

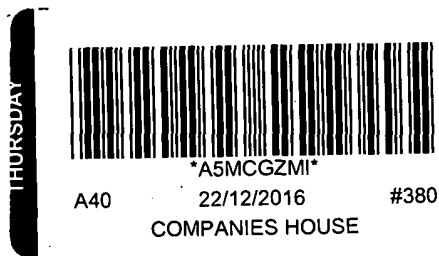
Company Registration Number : 07109869 (England and Wales)  
Registered Charity Number : 1142608

**THE RAILWAY CONVALESCENT HOMES**  
(A Company Limited by Guarantee)

**REPORT AND CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 DECEMBER 2015**



**Casson Beckman**  
Chartered Accountants  
Murrills House  
48 East Street  
Portchester  
PO16 9XS

Reference SD/516691/SRW

**THE RAILWAY CONVALESCENT HOMES**

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**THE RAILWAY CONVALESCENT HOMES****REFERENCE AND ADMINISTRATIVE INFORMATION****TRUSTEE MEMBERS AND DIRECTORS**

The Directors of the Charitable Company (The Charity) are its Trustees for the purpose of charity law. The Trustees and Officers serving during the period and since the year end were as follows :

	L. Horwood P. C. Moakes J. F. L. Reeves S. J. Brook C. C. Mills A. D. Sugden A. Forster J. Collins P. E. O'Hare C. Donovan
<b>COMPANY SECRETARY</b>	B. Conyard
<b>REGISTERED CHARITY NUMBER</b>	1142608
<b>COMPANY REGISTRATION NUMBER</b>	07109869
<b>REGISTERED OFFICE</b>	Bridge House 2 Church Street Dawlish Devon EX7 9AU
<b>INDEPENDENT AUDITORS</b>	Casson Beckman Murrills House 48 East Street Portchester PO16 9XS
<b>LEGAL ADVISORS</b>	Hunters 9 New Square Lincoln's Inn London WC2A 3QN
<b>BANKERS</b>	Lloyds TSB PO Box 1000 Andover BX1 1LT  RBS London Threadneedle St. Branch POBox 412 62-63 Threadneedle Street London EC2R 8LA
<b>INVESTMENT MANAGERS</b>	Sarasin & Partners LLP Juxon House 100 St Pauls Churchyard London EC4M 8BU

## THE RAILWAY CONVALESCENT HOMES

### REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2014

The Trustees present their report and the audited financial statements of the Charity for the year ended 31 December 2014. The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the Memorandum and Articles of Association, the Charities Act 2011, the Companies Act 2006, applicable UK Accounting Standards and the Statement of Recommended Practice: Accounting and Reporting for Charities 2005.

#### Constitution, objects and policies

The Charity was registered on 27 June 2011 and the funds of its predecessor Charity (Charity registration number 207528) were transferred into it. The Charity is now a charitable company limited by guarantee.

The object of the Charity is to provide convalescent homes for relieving, in cases of need, persons of the following classes who are invalids or are convalescent in the following order of priority:

- (a) Persons who are or who have been employees of current or former railway undertakings including the British Railways Board and including any publicly owned railway undertakings;
- (b) Persons who are employees of any nationalised transport undertakings in the United Kingdom and any nationalised undertakings auxiliary or subsidiary thereto;
- (c) Persons who have been employees of any nationalised transport undertakings in the United Kingdom and any nationalised undertakings auxiliary or subsidiary thereto;
- (d) Persons who are or have been employees of any public transport undertakings in the Republic of Ireland and any nationalised undertakings auxiliary or subsidiary thereto which operate or have operated in conjunction with any nationalised transport undertakings in the United Kingdom and any nationalised undertakings auxiliary or subsidiary thereto;
- (e) Persons who are the spouse or other dependants of persons of the above mentioned classes.

The Charity operates a convalescent centre at Dawlish in Devon.

#### Organisational and decision-making structure

The Trustees (who are also the Directors for the purposes of company law) who have served during the year are set out on page 1. They are appointed by the Board of Trustees and serve in accordance with the scheme approved by the Charity Commission.

The Board of Trustees meets quarterly and in addition has biannual strategy meetings at which the board reviews the progress and plans the future strategy of the Charity.

There is a single standing committee, the joint management committee, which meets quarterly and reports to the Board of Trustees.

The committee covers Property, Finance, Personnel and General issues and is composed of least three Trustees and specialist co-opted members. In addition there is a Marketing sub committee which reviews marketing arrangements and how the Charity positions itself with other rail charities, the rail industry and the local community.

The Charity also has a wholly owned subsidiary company that takes responsibility for trading activities. It has a board of six directors, composed of Charity Trustees and persons from outside the Charity. The company's Board of Directors meets at least twice a year.

