

Charity number 226621

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

Trustees' Report and Accounts

31 December 2023

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

	Page
Reference and administration details	1
Trustees' report	2 - 4
Statement of Financial Activities	5
Balance sheet	6
Notes to the accounts	7 - 11
Independent Examiner's Report	12

The Friendly Societies Convalescent Scheme

Reference and Administration Details

Trustees

Mrs Janet M. Clements - Chairman
Mrs Joanne Andrew
Mrs Dorothy Deacon
Mrs Gail Lancaster - appointed 28 September 2023
Mrs Janet Lewis
Mr John Potton
Mr Peter Saunders
Mrs Angela Stanley

Independent Examiner

Mr Daniel Valentine ACA
Begbies
Unit 14, Park Barn
Evegate Business Park
Smeeth, Ashford
TN25 6SX

Bankers

Nat West
140 High Street
Herne Bay
Kent
CT6 5JX

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 2023**

The Trustees present their report and accounts for the year ended 31 December 2023.

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.

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

Trustees' Report **for the year ended 31 December 2023**

Trustees' report and financial review

The challenge for the Trustees has been to promote the Charity in a sensible way. With convalescent homes closing throughout the country the natural inclination is to feel that the facility is no longer required. However, the Trustees believe the need exists and it is a case of promoting the benefits of a convalescent or respite stay. Each claim is considered on its' individual merits. Sometimes the grant is a top up grant to stay through a Society scheme, other times it is to stay at a specific location such as a hotel or apartment with family support.

The difficulties with the PO Box can not be underestimated and it is very distressing to think that people were waiting to hear and may consider they were ignored.

The leaflet and linked Facebook proved more difficult to source than anticipated.

Funds continue to be available and well managed and the increased focus will be to promote and attract.

Total income for the year was £49,032 (2022: £49,472) and total expenditure was £53,014 (2022: £54,973). Net gains on investments amounted to £85,385 (2022: losses of £286,928) resulting in net surplus for the year of £81,403 (2022: net deficit of £292,429). At 31 December 2023 total funds were £2,169,423 of which £193,435 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).

In the calendar year 2023 the portfolio returned 5.92% net of fees (6.79% gross) vs a benchmark return of 10.02% (gross). The portfolio benefitted from strong performance in both fixed income and equity but lagged the benchmark in the US where a high level of concentration persisted. A handful of companies (the so-called "Magnificent 7" big tech companies) dominating the index and returns, accounting for a material 30% of the market capitalisation of the S&P500 index and 20% of global markets. We favour a more diversified approach blending sectors and styles targeting a balance between risk and return. This approach might lag the index when high concentration exists but presents charities and trustees with a more balanced return profile ensuring the focus can remain on the charity and its objectives. We have been incrementally rotating the portfolio towards a more global outlook ensuring the strategy exhibits the best investment ideas, regardless of the country of domicile. In terms of our asset class positioning, the portfolio is modestly overweight equities as economic conditions continue to improve and we have increased our fixed income weight and duration to broadly neutral relative to the benchmark. Performance so far in 2024 has been strong and we remain cautiously optimistic as we continue to monitor inflation trending towards target and central banks beginning to ease monetary policy. Both should present a tailwind for risk assets.

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

Trustees' Report
for the year ended 31 December 2023

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 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 21 October 2024



Mrs Janet M Clements
Chairman

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

Statement of Financial Activities
for the year ended 31 December 2023

	Notes	Permanent Endowment Fund £	Unrestricted Fund £	Total 2023 £	Permanent Endowment Fund £	Unrestricted Fund £	Total 2022 £
Income from:							
Investments	2	-	49,032	49,032	-	49,472	49,472
Total income		-	49,032	49,032	-	49,472	49,472
Expenditure on:							
Raising funds	3	17,262	6,289	23,551	17,495	5,774	23,269
Charitable activities	4	-	29,463	29,463	-	31,704	31,704
Total expenditure		17,262	35,752	53,014	17,495	37,478	54,973
Net gains/(losses) on investment assets		85,385	-	85,385	(286,928)	-	(286,928)
Net income/(expenditure)		68,123	13,280	81,403	(304,423)	11,994	(292,429)
Transfers							
Transfers between funds		-	-	-	-	-	-
Net movement in funds		68,123	13,280	81,403	(304,423)	11,994	(292,429)
Reconciliation of Funds							
Total Funds at 1 January 2023		1,907,865	180,155	2,088,020	2,212,288	168,161	2,380,449
Total Funds at 31 December 2023		1,975,988	193,435	2,169,423	1,907,865	180,155	2,088,020

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 2023

	Notes	2023		2022	
		£	£	£	£
Fixed assets					
Investments					
- Listed investments	8		2,142,059		2,021,190
- Cash held within portfolio			<u>27,538</u>		<u>51,295</u>
			2,169,597		2,072,485
Current assets					
Debtors	9	119		113	
Cash at bank	10	<u>6,923</u>		<u>20,167</u>	
		7,042		20,280	
Creditors: amounts falling due within one year	11	<u>(7,216)</u>		<u>(4,745)</u>	
Net current (liabilities)/assets			(174)		15,535
Net assets			<u>2,169,423</u>		<u>2,088,020</u>
Represented by:					
Permanent Endowment Fund			1,975,988		1,907,865
Unrestricted Fund			<u>193,435</u>		<u>180,155</u>
Total Funds	12		<u>2,169,423</u>		<u>2,088,020</u>

