

Charity number 226621

The Friendly Societies Convalescent Scheme
(formerly The Friendly Societies Convalescent Home)

Trustees' Report and Accounts

31 December 2021

**The Friendly Societies Convalescent Scheme
Trustees' Report and Accounts
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The Friendly Societies Convalescent Scheme

Reference and Administration Details

Trustees

Mrs Janet M. Clements - Chairman
Mrs Joanne Andrew (appointed 5 March 2021)
Mrs Dorothy Deacon
Mr Ken Demby (resigned 5 March 2021)
Mrs Janet Lewis (appointed 5 March 2021)
Mr John Potton
Mr Peter Saunders
Mr Basil Stanley
Mrs Angela Stanley

Independent Examiner

Mr Daniel Valentine ACA
Begbies
Old Printers House
Stone Street
Cranbrook
TN17 3HF

Bankers

Nat West
140 High Street
Herne Bay
Kent
CT6 5JX

Solicitors

Bull and Bull
98 Thomas Way
Lakesview International Business Park
Hersden
Canterbury
CT3 4NH

Principal Address

PO Box 552
Ashford
Kent
TN23 9UT

Charity registered number

226621

The Friendly Societies Convalescent Scheme (formerly The Friendly Societies Convalescent Home)

Trustees' Report for the year ended 31 December 2021

The Trustees present their report and accounts for the year ended 31 December 2021.

The Trustees confirm that the Annual Report and accounts have been prepared in accordance with the accounting policies set out in Note 1 to the accounts and comply with the charity's governing document, 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 FRS 102 applicable in the UK and Republic of Ireland published on 16 July 2014.

Structure, governance and management

The charity is set up by constitution and operated by the Board of Trustees. New trustees are interviewed and appointed by the Board.

Risk management

The Trustees have identified the major risks which the charity faces and consider that all necessary action has been taken to manage those risks.

Objectives and activities for the public benefit

The charity's original object was to provide convalescent treatment for members of friendly societies through its convalescent home in Herne Bay.

Following the sale of the charity's convalescent home in August 2010, the Trustees reviewed their objectives and activities with the Charity Commission and the charity's revised objects, under a scheme dated 20 May 2015, are the relief of sickness and the preservation of health of the public, in particular but not exclusively to assist members of Friendly Societies by providing grants to help in the provision of facilities and support services.

The Trustees confirm that they have continued to comply with their duty in Section 17 of the 2011 Charities Act to have due regard to the Charity Commission's public benefit guidance.

Grant making policy

The trustees' policy is to support any persons with financial grants towards the cost of convalescence. Applications must be supported by a medical report from a hospital or doctor supporting the need for a convalescent stay. The trustees will also consider a grant towards the cost of a carer staying with the patient on convalescence.

The trustees also provide grants towards the costs of a shortfall in convalescent claims to the Oddfellows and Foresters Friendly Societies. A system is place through the Societies whereby the applications are approved following medical certification. From November 2020 the trustees will pay 100% of any shortfall up to £500 per week, up to 2 weeks per annum.

No claims have been refused. These claims require a medical certificate signed by a Doctor. The trustees continue to explore ways of extending the guest programme.

Trustees' report and financial review

In 2021 the country was still coming to terms with the effect of COVID on our way of life. Those who were considered clinically vulnerable did not relish going out and certainly not staying in unfamiliar surroundings. Even when convalescent homes re-opened they imposed stricter criteria on those guests going to stay, which meant that some simply preferred to convalesce in their home homes.

So, despite our best efforts to encourage guests to take opportunities to stay away from home the number of claims remained very low.

We continued to plan new and different ways of promoting ourselves and realise this will take a time to filter through.

In anticipation of an upsurge in demand and with interest rates very low we kept our rates at £500 per person per week, up to 2 weeks per annum. Looking at each case on an individual basis.

We supported Alice's escapes again with their scheme for convalescence for children.

The Friendly Societies Convalescent Scheme (formerly The Friendly Societies Convalescent Home)

Trustees' Report **for the year ended 31 December 2021**

Total income for the year was £40,216 (2020: £42,268) and total expenditure was £64,157 (2020: £54,500). Net gains on investments amounted to £205,940 (2020: £11,922) resulting in net surplus for the year of £182,199 (2020: net deficit of £310). At 31 December 2021 total funds were £2,380,449 of which £168,161 were unrestricted.