The Trustees are selected in accordance with their association to the railways and their skill set, and generally will change at regular intervals. Those selected may also be Trustees of other charities.

The induction process for any newly appointed Trustee is to firstly meet with the Chairman and the remaining board members, followed by further meetings with the Trustees to explain the objectives and procedures. The new Trustee will receive copies of the Charity's governing document and be expected to be fully conversant with its aims and objectives. The Trustee will meet with the Chair prior to their first meeting to clarify any uncertainties. During the year J Collins joined the Board of Trustees.

The board learned with sadness of the death of George Evans on 17 February 2014. George had been an outstanding member of the board since 1986 and was also chairman for 4 years. George's counsel to, and enthusiastic support for, RCH will be sorely missed.

During the year 1558 (2013 : 1647) guests enjoyed the facilities.

The level of guests has slightly reduced but still demonstrates the continued popularity of need for the service we provide. Guest numbers have been maintained by providing themed weeks for guests to enhance their stay with us, and keen pricing to ensure that as many people as possible are able to enjoy our facilities during their recuperation.

The Trustees always ensure that the activities undertaken are in line with the charitable objectives and policies.

#### Public Benefit

When planning activities and development each year we have regard to both the Charity Commission's general guidance on public benefit and provision of our services for public benefit.

## THE RAILWAY CONVALESCENT HOMES

### REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

#### Financial review

The board report net incoming resources of £20,210 (2013: net incoming resources £22,178) before gains on investments. The Charity reports a surplus on net movements in funds for the year of £182,030 (2013 net deficit : £141,436) after losses on investments. A significant part of this is due to the movements on investment values in the year.

Expenditure was carefully controlled during the year, with savings against budget in most areas. It is a continuing objective of the Charity to improve the position by maximising operating income.

The Trustees are satisfied with the performance of the Charity over the last accounting year and consider that expenditure has been in accordance with its governing document.

#### Future developments

As referred to in the Financial Review, the Charity continues to maximise its income whilst critically analysing and reducing its operating cost base. This objective will be undertaken whilst ensuring that the high standard of service and compassionate care, of which the Charity is rightly proud, is maintained.

As part of maximising revenue flows to the Charity, the Board of Trustees will continue reviewing the investment portfolio to identify any opportunities. In addition all income issues are considered on a regular basis.

During 2014 the Charity continued improvement works to Bridge House. Following a positive response from guests themed weeks have continued and are still proving popular.

Following a feasibility study into the Haigh Wing to consider options for the use and operation of it, the wing was converted into 9 new apartments (now called "Waterside Apartments") for independent living. The lettings are first advertised to employees and ex-employees of the railway/transport industry. The Trustees believe the redevelopment and subsequent letting activity is wholly consistent with the objects of the Charity. All of the apartments are now let. The redevelopment was funded from investment reserves and is classified within the financial statements as an investment.

#### Policy on Reserves

At 31 December 2014 the Charity's balance sheet showed that it had investments totalling £7,760,385 (2013: £7,529,223) that produced income of £315,557 (2013: £349,793). This result is deemed satisfactory by the trustees.

During this and previous years the Charity financed capital expenditure from its reserves. This expenditure was in furtherance of the objectives of the Charity and in accordance with the Charity's declared policy on reserves.

It is clear that the Charity does need reserves of at least the current level for a number of reasons.

- \* It has a need for investment income to replace the declining income from contributors.
- \* It needs reserves to provide for future capital investment at the centre it operates.
- \* If possible the Charity should increase its reserves in order to maintain its income in line with inflation.

In view of the Charity's current position its present investment income is essential to underwrite on-going operational costs.

#### Risk management

The Trustees are aware of the major issues which face the Charity. In 2013 they prepared a comprehensive report which fully reviewed all the various risk factors facing the charity, considered means by which these risks could be mitigated and considered the financial impact of each risk to the charity. This 2013 risk schedule will be specifically reviewed each year by the Board of Trustees.

Additionally the Charity is aware of its responsibilities for Health and Safety and this is reviewed and reported on regularly through the Joint Management Committee.

#### Investment Policy

The Trust Deed authorises the Trustees to make and hold investments using the general funds of the Charity. Our investment managers are instructed to invest in a portfolio which will maximise total return with a medium risk portfolio.

The Charity owns a property in Margate which provides rental income to the Charity. The rent review was concluded in 2013 following a referral to the Royal Institution of Chartered Surveyors and is now at market value. At 31 December 2014 the Trustees revalued the property to reflect the current market value based on rental yield. A formal revaluation by a third party has not been undertaken as the directors deem the cost of doing this to outweigh the benefits. Since the year end the Trustees have made a decision to dispose of the property at Margate and will commence this process in the coming months.

