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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

THURSDAY



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COMPANIES HOUSE

THE RAILWAY CONVALESCENT HOMES

CONTENTS OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

	Page
Reference and administrative information	1
Report of the Trustees	2 - 5
Report of the Independent Auditors	6 - 7
Consolidated Statement of Financial Activities	8
Statement of Recognised Gains and Losses	9
Consolidated Income and Expenditure Account	10
Balance Sheet - Group and Charity	11
Consolidated Cash Flow Statement	12
Notes to the Financial Statements	13 - 19

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

COMPANY SECRETARY

B. Conyard

REGISTERED CHARITY NUMBER

1142608

COMPANY REGISTRATION NUMBER

07109869

REGISTERED OFFICE

Bridge House
2 Church Street
Dawlish
Devon
EX7 9AU

INDEPENDENT AUDITORS

Casson Beckman
Murrills House
48 East Street
Portchester
PO16 9XS

LEGAL ADVISORS

Hunters
9 New Square
Lincoln's Inn
London
WC2A 3QN

BANKERS

Lloyds TSB
PO Box 1000
Andover
BX1 1LT

RBS
London Threadneedle St. Branch
POBox 412
62-63 Threadneedle Street
London
EC2R 8LA

INVESTMENT MANAGERS

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 2015

The Trustees present their report and the audited financial statements of the Charity for the year ended 31 December 2015. The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, 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) (effective 1 January 2015).

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 and governed in accordance with the memorandum and articles of association.

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 which has provided the care described above. The Charity continues to offer the facilities to those who meet the criteria and thus the Charity continues to achieve its aims and objectives.

The Charity measures its success based on guest numbers year on year. During the year 1547 (2014 : 1558) guests were cared for by the Charity. Numbers have been falling steadily in recent years and the Charity is constantly seeking ways to improve numbers, by offering improved facilities and increased levels of care.

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

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 change at regular intervals. Those selected may also be Trustees of other charities.

THE RAILWAY CONVALESCENT HOMES

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

Organisational and decision-making structure (continued)

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 is 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.

The trustees, have ultimate control over the Charity and its subsidiary. A good support structure is in place within the home in the form of a business manager Annette Everett and other support staff. The business manager and the majority of the staff have been in place for a considerable number of years and have vast experience of the running of the day to day facilities and the requirements of the guests. All of the staff live within a 5 mile radius of the home, which also enables the Charity to provide benefit via employment to the local community.

The day to day running of the home is undertaken by the business manager, who has been granted the power to make decisions which enable the home to function, such as hiring staff and selecting suppliers. The business manager does attend board meetings and is therefore also involved in the strategic decisions made by the trustees, the input of the business manager provides the trustees with a grounded view of the direct impact of their decisions on the way the facilities are run.

The trustees set the staffing remuneration in line with the type of work being undertaken and with reference to the local economy. All staff receive a minimum of the living wage for their services. Staff undertaking the same job are paid equally and there is no pay grading scale in operation.

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.

We have stated above in our constitution, object and policies the main activities undertaken to further the Charity's purposes for the public benefit.

Financial review

The board reports net incoming resources of £20,005 (2014: net incoming resources £20,210) before gains on investments. The Charity reports a surplus on net movements in funds for the year of £21,661 (2014 : £182,030) after losses on investments. A significant part of this is due to the movements on investment values in the year.

The principal funding of the Charity comes from the discounted rates paid by guests during their stay, the operating income amounted to £419,912 in the year (2014 : £393,480). The fees charged are suitably discounted to ensure the guests are receiving adequate care in a suitable environment without paying care home rates. The Charity is supporting the guests by supplying the facilities and the guests reap the financial rewards of this, therefore fulfilling the Charity's objectives.

A further source of income is provided by the Charity's trading subsidiary, the income from this in the year was £125,010 (2014: £138,367). The trading subsidiary enables the Charity to offer rooms to the general public when the home is not fully occupied. The rates of these stays are higher than the rates charged to those meeting the Charity's standard criteria, the objective of the subsidiary is to provide additional funding to the Charity to support the running of the facilities and the care of those requiring convalescence.

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.

THE RAILWAY CONVALESCENT HOMES

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

Future developments (Continued)

The Charity has undertaken significant changes and developments over the last three years and the aim for the coming year is to stabilise, to assess the current position of the Charity and to develop new strategies for the coming years to ensure the charitable objectives continue to be met. Therefore the Charity will continue to operate from the home in Dawlish, providing a continued high level of care to the guests.

The trustees do not envisage the Charity operating in a significantly different way in the coming year.

Policy on Reserves

At the year end the Charity held funds totalling £8,704,723 (2014 : £8,683,062). Of this the Charity had unrestricted funds of £6,820,599 (2014 : £6,880,768) and Permanent endowment funds of £1,884,124 (2014 : £1,802,294).