Investment policy and performance

The management of the investment portfolio is governed not only by a Client Agreement Letter (September 2013) but also by a Written Investment Policy Statement ("WIPS") dated 31st July 2012. The WIPS can be summarised as follows:

The Trustees have chosen as their investment objective a Balanced return (between income and capital growth) and to maintain the capital value at least in line with inflation. An appropriate mix of assets within certain ranges has been agreed (as revised 10th July 2014).

In terms of risk, the Trustees have a moderate level of tolerance and have directed the Managers to have due regard for the suitability of the investments held and the need for diversification (including the stipulation that no non-collective investment should exceed 8% of the value of the portfolio).

The investment portfolio produced a total return of 10.7% net of fees (11.6% gross), compared to 12.5% for the benchmark in 2021. Global equity markets continued to see strong returns from their pandemic lows of March 2020. The road to recovery however was not a simple one and a number of unknowns caused concern for investors. These included questions around the economic implications of the then new Omicron variant, rising inflation, supply chain bottlenecks and their likely persistence and the outlook for central bankers moving to limit monetary support. Investec maintain their approach of diversifying across geographies and companies and believe that their philosophy of buying and holding high-quality companies will continue to offer excellent prospects for longer term investment growth.

Reserves policy

The Trustees are aware that the reserves are growing and are seeking more options to increase grants. Their aim is that 50% of their annual income should go towards grants, and that they should hold the income for 2 years in reserve to give continuity should their investments underperform.

Trustees' responsibilities

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

Charity law requires the Trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity and of its incoming resources and application of resources of the charity for that period. In preparing these accounts, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Friendly Societies Convalescent Scheme
(formerly The Friendly Societies Convalescent Home)

Trustees' Report
for the year ended 31 December 2021

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the accounts comply with the Charities Act 2011. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report was approved by the Trustees on 20 October 2022

Mrs Janet M Clements
Chairman

**Statement of Financial Activities
for the year ended 31 December 2021**

	Notes	Permanent Endowment Fund £	Unrestricted Fund £	Total 2021 £	Permanent Endowment Fund £	Unrestricted Fund £	Total 2020 £
Income from:							
Investments	2	-	40,216	40,216	-	42,268	42,268
Total income		-	40,216	40,216	-	42,268	42,268
Expenditure on:							
Raising funds	3	18,161	5,785	23,946	16,112	5,737	21,849
Charitable activities	4	-	40,211	40,211	-	32,651	32,651
Total expenditure		18,161	45,996	64,157	16,112	38,388	54,500
Net gains/(losses) on investment assets		205,940	-	205,940	11,922	-	11,922
Net income/(expenditure)		187,779	(5,780)	181,999	(4,190)	3,880	(310)
Transfers							
Transfers between funds		-	-	-	-	-	-
Net movement in funds		187,779	(5,780)	181,999	(4,190)	3,880	(310)
Reconciliation of Funds							
Total Funds at 1 January 2021		2,024,509	173,941	2,198,450	2,028,699	170,061	2,198,760
Total Funds at 31 December 2021		2,212,288	168,161	2,380,449	2,024,509	173,941	2,198,450

The Notes to the Accounts form part of the Financial Statements

The Friendly Societies Convalescent Scheme
(formerly The Friendly Societies Convalescent Home)

Balance Sheet
as at 31 December 2021

	Notes	2021	2020
		£	£
Fixed assets			
Investments			
- Listed investments	8	2,280,061	2,156,313
- Cash held within portfolio		92,383	13,136
		<u>2,372,444</u>	<u>2,169,449</u>
Current assets			
Debtors	9	107	105
Cash at bank	10	26,541	32,366
		<u>26,648</u>	<u>32,471</u>
Creditors: amounts falling due within one year	11	(18,643)	(3,470)
Net current assets		<u>8,005</u>	<u>29,001</u>
Net assets		<u><u>2,380,449</u></u>	<u><u>2,198,450</u></u>
Represented by:			
Permanent Endowment Fund		2,212,288	2,024,509
Unrestricted Fund		168,161	173,941
Total Funds	12	<u><u>2,380,449</u></u>	<u><u>2,198,450</u></u>

Approved by the Trustees on 20 October 2022

Mrs Janet M Clements
Chairman

The Notes to the Accounts form part of the Financial Statements

The Friendly Societies Convalescent Scheme
 (formerly The Friendly Societies Convalescent Home)
Notes to the Accounts
for the year ended 31 December 2021

1 Accounting policies

Basis of preparation and assessment of going concern

The accounts have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) published on 16 July 2014, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011.