Following the development of the Waterside Apartments these are now classified as investment property and provide rental income to the Charity.

## THE RAILWAY CONVALESCENT HOMES

### REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

#### Statement of Trustees' responsibilities

The Trustees (who are also the Directors for the purposes of company law) are responsible for preparing the Trustees' Report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year that give a true and fair view of the statement of affairs of the charitable company (and the group), and of the incoming resources and application of the resources, including the income and expenditure, of the charitable group for that year. In preparing those financial statements, the Trustees are required to:

- \* select suitable accounting policies and then apply them consistently;
- \* observe the methods and principles in the Charities SORP.
- \* make judgements and estimates that are reasonable and prudent;
- \* state whether applicable UK Accounting Standards and Statements of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements; and;
- \* prepare the financial statements on a going concern basis unless it is inappropriate to presume that the charitable company will continue to operate.

The Trustees are responsible for keeping accounting records which disclose with reasonable accuracy the financial position of the charitable company which will enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company (and the group) and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities through, inter alia, audit and appropriate financial delegated authorities.

#### Statement as to disclosure of information to auditors

In so far as the Trustees are aware, there is no relevant audit information of which the charitable company's auditors are unaware and the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website.

#### Approval

This report was approved by the Trustees on ..... 7/12/2016 ..... and signed on their behalves by:



L. Horwood  
Chairman of Trustees and Director

## **THE RAILWAY CONVALESCENT HOMES**

### **INDEPENDENT AUDITORS REPORT TO THE TRUSTEES OF THE RAILWAY CONVALESCENT HOMES FOR THE YEAR ENDED 31 DECEMBER 2015**

This report is made solely to the charitable company's members as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, or for the opinions we have formed.

We have audited the financial statements of Railway Convalescent Homes for the year ended 31 December 2015 which comprise of the Consolidated Statement of Financial Activities, the Consolidated Statement of Recognised Gains and Losses, the Consolidated Summary Income and Expenditure Account, the Balance Sheet, the Consolidated Cash Flow Statement and the related notes as set out on pages 7 to 18. These financial statements have been prepared in accordance with the accounting policies set out on pages 12 and 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

#### **Respective responsibilities of Trustees and Auditors**

As explained more fully in the Statement of Trustees Responsibilities on page 4 the Trustees (who are also the Directors of The Railway Convalescent Homes for the purposes of Company Law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditors under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Audit Practice Board's Ethical Standards for Auditors, including APB Ethical Standard - Provisions Available for Small Entities (Revised), in the circumstances set out in note 23 to the financial statements.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements :

- \* Give a true and fair view of the state of the charitable company's affairs as at 31 December 2015 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended; and
- \* Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- \* Have been properly prepared in accordance with the requirements of the Charities Act 2011 and the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information in the Trustees Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**THE RAILWAY CONVALESCENT HOMES**

**INDEPENDENT AUDITORS REPORT TO THE TRUSTEES OF THE RAILWAY CONVALESCENT HOMES FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)**

**Matters on which we are required to report by exception.**

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Act 2011 requires us to report to you if, in our opinion:

- \* The parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- \* The parent charitable company financial statements are not in agreement with the accounting records and returns; or
- \* Certain disclosures of Trustees remuneration as specified by law are not made; or
- \* We have not received all the information and explanations we require for our audit; or
- \* The trustees were not entitled to prepare the financial statements in accordance with the small companies' regime.

.....  
**Stephen Walter (Senior Statutory Auditor)**  
for and on behalf of Casson Beckman

Chartered Accountants  
Registered Auditors  
Murrills House  
48 East Street  
Portchester  
PO16 9XS

Date : .....