Approved by the Trustees on 21st October 2024



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 2023

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
(formerly The Friendly Societies Convalescent Home)
Notes to the Accounts
for the year ended 31 December 2023

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	2023	2022
		£	£
	Interest received		
	Nat West	43	8
	Investec Wealth & Investment Ltd	766	223
	Investec portfolio	48,223	49,241
		49,032	49,472
3	Costs of raising funds	2023	2022
		£	£
	Investment management costs	17,262	17,495
	Support and governance costs (see note 5)	6,289	5,774
		23,551	23,269
4	Expenditure on charitable activities	2023	2022
		£	£
	Grants payable (see note 6)	10,597	14,382
	Support and governance costs (see note 5)	18,866	17,322
		29,463	31,704

The Friendly Societies Convalescent Scheme
(formerly The Friendly Societies Convalescent Home)
Notes to the Accounts
for the year ended 31 December 2023

5 Analysis of support and governance costs

	2023 £	2022 £
Support costs		
Staff costs (note 7)	17,160	17,160
Travel and subsistence	-	226
PO Box	390	372
Storage rental	1,100	1,100
Computer and website costs	1,069	-
Bank charges	327	331
Sundry expenses	1	145
	<u>20,047</u>	<u>19,334</u>
Governance costs		
Accountancy and independent examination	3,900	3,762
Meeting expenses	1,208	-
	<u>5,108</u>	<u>3,762</u>
Total	<u><u>25,155</u></u>	<u><u>23,096</u></u>
	2023 £	2022 £
Allocated:		
Costs of raising funds (25%) (note 3)	6,289	5,774
Charitable activities (75%) (note 4)	18,866	17,322
	<u><u>25,155</u></u>	<u><u>23,096</u></u>

6 Grants payable	2023 £	2022 £
Paid to individuals	10,597	14,382
	<u><u>10,597</u></u>	<u><u>14,382</u></u>

7 Staff costs	2023 £	2022 £
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 (2022: 1).

During the year, no Trustee received any remuneration or benefits in kind (2022: £nil). Seven trustees received reimbursement of expenses in the year of £351 (2022: £226).

Total emoluments received by the charity's key management personnel was £17,160 (2022: £17,160).

The Friendly Societies Convalescent Scheme
(formerly The Friendly Societies Convalescent Home)
Notes to the Accounts
for the year ended 31 December 2023

8	Investments	Listed investments	
	Market value	£	
	At 1 January 2023	2,021,190	
	Additions at cost	1,095,539	
	Disposals at carrying value	(1,067,304)	
	Net gain on revaluation	92,634	
	At 31 December 2023	<u>2,142,059</u>	
	Historical cost at 31 December 2023	<u>1,912,854</u>	
	Listed investments at fair value comprised:	2023	2022
		£	£
	UK fixed interest	316,891	218,817
	Overseas fixed interest	61,991	131,604
	UK equities	270,507	507,931
	International equities	1,079,012	719,875
	Emerging economies	84,347	70,074
	Property	71,281	80,694
	Alternative assets	258,030	292,195
		<u>2,142,059</u>	<u>2,021,190</u>
9	Debtors	2023	2022
		£	£
	Prepayments	<u>119</u>	<u>113</u>
10	Cash balances	2023	2022
		£	£
	Nat West	<u>6,963</u>	<u>20,167</u>
11	Creditors: amounts falling due within one year	2023	2022
		£	£
	PAYE & NI	316	315
	Accruals	<u>6,900</u>	<u>4,430</u>
		<u>7,216</u>	<u>4,745</u>

The Friendly Societies Convalescent Scheme
(formerly The Friendly Societies Convalescent Home)
Notes to the Accounts
for the year ended 31 December 2023

12 Movement in Funds	B/fwd at 1st Jan 2023	Income	Expenditure	Gains & (losses)	C/fwd at 31st Dec 2023
	£	£	£	£	£
Permanent Endowment Fund	1,907,865	-	(17,262)	85,385	1,975,988
Unrestricted Fund	180,155	49,032	(35,752)	-	193,435
	2,088,020	49,032	(53,014)	85,385	2,169,423

Movement in Funds	B/fwd at 1st Jan 2022	Income	Expenditure	Gains & (losses)	C/fwd at 31st Dec 2022
	£	£	£	£	£
Permanent Endowment Fund	2,212,288	-	(17,495)	(286,928)	1,907,865
Unrestricted Fund	168,161	49,472	(37,478)	-	180,155
	2,380,449	49,472	(54,973)	(286,928)	2,088,020

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 2023 £
Fixed assets investments	2,169,597	-	2,169,597
Cash at bank	-	6,923	6,923
Other current assets	(193,609)	186,512	(7,097)
At 31 December 2023	1,975,988	193,435	2,169,423

Analysis of Net Assets Between Funds	Permanent Endowment Fund £	Unrestricted Fund £	Total 2022 £
Fixed assets investments	2,072,485	-	2,072,485
Cash at bank	-	20,167	20,167
Other current assets	(164,620)	159,988	(4,632)
At 31 December 2022	1,907,865	180,155	2,088,020

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 2023

I report to the trustees on my examination of the accounts of Friendly Societies Convalescent Scheme (the charity) for the year ended 31 December 2023 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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21/10/2024