The permanent endowment represents the value of the premises which the Charity operates from and the investment flats also situated within the grounds. These must remain to ensure the future operation of this business and therefore have been assigned as a permanent endowment in line with the Charity commission requirements.

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 is reviewed and updated 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.

At 31 December 2015 the Charity's balance sheet showed that it had investments totalling £7,748,853 (2014: £7,760,385) that produced income of £330,654 (2014: £315,557). This result is deemed satisfactory by the trustees.

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 2015 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 this transaction was completed in January 2017.

The Charity also owns the Waterside Apartments, which were originally part of the home in Dawlish. These are now classified as investment property and provide rental income to the Charity.

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).

THE RAILWAY CONVALESCENT HOMES

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

Statement of Trustees' responsibilities (continued)

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. The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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 31/12/2016 and signed on their behalfs by:


L. Honywood

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 The 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 8 to 19. These financial statements have been prepared in accordance with the accounting policies set out on pages 13 and 14. 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 4-5, 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 Practices 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 group's and the parent charitable company's affairs as at 31 December 2015 and of the groups and the parent charitable company's incoming resources and application of resources, including its income 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 : 31/12/16

THE RAILWAY CONVALESCENT HOMES

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

		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 £
	Note						
INCOMING RESOURCES							
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	330,654	-	330,654	315,557	330,654	315,557
Total incoming resources		922,192	-	922,192	900,060	922,192	900,060
RESOURCES EXPENDED							
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
		152,055	-	152,055	148,857	152,055	148,857
Net incoming resources available for charitable application		770,137	-	770,137	751,203	770,137	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		35,611	(15,556)	20,055	20,210	20,055	20,210
Other recognised gains and losses							
Unrealised investment gains/(losses)	12	(10,674)	-	(10,674)	231,162	(10,674)	231,162
Unrealised cash (losses)/gains		-	-	-	(69,342)	-	(69,342)
Realised investment gains	12	12,280	-	12,280	-	12,280	-
Net movement in funds		37,217	(15,556)	21,661	182,030	21,661	182,030
Reconciliation of funds							
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	-	-	-	-
Fund balances carried forward at 31 December 2015	16	6,820,984	1,884,124	8,705,108	8,683,447	8,704,723	8,683,062

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 £
Reconciliation of funds					
Restated funds brought forward	16	6,881,153	6,685,081	1,802,294	1,816,336
Net movement in funds for the year		37,217	196,072	(15,556)	(14,042)
Transfer between funds		(97,386)	-	97,386	-
Total funds carried forward	16	6,820,984	6,881,153	1,884,124	1,802,294

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 £
Income		
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	330,654	315,557
Voluntary income	5,132	8,042
Total Income	922,192	900,060
Expenditure		
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
Total Expenditure	902,137	879,850
Surplus and net Income for the year before Other recognised gains and losses	20,055	20,210
Other Recognised gains and losses:		
Realised gains on disposal of investments	12,280	-
Surplus before and after tax	32,335	20,210

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 £
FIXED ASSETS					
Tangible assets	11	818,022	818,022	746,504	746,504
Investments	12	7,748,853	7,748,853	7,760,385	7,760,385
TOTAL FIXED ASSETS		8,566,875	8,566,875	8,506,889	8,506,889
CURRENT ASSETS					
Debtors	13	30,343	30,343	27,223	27,223
Cash at bank and in hand	14	191,532	187,856	217,170	206,575
TOTAL CURRENT ASSETS		221,875	218,199	244,393	233,798
LIABILITIES					
Creditors falling due within one year	15	(83,642)	(80,351)	(67,835)	(57,625)
NET CURRENT ASSETS		138,233	137,848	176,558	176,173
TOTAL ASSETS LESS CURRENT LIABILITIES		8,705,108	8,704,723	8,683,447	8,683,062
THE FUNDS OF THE CHARITY:					
Unrestricted income funds	16	6,820,984	6,820,599	6,881,153	6,880,768
Permanent endowment funds	16	1,884,124	1,884,124	1,802,294	1,802,294
TOTAL CHARITY FUNDS		8,705,108	8,704,723	8,683,447	8,683,062

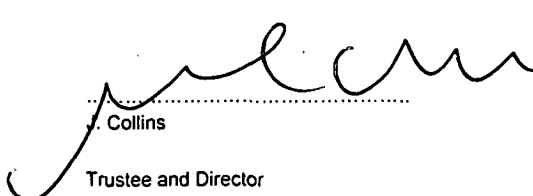
The Trustees have prepared group accounts in accordance with section 398 of the Charities Act 2006 and section 138 of Charities Act 2011. These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the company.

The notes at pages 13 to 19 form part of these accounts.