## THE RAILWAY CONVALESCENT HOMES

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	Group Unrestricted funds year ended 31 December 2015 £	Group Restricted funds year ended 31 December 2015 £	Group Total funds year ended 31 December 2015 £	Group Total funds year ended 31 December 2014 £	Charity Total funds year ended 31 December 2015 £	Charity Total funds year ended 31 December 2014 £
<b>INCOMING RESOURCES</b>							
Donations and legacies	4	5,132	-	5,132	8,042	5,132	8,042
Income from charitable activities							
Contributions		25,349	-	25,349	27,325	25,349	27,325
Operating income	5	419,912	-	419,912	393,480	419,912	393,480
Other income	6	16,135	-	16,135	17,289	16,135	17,289
Income from other trading activities							
Trading income	7	125,010	-	125,010	138,367	125,010	138,367
Investment income	8	322,258	-	322,258	315,557	322,258	315,557
<b>Total incoming resources</b>		<b>913,796</b>	<b>-</b>	<b>913,796</b>	<b>900,060</b>	<b>913,796</b>	<b>900,060</b>
<b>RESOURCES EXPENDED</b>							
Cost of raising funds							
Trading expenses	7	9,480	-	9,480	9,480	9,480	9,480
Publicity		4,597	-	4,597	2,697	4,597	2,697
Support costs	9	46,425	-	46,425	35,186	46,425	35,186
Other expenditure	9	91,553	-	91,553	101,494	91,553	101,494
		<b>152,055</b>	<b>-</b>	<b>152,055</b>	<b>148,857</b>	<b>152,055</b>	<b>148,857</b>
Net incoming resources available for charitable application		761,741	-	761,741	751,203	761,741	751,203
Expenditure on charitable activities							
Support costs	9	734,526	15,556	750,082	730,993	750,082	730,993
Net incoming/(outgoing) resources for the year before recognised gains and losses		27,215	(15,556)	11,659	20,210	11,659	20,210
Other recognised gains and losses							
Unrealised investment gains/(losses)	12	-	-	-	231,162	-	231,162
Unrealised cash (losses)/gains		-	-	-	(69,342)	-	(69,342)
Realised investment gains	12	-	-	-	-	-	-
<b>Net movement in funds</b>		<b>27,215</b>	<b>(15,556)</b>	<b>11,659</b>	<b>182,030</b>	<b>11,659</b>	<b>182,030</b>
<b>Reconciliation of funds</b>							
Total funds brought forward	16	6,881,153	1,802,294	8,683,447	8,501,417	8,683,062	8,501,032
Transfer between funds	16	(97,386)	97,386	-	-	-	-
<b>Fund balances carried forward at 31 December 2015</b>	<b>16</b>	<b>6,810,982</b>	<b>1,884,124</b>	<b>8,695,106</b>	<b>8,683,447</b>	<b>8,694,721</b>	<b>8,683,062</b>

All income and expenditure derive from continuing activities during the year.

The notes to the financial statements provide information on movements in the Group and Charity's funds during the year.

## THE RAILWAY CONVALESCENT HOMES

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2015

		<u>Unrestricted Funds</u>		<u>Restricted Funds</u>	
	Note	2015 £	2014 £	2015 £	2014 £
<b>Reconciliation of funds</b>					
Restated funds brought forward	16	6,881,153	6,685,081	1,802,294	1,816,336
Net movement in funds for the year		27,215	196,072	(15,556)	(14,042)
Transfer between funds		(97,386)	-	97,386	-
<b>Total funds carried forward</b>	<b>16</b>	<b>6,810,982</b>	<b>6,881,153</b>	<b>1,884,124</b>	<b>1,802,294</b>

## THE RAILWAY CONVALESCENT HOMES

## CONSOLIDATED INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 DECEMBER 2015

	Year Ended 31 December 2015 £	Year Ended 31 December 2014 £
<b>Income</b>		
Contributions	25,349	27,325
Operating income	419,912	393,480
Trading income	125,010	138,367
Other income	16,135	17,289
Investment income	322,258	315,557
Voluntary income	5,132	8,042
<b>Total Income</b>	<b>913,796</b>	<b>900,060</b>
<b>Expenditure</b>		
Trading expenses	9,480	9,480
Publicity	4,597	2,697
Support costs	46,425	35,186
Other expenditure	91,553	101,494
Expenditure on charitable activities	750,082	730,993
<b>Total Expenditure</b>	<b>902,137</b>	<b>879,850</b>
<b>Surplus and net Income for the year before Other recognised gains and losses</b>	<b>11,659</b>	<b>20,210</b>
<b>Other Recognised gains and losses:</b>		
Realised gains on disposal of investments	-	-
<b>Surplus before and after tax</b>	<b>11,659</b>	<b>20,210</b>

All incoming and outgoing resources derive from acquired and continuing activities during the year.

The income and expenditure account is derived from the Statement of Financial Activities but excludes amounts for unrealised gains.

The notes to the financial statements provide information on movements in the Group and Charity's funds during the year the year.

