

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 2017



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

Reference SD/516691/SRW

THE RAILWAY CONVALESCENT HOMES

CONTENTS OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

	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
Consolidated Income and Expenditure Account	9
Balance Sheet - Group and Charity	10
Notes to the Financial Statements	11 - 18

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 (Resigned 1 July 2017)
 J. Collins
 P. E. O'Hare
 C. Donovan
 D.R. Crome
 B. J. Davenport (Appointed 1 July 2017)

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

M&G Investments
 PO Box 9039
 Chelmsford
 CM99 2XF

THE RAILWAY CONVALESCENT HOMES

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2017

The Trustees present their report and the audited financial statements of the Charity and its subsidiary for the year ended 31 December 2017, which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes. 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 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 1401 (2016 : 1464) 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 at 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 2017 (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 and Achievements and Performance

The board reports net outgoing resources of £133,961 (2016: £29,897) before gains on investments. The Charity reports a surplus on net movements in funds for the year of £332,538 (2016: £190,755) after gains 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 £411,612 in the year (2016: £401,474). 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 £93,702 (2016 : £109,964). 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 such as guest numbers and rental income are considered and reviewed on a regular basis and action taken to improve income where necessary.

THE RAILWAY CONVALESCENT HOMES

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2017 (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 £9,228,016 (2016: £8,895,478). Of this the Charity had unrestricted funds of £7,311,218 (2016: £7,013,905) and Permanent endowment funds of £1,916,798 (2016: £1,881,573).

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 charity 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. The risk schedule is reviewed at each trustee meeting and updated, the Trustees have taken constructive action to reduce all risk to an acceptable level.

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.

The trustees deem the most significant risk to the charity to be a fall in occupancy numbers as a result of competition and the demographic of the guests. The Trustees are seeking to mitigate this by undertaking a staged course of improvements to upgrade and update the facilities offered, they are also seeking to employ marketing personnel to ensure that the age range of the occupants is increased.

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 portfolio is specific to Charities and therefore is deemed to be socially, environmentally and ethically responsible in its investing policy.

At 31 December 2017 the Charity's balance sheet showed that it had investments totalling £8,213,015 (2016: £8,012,022) that produced income of £308,668 (2016: £318,411). This result is deemed satisfactory by the trustees.

The Charity owned a property in Margate which provided rental income to the Charity. This property was sold in the year for £750,000 of this £600,000 was re-invested in an investment portfolio specifically for charities.

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 2017 (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 income and application of the resources, including the income and expenditure, of the charitable group for that year. In preparing the 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 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 in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time 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 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.

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

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.

Approval

This report was approved by the Trustees on 20/6/2018 and signed on their behalves by:



C. Mills
Trustee and Director

THE RAILWAY CONVALESCENT HOMES

INDEPENDENT AUDITORS REPORT TO THE TRUSTEES OF THE RAILWAY CONVALESCENT HOMES FOR THE YEAR ENDED 31 DECEMBER 2017

Opinion

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 consolidated and charity financial statements of The Railway Convalescent Homes for the year ended 31 December 2017 which comprise of the Consolidated Statement of Financial Activities, the Consolidated Income and Expenditure Account, the Consolidated and Charity Balance Sheet, and the related notes as set out on pages 8 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial reporting standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and the provisions available for small entities, in the circumstances set out in note twenty two to the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information in the Report of the trustees, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees Responsibilities on page 4-5, the Trustees (who are also the trustees 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, and for such internal control as the trustees determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

THE RAILWAY CONVALESCENT HOMES

INDEPENDENT AUDITORS REPORT TO THE TRUSTEES OF THE RAILWAY CONVALESCENT HOMES FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

Our responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

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 2017 and of the groups and the parent charitable company's 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 matters prescribed by the Companies Act 2006

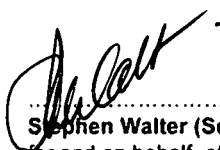
In our opinion the information in the Trustees Report for the financial year for which the financial statements are prepared is consistent with the financial statements and in accordance with applicable legal requirements.

Matters on which we are required to report by exception.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees Report.