The accounts have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these accounts.

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

The trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern.

Fund accounting

The Unrestricted Fund is available for use at the discretion of the trustees in furtherance of the general objectives of the charity.

The Permanent Endowment Fund derives from the sale proceeds of the convalescent home. The Charity Commission lifted the restriction over the sale of the home, permitting its sale, and as a result the proceeds continue to carry the permanent requirement originally attached to the property.

Income

All income is recognised once the charity has entitlement to the income, there is sufficient certainty of receipt and so it is probable that the income will be received, and the amount of income receivable can be measured reliably.

Interest on funds held on deposit is included upon notification of the interest paid or payable by the bank. Dividends are recognised upon notification from our investment advisor of the dividend paid or payable.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. All expenses, including support costs and governance costs, are allocated or apportioned to the applicable expenditure headings in the statement of financial activities.

Grants payable are payments made to third parties in the furtherance of the charitable objects of the charity. In the case of an unconditional grant offer, this is accrued once the recipient has been notified of the grant award. Grant awards that are subject to the recipient fulfilling performance conditions are only accrued when the recipient has been notified of the grant and any remaining unfulfilled condition attaching to that grant is outside of the control of the Trust.

Irrecoverable VAT is charged against the expenditure heading for which it was incurred.

The costs of raising funds consist of investment management and an apportionment of support and governance costs

The expenditure on charitable activities includes grants payable and an apportionment of support and governance costs.

The Friendly Societies Convalescent Scheme
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Notes to the Accounts
for the year ended 31 December 2021

Fixed asset investments

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

All gains and losses are taken to the statement of financial activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the statement of financial activities.

The charity does not acquire or use put options, derivatives or other complex financial instruments.

2	Investment income	2021	2020
		£	£
	Interest received		
	Nat West	1	73
	Investec portfolio	40,215	42,195
		40,216	42,268
3	Costs of raising funds	2021	2020
		£	£
	Investment management costs	18,161	16,112
	Support and governance costs (see note 5)	5,785	5,737
		23,946	21,849
4	Expenditure on charitable activities	2021	2020
		£	£
	Grants payable (see note 6)	22,857	15,439
	Support and governance costs (see note 5)	17,354	17,212
		40,211	32,651

The Friendly Societies Convalescent Scheme
(formerly The Friendly Societies Convalescent Home)
Notes to the Accounts
for the year ended 31 December 2021

5 Analysis of support and governance costs

	2021 £	2020 £
Support costs		
Staff costs (note 7)	17,160	17,160
PO Box	358	348
Storage rental	1,100	1,100
Computer and website costs	395	-
Bank charges	302	323
Sundry expenses	254	692
	<u>19,569</u>	<u>19,623</u>
Governance costs		
Independent examination		
- Current year	3,000	3,000
- Prior year under provision	570	210
Meeting expenses	-	116
	<u>3,570</u>	<u>3,326</u>
Total	<u><u>23,139</u></u>	<u><u>22,949</u></u>
	2021 £	2020 £
Allocated:		
Costs of raising funds (25%) (note 3)	5,785	5,737
Charitable activities (75%) (note 4)	17,354	17,212
	<u><u>23,139</u></u>	<u><u>22,949</u></u>

6 Grants payable	2021 £	2020 £
Paid to individuals	6,927	15,439
Paid to institutions		
- Alice's Escapes (charity no 1146011)	15,930	-
	<u><u>22,857</u></u>	<u><u>15,439</u></u>

7 Staff costs	2021 £	2020 £
Gross salaries	17,160	17,160
Employer's national insurance	-	-
	<u><u>17,160</u></u>	<u><u>17,160</u></u>

The average number of employees during the year was 1 (2020: 1).