## THE RAILWAY CONVALESCENT HOMES


## CONSOLIDATED AND CHARITY BALANCE SHEETS AT 31 DECEMBER 2015

	Note	<u>Group</u> 2015 £	<u>Charity</u> 2015 £	<u>Group</u> 2014 £	<u>Charity</u> 2014 £
<b>FIXED ASSETS</b>					
Tangible assets	11	818,022	818,022	746,504	746,504
Investments	12	7,732,080	7,732,080	7,760,385	7,760,385
<b>TOTAL FIXED ASSETS</b>		<b>8,550,102</b>	<b>8,550,102</b>	<b>8,506,889</b>	<b>8,506,889</b>
<b>CURRENT ASSETS</b>					
Debtors	13	30,343	30,343	27,223	27,223
Cash at bank and in hand	14	198,303	194,627	217,170	206,575
<b>TOTAL CURRENT ASSETS</b>		<b>228,646</b>	<b>224,970</b>	<b>244,393</b>	<b>233,798</b>
<b>LIABILITIES</b>					
Creditors falling due within one year	15	(83,642)	(80,351)	(67,835)	(57,625)
<b>NET CURRENT ASSETS</b>		<b>145,004</b>	<b>144,619</b>	<b>176,558</b>	<b>176,173</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>8,695,106</b>	<b>8,694,721</b>	<b>8,683,447</b>	<b>8,683,062</b>
<b>THE FUNDS OF THE CHARITY:</b>					
Unrestricted income funds	16	6,810,982	6,810,597	6,881,153	6,880,768
Permanent endowment funds	16	1,884,124	1,884,124	1,802,294	1,802,294
<b>TOTAL CHARITY FUNDS</b>		<b>8,695,106</b>	<b>8,694,721</b>	<b>8,683,447</b>	<b>8,683,062</b>


2011. These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the company.

The notes at pages 7 to 18 form part of these accounts.

Approved on 7/12/2016 by the board of Trustees on signed on its behalf by:

  
L. Hopwood

Chairman of Trustees and Director

  
J. Collins

Trustee and Director

Company Registration No. 07109869

## THE RAILWAY CONVALESCENT HOMES

## STATEMENT OF CASH FLOWS AND CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2015

		<b>Group</b> year ended 31 December 2015 £	<b>Charity</b> year ended 31 December 2015 £	<b>Group</b> year ended 31 December 2014 £	<b>Charity</b> year ended 31 December 2014 £
	<b>Note</b>				
<b>CASH USED IN OPERATING ACTIVITIES</b>	<b>18</b>	<b>(265,210)</b>	<b>(258,291)</b>	<b>(411,608)</b>	<b>(415,322)</b>
<b>Cash flows from investing activities</b>					
Investment income and deposit interest received		322,258	322,258	315,557	315,557
Payments of tangible fixed assets		(125,915)	(125,915)	(15,277)	(15,277)
Investments redeemed		50,000	50,000	-	-
<b>DECREASE IN CASH AND CASH EQUIVALENTS IN THE YEAR</b>		<b>(18,867)</b>	<b>(11,948)</b>	<b>(111,328)</b>	<b>(115,042)</b>
Cash and cash equivalents at the beginning of the year		217,170	206,575	328,498	321,617
Cash and cash equivalents at the end of the year		198,303	194,627	217,170	206,575

## THE RAILWAY CONVALESCENT HOMES

### NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2015

#### 1 PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted, judgements and key sources of estimation in the preparation of the financial statements are as follows:

##### Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015) - (Charities SORP (FRS102)), the Financial Reporting Standard applicable in the UK Republic of Ireland (FRS102) and the Companies Act 2006 and the Charities Act 2011.

The financial statements have been prepared under the historical cost convention, with the exception of investments and investment properties which are included at market value. They include the results of the Charity's operations which are described in the Trustees' Report, all of which are continuing.

The charity meets the definition of a public benefit entity under FRS102.

##### Reconciliation with previous Generally Accepted Accounting Practice

In preparing the accounts, the Trustees have considered whether in applying the accounting policies required by FRS102 and the Charities SORP FRS102 the restatement of comparative items were required and no restatements were required.

#### 1.1 GROUP FINANCIAL STATEMENTS

These financial statements consolidate the results of the Charity and its wholly owned subsidiary RCH Limited on a line by line basis.

#### 1.2 INCOMING RESOURCES

All incoming resources are recognised once the Charity has entitlement to the resources, it is certain that the resources will be received and the monetary value of incoming resources can be measured with sufficient reliability.

#### 1.3 RESOURCES EXPENDED

Liabilities are recognised as resources expended as soon as there is a legal or constructive obligation committing the Charity to the expenditure. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is classified under the following activity headings:

##### **Costs of raising funds**

Costs of raising funds comprise the costs of commercial trading from its subsidiary company and their associated support

##### **Expenditure on charitable activities**

Cost of charitable activities include costs directly associated with running the convalescent care home, providing care to the residents and other activities undertaken to further the purposes of their charity, including their support costs.

##### **Other expenditure**

Other expenditure represents those items not falling into any other heading.

##### **Support costs**

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include all costs relating to compliance with regulations and good practice. These costs include costs related to statutory audit, legal fees and Trustee meeting expenses together with other governance costs. The basis on which support costs have been allocated are set out in note 10.

##### **Irrecoverable VAT**

The irrecoverable element of VAT is shown as a separate expense within expenditure on charitable activities.

