	27	27
	43	43

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 (2020 - £nil). Expenses of £335 (2020 - £194) 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 £91,450 (2020 - £91,352). 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 £	Furniture, fixtures and fittings £	Total £
Cost				
At 1 January 2021	467,000	3,431,134	452,941	4,351,075
Additions	—	5,477	6,255	11,732
At 31 December 2021	<u>467,000</u>	<u>3,436,611</u>	<u>459,196</u>	<u>4,362,807</u>
Depreciation				
At 1 January 2021	—	370,306	136,919	507,225
Charge for year	—	68,731	52,900	121,631
At 31 December 2021	<u>—</u>	<u>439,037</u>	<u>189,819</u>	<u>628,856</u>
Net book values				
At 31 December 2021	<u>467,000</u>	<u>2,997,574</u>	<u>269,377</u>	<u>3,733,951</u>
At 31 December 2020	<u>467,000</u>	<u>3,060,828</u>	<u>316,022</u>	<u>3,843,850</u>

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 2021 fixed asset investments comprised:

	2021 £	2020 £
Freehold investment property	510,000	480,000
Listed investments and cash held for re-investment	<u>27,648,378</u>	<u>24,737,367</u>
	<u>28,158,378</u>	<u>25,217,367</u>
	2021 £	2020 £
Freehold investment property		
Market value at 1 January 2021	480,000	455,000
Gain on revaluation	<u>30,000</u>	<u>25,000</u>
Market value at 31 December 2021	<u>510,000</u>	<u>480,000</u>

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 2021

7 Investments (continued)

	2021 £	2020 £
Listed investments		
Market value at 1 January 2021	23,920,277	23,974,838
Additions at cost	3,691,334	4,468,905
Disposals at book value (proceeds: £4,062,641, gains: £117,290)	(3,945,351)	(5,172,856)
Net unrealised investment gains	3,244,715	649,390
Market value at 31 December 2021	26,910,975	23,920,277
Cash held by investment managers for re-investment	737,403	817,090
	27,648,378	24,737,367
Cost of listed investments at 31 December 2021	17,292,480	17,186,368

The permanent endowment fund investments and movements in the unapplied total return are set out below.

	Trust for investment £	Unapplied total return £	Total £
At 1 January 2021			
. Base value of the permanent endowment	11,905,444	—	11,905,444
. Unapplied total return	—	12,163,576	12,163,576
Total	11,905,444	12,163,576	24,069,020
Movements during the year:			
. Investment income		616,783	616,783
. Investment managers fees		(130,892)	(130,892)
. Realised and unrealised gains		3,285,371	3,285,371
		15,934,838	27,840,282
Extraction of income from total return		(766,783)	(766,783)
At 31 December 2021	11,905,444	15,168,055	27,073,499

When adopting total applied return with effect from 1 January 2021, in the absence of reliable records of the original donations, the Trustee considered that the market values of the investments as recorded as at 31 December 2003 were appropriate to be considered as the initial value of the trust for investment. Since that figure sets the baseline below which disposals may not be made, taking a higher value than the actual original donations was considered to be prudent.

During the year, a transfer of £766,783 was made from the unapplied total return to unrestricted funds.

8 Debtors

	2021 £	2020 £
Patient debtors	7,457	—
Prepayments and accrued income	219,313	235,939
Other debtors	33,086	29,704
	259,856	265,643

9 Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	13,228	7,178
Other creditors	20,795	54,326
Accruals	71,699	54,379
Amounts due to the Worshipful Company of Carpenters (note 14)	17,928	17,865
	123,650	133,748

10 Endowment funds

The funds of the charity include permanently endowed funds which 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 included a designated fund which had been set aside out of unrestricted funds by the Trustee to provide for building maintenance expenditure. This was fully released to the general fund in 2021.

12 Analysis of net assets between funds

	General funds £	Endowment funds £	Total 2021 £
Fund balances at 31 December 2021			
are represented by:			
Tangible fixed assets	269,377	3,464,574	3,733,951
Investments	574,879	27,583,499	28,158,378
Net current assets	(117,137)	500,134	382,997
Total net assets	727,119	31,548,207	32,275,326

12 Analysis of net assets between funds (continued)

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

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 (2020 - £nil).

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 2021 by a qualified independent actuary using FRS 102 guidelines and relates to the scheme as a whole.

13 Pension commitments (continued)

	30 June 2021 £	30 June 2020 £
Total market value of assets	4,707,000	4,467,000
Present value of scheme liabilities	(4,128,000)	(4,747,000)
Surplus/(deficit) in the scheme – net pension asset/(liability)	579,000	(280,000)

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 £35,738 (2020 - £23,652). The balance due to the Worshipful Company of Carpenters at the year end was £17,928 (2020 - £17,865). Expenses of £335 (2020 - £194) were paid by the Worshipful Company of Carpenters to members of the Committee of Management. These were not recharged to the charity.

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