During the year, no Trustee received any remuneration or benefits in kind (2020: £nil). No trustees received reimbursement of expenses in the year (2020: £nil)

Total emoluments received by the charity's key management personnel was £17,160 (2020: £17,160).

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Notes to the Accounts
for the year ended 31 December 2021

8	Investments		Listed investments
	Market value		£
	At 1 January 2021		2,156,313
	Additions at cost		405,842
	Disposals at carrying value		(477,439)
	Net gain on revaluation		195,345
	At 31 December 2021		2,280,061
	Historical cost at 31 December 2021		1,693,641
	Listed investments at fair value comprised:	2021	2020
		£	£
	UK fixed interest	278,262	320,466
	Overseas fixed interest	101,806	55,995
	UK equities	607,758	526,799
	International equities	918,708	797,242
	Emerging economies	23,593	70,217
	Property	96,735	71,724
	Alternative assets	253,199	188,870
	Money market instruments	-	125,000
		2,280,061	2,156,313
9	Debtors	2021	2020
		£	£
	Prepayments	107	105
10	Cash balances	2021	2020
		£	£
	Nat West	32,366	32,366
11	Creditors: amounts falling due within one year	2021	2020
		£	£
	PAYE & NI	643	470
	Grants payable	15,000	-
	Accruals	3,000	3,000
		18,643	3,470

The Friendly Societies Convalescent Scheme
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Notes to the Accounts
for the year ended 31 December 2021

12 Movement in Funds	B/fwd at 1st Jan 2021	Income	Expenditure	Gains & (losses)	C/fwd at 31st Dec 2021
	£	£	£	£	£
Permanent Endowment Fund	2,024,509	-	(18,161)	205,940	2,212,288
Unrestricted Fund	173,941	40,216	(45,996)	-	168,161
	2,198,450	40,216	(64,157)	205,940	2,380,449

Movement in Funds	B/fwd at 1st Jan 2020	Income	Expenditure	Gains & (losses)	C/fwd at 31st Dec 2020
	£	£	£	£	£
Permanent Endowment Fund	2,028,699	-	(16,112)	11,922	2,024,509
Unrestricted Fund	170,061	42,268	(38,388)	-	173,941
	2,198,760	42,268	(54,500)	11,922	2,198,450

The unrestricted fund is available to be spent for any of the purposes of the charity.

The Permanent Endowment Fund derives from the sale proceeds of the convalescent home. The Charity Commission lifted the restriction over the sale of the home, permitting its sale, and as a result the proceeds continue to carry the permanent requirement originally attached to the property.

13 Analysis of Net Assets Between Funds	Endowment Fund £	Unrestricted Fund £	Total 2021 £
Fixed assets investments	2,372,444	-	2,372,444
Cash at bank	-	26,541	26,541
Other current assets	(160,156)	141,620	(18,536)
At 31 December 2021	2,212,288	168,161	2,380,449

Analysis of Net Assets Between Funds	Permanent Endowment Fund £	Unrestricted Fund £	Total 2020 £
Fixed assets investments	2,169,449	-	2,169,449
Cash at bank	-	32,366	32,366
Other current assets	(144,940)	141,575	(3,365)
At 31 December 2020	2,024,509	173,941	2,198,450

14 Related Party Transactions

There were no related party transactions in the year.

**The Friendly Societies Convalescent Scheme
Independent Examiner's Report to the Trustees
for the year ended 31 December 2021**

I report to the trustees on my examination of the accounts of Friendly Societies Convalescent Scheme (the charity) for the year ended 31 December 2021 which are set out on pages 4 to 11.

Responsibilities and basis of report

As the charity's trustees you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ('the Act').

I report in respect of my examination of the trustees' accounts carried out under section 145 of the 2011 Act and in carrying out my examination I have followed all the applicable Directions given by the Charity Commissioner under section 145(5)(b) of the 2011 Act.

Independent examiner's statement

I have complete my examination. I confirm that no material matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

- (1) accounting records were not kept in respect of the Trust as required by section 130 of the Act; or
- (2) the accounts do not accord with those records; or
- (3) the accounts do not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a 'true and fair view' which is not a matter considered as part of an independent examination.

I have no matters and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Daniel Valentine ACA

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20 October 2022