##### **Operating leases**

The charity has a number of operating leases to which the title of the equipment remains with the lessor. Rental charges are charged on a straight line over the term of the lease.

## THE RAILWAY CONVALESCENT HOMES

### NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2015

#### 1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

##### 1.4 TANGIBLE FIXED ASSETS

All expenditure on the acquisition or installation of tangible fixed assets is capitalised where the expenditure exceeds £500.

Depreciation is provided on all fixed assets, other than freehold land, at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life. The annual depreciation rates and bases used are as follows :

Freehold buildings	2% straight line basis
Furniture, fixtures and fittings	10% reducing balance basis
Motor vehicles	25% reducing balance basis
Computer equipment	33% reducing balance basis

##### 1.5 FIXED ASSET INVESTMENTS

Investments are stated at market value at the balance sheet date. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year. The investments are held on the Charity's behalf, together with the investments of one other Charity, as part of a central pool managed by Sarasin & Partners LLP. The investments are held primarily to provide an investment return for the Charity.

Fixed asset investments include investment properties at valuation; these are held primarily to provide an investment return for the Charity.

##### 1.6 PENSION COSTS

The Charity pays pensions, on a voluntary basis, to former employees who do not have their own pension funded by the contributory scheme. The Charity also operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

##### 1.7 REALISED AND UNREALISED GAINS AND LOSSES

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 opening market value. Unrealised gains and losses are calculated as the difference between the market value at the period end and opening market value or purchase date if later.

##### 1.8 FUNDS STRUCTURE

Restricted funds are funds which are to be used in accordance with specific restrictions imposed.

Unrestricted funds comprise those funds which the Trustees are free to use for any purpose in the furtherance of the charitable objectives. Unrestricted funds include designated funds where the Trustees, at their discretion, have created a fund for a specific purpose.

#### 2 NET MOVEMENT IN FUNDS FOR THE YEAR

Net movement in funds for the year is after charging:	2015	2014
	£	£
Auditors remuneration	7,116	5,427
Operating leases	8,087	7,739
Depreciation	<u>33,033</u>	<u>26,567</u>

#### 3 LEGAL STATUS OF THE CHARITY

The Charity is a company limited by guarantee and has no share capital. The members of the Charity are the Trustees listed on Page 1. In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the Charity.

## THE RAILWAY CONVALESCENT HOMES

### NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2015

#### 1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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## THE RAILWAY CONVALESCENT HOMES

## NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2015

<b>4 DONATIONS AND LEGACIES</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Donations	<u>5,132</u>	<u>8,042</u>
<b>5 OPERATING INCOME</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Convalescent care	<u>419,912</u>	<u>393,480</u>
<b>6 OTHER INCOME</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Bar income	<u>16,135</u>	<u>17,289</u>

**7 INCOME FROM SUBSIDIARY'S TRADING ACTIVITIES**

The Charity has a wholly owned trading subsidiary, RCH Limited which is registered in England and Wales, Company number 2897315. RCH Limited takes on surplus facilities from the Railway Convalescent Homes centres to provide recuperative breaks. The subsidiary donates its taxable profits to the Charity under the Gift Aid scheme. A summary of the trading results is shown below.

<b>Summary Profit and Loss Account</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Turnover	125,010	138,367
Less:		
Administrative expenses	(9,480)	(9,480)
Net profit	<u>115,530</u>	<u>128,887</u>
Amount gifted to The Railway Convalescent Homes	(43,380)	(51,337)
Inter-group trading:		
Facilities purchased from The Railway Convalescent Homes	(72,150)	(77,550)
Retained in subsidiary	<u>-</u>	<u>-</u>
The assets and liabilities of the subsidiary were:		
Current assets	36,147	36,144
Creditors: Amounts falling due within one year	(35,762)	(35,759)
Aggregate share capital and reserves	<u>385</u>	<u>385</u>

<b>8 INVESTMENT INCOME</b>	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Income from managed investments	189,910	189,246
Rents from investment properties	132,178	126,051
Bank deposit interest	170	260
	<u>322,258</u>	<u>315,557</u>

The investment properties are shown in note 12.