Approved on 31/12/16 by the board of Trustees on signed on its behalf by:


L. Horwood

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

		<u>Group</u> year ended 31 December 2015 £	<u>Charity</u> year ended 31 December 2015 £	<u>Group</u> year ended 31 December 2014 £	<u>Charity</u> year ended 31 December 2014 £
	Note				
CASH USED IN OPERATING ACTIVITIES	18	(265,210)	(256,685)	(411,608)	(415,322)
Cash flows from investing activities					
Investment income and deposit interest received		330,487	330,487	315,557	315,557
Payments of tangible fixed assets		(125,915)	(125,915)	(15,277)	(15,277)
Investments redeemed		35,000	35,000	-	-
DECREASE IN CASH AND CASH EQUIVALENTS IN THE YEAR		(25,638)	(17,113)	(111,328)	(115,042)
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		191,532	189,462	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 costs.

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 9.

Irrecoverable VAT

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

THE RAILWAY CONVALESCENT HOMES

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

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

1.3 RESOURCES EXPENDED (CONTINUED)

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 basis over the term of the lease.

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 realisation 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	32,702	26,567

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

4 DONATIONS AND LEGACIES	2015	2014
	£	£
Donations	<u>5,132</u>	<u>8,042</u>
5 OPERATING INCOME	2015	2014
	£	£
Convalescent care	<u>419,912</u>	<u>393,480</u>
6 OTHER INCOME	2015	2014
	£	£
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.

Summary Profit and Loss Account	2015	2014
	£	£
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	<u>(72,150)</u>	<u>(77,550)</u>
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>

8 INVESTMENT INCOME	2015	2014
	£	£
Income from managed investments	198,283	189,246
Rents from investment properties	132,178	126,051
Bank deposit interest	193	260
	<u>330,654</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	64,390	-	90,813	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	17,146	-	32,702	26,567
	46,425	750,082	91,553	888,060	868,789

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
	469,796	558,646

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 £
Cost						
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
Accumulated depreciation						
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
Net book value						
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	(35,000)	-	(35,000)	-
Net investment gains/(losses)	1,773	-	1,773	231,162
Market value at 31 December 2015	5,726,542	2,022,311	7,748,853	7,760,385
Historical cost at 31 December 2015	4,416,568	1,166,819	5,583,387	5,605,562
Listed investments at market value comprised:				
UK fixed interest securities			606,468	566,226
Overseas fixed interest securities			138,982	121,397
UK equity shares			1,623,545	1,693,759
Overseas equity shares			2,363,845	2,419,146
UK property investments			258,113	277,985
Overseas property investments			208,639	180,523
Other investments			526,950	500,733
Investments listed on a recognised stock exchange			5,726,542	5,759,769
Investment managers' capital account			79,401	86,172
			5,805,943	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 Total £	2014 Total £
UK Listed Investments	3,015,076	3,038,703
Overseas Investments	2,711,466	2,721,066
Total Investments	5,726,542	5,759,769
Cash held by investment managers	79,401	86,172
	<u>5,805,943</u>	<u>5,845,941</u>

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

	<u>Group</u> 2015	<u>Charity</u> 2015	<u>Group</u> 2014	<u>Charity</u> 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
	<u>30,343</u>	<u>30,343</u>	<u>27,223</u>	<u>27,223</u>

14 CASH AT BANK AND IN HAND

	<u>Group</u> 2015 £	<u>Charity</u> 2015 £	<u>Group</u> 2014 £	<u>Charity</u> 2014 £
Bank current and deposit accounts	111,731	108,055	130,348	119,753
Petty cash	400	400	650	650
Investment cash	79,401	79,401	86,172	86,172
	<u>191,532</u>	<u>187,856</u>	<u>217,170</u>	<u>206,575</u>

15 CREDITORS

	<u>Group</u> 2015 £	<u>Charity</u> 2015 £	<u>Group</u> 2014 £	<u>Charity</u> 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
	<u>83,642</u>	<u>80,351</u>	<u>67,835</u>	<u>57,625</u>

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	922,192	(886,581)	1,606	(97,386)	6,820,599	6,880,768
Non-charitable trading funds	385	-	-	-	-	385	385
	<u>6,881,153</u>	<u>922,192</u>	<u>(886,581)</u>	<u>1,606</u>	<u>(97,386)</u>	<u>6,820,984</u>	<u>6,881,153</u>

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	6,589,367	1,159,486	7,748,853	7,760,384
Cash at bank and in hand	191,532	-	191,532	217,170
Other net current liabilities	(53,299)	-	(53,299)	(40,611)
	<u>6,833,808</u>	<u>1,871,300</u>	<u>8,705,108</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	20,055	21,661	20,210	20,210
Non-operating cash flows eliminated:				
Investment income	(330,654)	(330,654)	(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>(265,210)</u>	<u>(256,685)</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 £1,338 (2014 £843), for travel, subsistence and room hire. These expenses were paid to a total of 10 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.