## THE RAILWAY CONVALESCENT HOMES

## NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2015

## 9 SUPPORT COSTS

	Raising Funds	Charitable Expenditure	Other Expenditure	2015 £	2014 £
Staff costs	-	459,342	41,600	500,942	548,831
Pension contributions	-	10,454	-	10,454	9,815
Food and Bar	-	85,793	-	85,793	88,862
Laundry and cleaning	-	5,053	-	5,053	5,079
Rates	-	18,856	-	18,856	19,707
Insurance	-	19,957	-	19,957	21,851
Light and heat	-	31,772	-	31,772	33,659
Entertainment for guests	-	5,423	-	5,423	4,575
Property maintenance	26,423	64,059	-	90,482	47,323
Telephone	-	3,121	-	3,121	3,057
Computer expenses	-	7,001	-	7,001	8,509
Printing, stationery and postage	-	12,288	-	12,288	9,256
Travelling and accommodation	-	5,342	-	5,342	4,966
Staff uniforms	-	1,783	-	1,783	1,116
Training	-	2,089	-	2,089	1,116
Audit and accountancy	-	-	7,116	7,116	5,573
Professional fees	4,446	-	3,358	7,804	3,507
Bank charges	-	-	1,410	1,410	1,242
Irrecoverable VAT	-	-	38,069	38,069	24,178
Disposal of fixed assets	-	272	-	272	-
Depreciation	15,556	17,477	-	33,033	26,567
	<b>46,425</b>	<b>750,082</b>	<b>91,553</b>	<b>888,060</b>	<b>868,789</b>

These costs have been apportioned on a usage basis.

The auditors remuneration relates to audit and accountancy services for the year.

## 10 ANALYSIS OF STAFF COSTS AND NUMBERS

	2015 £	2014 £
Wages	431,999	519,899
Social security costs	27,343	28,932
Pension costs	10,454	9,815
	<b>469,796</b>	<b>558,646</b>

No employee earned more than £60,000 per annum.

The average weekly number of persons employed by the Charity during the year was 42 (2014: 42).

## THE RAILWAY CONVALESCENT HOMES

## NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2015

## 11 TANGIBLE FIXED ASSETS FOR USE BY THE CHARITY AND GROUP

	Freehold land and buildings £	Furniture, fixtures and fittings £	Computer equipment £	Motor vehicles £	2015 Total £	2014 Total £
<b>Cost</b>						
At 1 January 2015	702,115	119,609	2,966	12,516	837,206	821,930
Additions	75,691	6,656	650	22,995	105,992	15,276
Disposals	-	-	-	(4,801)	(4,801)	-
At 31 December 2015	777,806	126,265	3,616	30,710	938,397	837,206
<b>Accumulated depreciation</b>						
At 1 January 2015	50,436	31,135	2,027	7,104	90,702	64,135
Charge for year	15,556	9,556	931	6,659	32,702	26,567
Disposals	-	-	-	(3,029)	(3,029)	-
At 31 December 2015	65,992	40,691	2,958	10,734	120,375	90,702
<b>Net book value</b>						
At 31 December 2015	711,814	85,574	658	19,976	818,022	746,504

There has been no formal valuation of the freehold land and buildings as there is no intention to sell, but it is acknowledged that the current market value is significantly more than stated in the financial statements.

## 12 FIXED ASSET INVESTMENTS FOR CHARITY AND GROUP

	Listed investments £	Investment property £	2015 Total £	2014 Total £
Market value at 1 January 2015	5,759,769	2,000,616	7,760,385	7,529,223
Additions	-	21,695	21,695	-
Disposals	(50,000)	-	(50,000)	-
Net investment gains/(losses)	-	-	-	231,162
Market value at 31 December 2015	5,709,769	2,022,311	7,732,080	7,760,385
Historical cost at 31 December 2015	4,520,317	620,540	5,140,857	5,140,857
<b>Listed investments at market value comprised:</b>				
UK fixed interest securities	-	-	-	566,226
Overseas fixed interest securities	-	-	-	121,397
UK corporate bonds	-	-	-	364,261
Overseas corporate bonds	-	-	-	66,837
UK equity shares	-	-	-	1,329,498
Overseas equity shares	-	-	-	2,352,309
UK property investments	-	-	-	277,985
Overseas property investments	-	-	-	180,523
Other investments	-	-	-	500,733
Investments listed on a recognised stock exchange	-	-	-	5,759,769
Investment managers' capital account	155,514	-	155,514	86,172
	155,514	-	155,514	5,845,941

## THE RAILWAY CONVALESCENT HOMES

## NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2015

## 12 FIXED ASSET INVESTMENTS FOR CHARITY AND GROUP (CONTINUED)

Analysis of market value of investments between those held within and outside the United Kingdom:		2015	2014
	Total	Total	Total
	£	£	£
UK Listed Investments	-	-	3,038,703
Overseas Investments	-	-	2,721,066
Total Investments	-	-	5,759,769
Cash held by investment managers	86,172	86,172	
	86,172	86,172	5,845,941

The investment holdings at 31 December 2015 did not include any individual assets with a value above 5% of the portfolio value.

The investment property at Shottendene was valued by the trustees at 31 December 2015. The investment property at Waterside is included at cost, the development was completed at the end of the previous year and the trustees consider the costs of the development adequately reflect the value of the property. A professional valuation has not been obtained on either investment property in the year as the Trustees consider that the costs outweigh the benefits of this.

## 13 DEBTORS

	Group	Charity	Group	Charity
	2015	2015	2014	2014
Trade Debtors	7,680	7,680	6,456	6,456
Prepayments	21,493	21,493	20,448	20,448
Other debtors	1,170	1,170	319	319
	30,343	30,343	27,223	27,223

## 14 CASH AT BANK AND IN HAND

	Group	Charity	Group	Charity
	2015	2015	2014	2014
	£	£	£	£
Bank current and deposit accounts	111,731	108,055	130,348	119,753
Petty cash	400	400	650	650
Investment cash	86,172	86,172	86,172	86,172
	198,303	194,627	217,170	206,575

## 15 CREDITORS

	Group	Charity	Group	Charity
	2015	2015	2014	2014
	£	£	£	£
Operating creditors	7,410	7,410	3,291	3,291
Taxation and social security costs	22,572	17,919	10,429	5,195
Amounts due to trading subsidiary	-	27,013	-	25,548
Other creditors	1,964	1,964	1,375	1,375
Accruals and deferred income	51,696	26,045	52,740	22,216
	83,642	80,351	67,835	57,625

## 16 NET MOVEMENT IN CHARITABLE FUNDS

## Analysis of unrestricted fund movements

	Balance as at 01.01.2015	Incoming resources	Resources expended	Investment gains/ (losses)	Transfer to restricted fund	Balance as at 31.12.2015	Balance as at 31.12.2014
	£	£	£	£		£	
General purpose Fund	6,880,768	913,796	(886,911)	-	(97,386)	6,810,267	6,880,768
Non-charitable trading funds	385	-	-	-	-	385	385
	6,881,153	913,796	(886,911)	-	(97,386)	6,810,652	6,881,153

## THE RAILWAY CONVALESCENT HOMES

## NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2015

## 16 NET MOVEMENT IN CHARITABLE FUNDS (CONTINUED)

## Analysis of restricted fund movements

	Balance as at 01.01.2015	Incoming resources	Resources expended	Investment gains/ (losses)	Transfer from un-restricted fund	Balance as at 31.12.2015	Balance as at 31.12.2014
	£	£	£	£	£	£	£
Permanent endowment	1,802,294	-	(15,556)	-	97,386	1,884,124	1,802,294
	<u>1,802,294</u>	<u>-</u>	<u>(15,556)</u>	<u>-</u>	<u>97,386</u>	<u>1,884,124</u>	<u>1,802,294</u>

## 17 ANALYSIS OF GROUP ASSETS BETWEEN FUNDS

	Unrestricted Funds	Restricted Funds	Total Funds £	Balance as at 31.12.2014 £
Tangible fixed assets	106,208	711,814	818,022	746,504
Fixed asset investments	6,559,770	1,172,310	7,732,080	7,760,384
Cash at bank and in hand	198,303	-	198,303	217,170
Other net current liabilities	(53,299)	-	(53,299)	(40,611)
	<u>6,810,982</u>	<u>1,884,124</u>	<u>8,695,106</u>	<u>8,683,447</u>

## 18 RECONCILIATION OF CONSOLIDATED NET INCOMING RESOURCES TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	<u>Group</u> 2015 £	<u>Charity</u> 2015 £	<u>Group</u> 2014 £	<u>Charity</u> 2014 £
Net incoming resources	11,329	11,329	20,210	20,210
Non-operating cash flows eliminated:				
Investment income	(322,258)	(322,258)	(384,897)	(384,897)
Depreciation charge	32,702	32,702	26,567	26,567
Decrease in debtors	(3,120)	(3,120)	1,302	1,302
Increase/(Decrease) in creditors	15,807	22,726	(74,790)	(78,504)
Net cash outflow from operating activities	<u>(265,540)</u>	<u>(258,621)</u>	<u>(411,608)</u>	<u>(415,322)</u>

## 19 TRUSTEE REMUNERATION AND EXPENSES

No remuneration was paid to the Trustees during the year. The Trustees were paid expenses for attending meetings and activities directly related to their duties as Trustees. In the year Trustees were paid total expenses of £843 (2013 £1,832), for travel, subsistence and room hire. These expenses were paid to a total of 11 Trustees.

## 20 TAXATION

The company is a registered Charity and therefore exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objectives. Therefore no provision is considered necessary for taxation.

## 22 RELATED PARTY TRANSACTIONS

Included within these consolidated financial statements are the results of the charitable company's wholly owned subsidiary RCH Limited (registered in England and Wales).

## 23 AUDITORS' ETHICAL STANDARDS

In common with many businesses of our size and nature we use our auditors to assist with the preparation of the financial statements.