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 : 20/6/2018

THE RAILWAY CONVALESCENT HOMES

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	Group Unrestricted funds year ended 31 December 2017 £	Group Restricted funds year ended 31 December 2017 £	Group Total funds year ended 31 December 2017 £	Group Total funds year ended 31 December 2016 £	Charity Total funds year ended 31 December 2017 £	Charity Total funds year ended 31 December 2016 £
INCOME							
Donations and legacies	4	2,745	-	2,745	6,049	2,745	6,049
Income from charitable activities							
Contributions		19,326	-	19,326	22,145	19,326	22,145
Operating income	5	411,612	-	411,612	401,474	411,612	401,474
Other income	6	15,722	-	15,722	14,977	15,722	14,977
Income from other trading activities							
Trading income	7	93,702	-	93,702	109,964	93,702	109,964
Investment income	8	308,668	-	308,668	318,411	308,668	318,411
Total incoming resources		851,775	-	851,775	873,020	851,775	873,020
EXPENDITURE							
Cost of raising funds							
Trading expenses	7	8,738	-	8,738	15,207	8,738	15,207
Publicity		12,621	-	12,621	2,673	12,621	2,673
		21,359	-	21,359	17,880	21,359	17,880
Net incoming resources available for charitable application		830,416	-	830,416	855,140	830,416	855,140
Expenditure on charitable activities							
Support costs	9	947,612	16,765	964,377	885,037	964,377	885,037
Net incoming/(outgoing) resources for the year before recognised gains and losses		(117,196)	(16,765)	(133,961)	(29,897)	(133,961)	(29,897)
Other recognised gains and losses							
Unrealised investment gains	12	412,146	-	412,146	439,864	412,146	439,864
Unrealised cash gains/(losses)		22,556	-	22,556	(54,848)	22,556	(54,848)
Unrealised revaluation losses	12	(646,683)	-	(646,683)	(187,113)	(646,683)	(187,113)
Realised investment gains		678,480	-	678,480	22,749	678,480	22,749
Net movement in funds		349,303	(16,765)	332,538	190,755	332,538	190,755
Reconciliation of funds							
Total funds brought forward	16	7,014,290	1,881,573	8,895,863	8,705,108	8,895,478	8,704,723
Transfer between funds	16	(51,990)	51,990	-	-	-	-
Fund balances carried forward at 31 December 2017	16	7,311,603	1,916,798	9,228,401	8,895,863	9,228,016	8,895,478

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

CONSOLIDATED INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 DECEMBER 2017

	Year Ended 31 December 2017 £	Year Ended 31 December 2016 £
Income		
Contributions	19,326	22,145
Operating income	411,612	401,474
Trading income	93,702	109,964
Other income	15,722	14,977
Investment income	308,668	318,411
Voluntary income	2,745	6,049
Total Income	851,775	873,020
Expenditure		
Trading expenses	8,738	15,207
Publicity	12,621	2,673
Expenditure on charitable activities	964,377	885,037
Total Expenditure	985,736	902,917
Deficit and net Income for the year before Other recognised gains and losses	(133,961)	(29,897)
Other Recognised gains and losses:		
Realised gains on disposal of investments	678,480	22,749
Surplus before and after tax	544,519	(7,148)

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

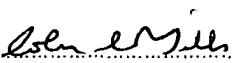
CONSOLIDATED AND CHARITY BALANCE SHEETS AT 31 DECEMBER 2017

	Note	Group 2017 £	Charity 2017 £	Group 2016 £	Charity 2016 £
FIXED ASSETS					
Tangible assets	11	911,822	911,822	810,937	810,937
Investments	12	8,213,015	8,213,015	8,012,022	8,012,022
TOTAL FIXED ASSETS		9,124,837	9,124,837	8,822,959	8,822,959
CURRENT ASSETS					
Debtors	13	42,050	42,050	29,798	29,798
Cash at bank and in hand	14	140,692	140,429	106,311	99,883
TOTAL CURRENT ASSETS		182,742	182,479	136,109	129,681
LIABILITIES					
Creditors falling due within one year	15	(79,178)	(79,300)	(63,205)	(57,162)
NET CURRENT ASSETS		103,564	103,179	72,904	72,519
TOTAL ASSETS LESS CURRENT LIABILITIES		9,228,401	9,228,016	8,895,863	8,895,478
THE FUNDS OF THE CHARITY:					
Unrestricted income funds	16	7,311,218	7,311,218	6,367,222	6,367,222
Revaluation Reserve	16	-	-	646,683	646,683
Non-charitable trading funds	16	385	-	385	-
Permanent endowment funds	16	1,916,798	1,916,798	1,881,573	1,881,573
TOTAL CHARITY FUNDS		9,228,401	9,228,016	8,895,863	8,895,478

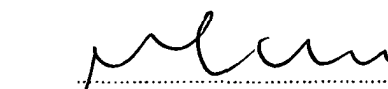
The Trustees have prepared group accounts in accordance with section 398 of the Charities Act 2006 and section 138 of Charities Act 2011. These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts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

The notes at pages 11 to 18 form part of these accounts.

Approved on 20/6/2018 by the board of Trustees on signed on its behalf by:


C. Mills

Trustee and Director


J. Collins
Trustee and Director

Company Registration No. 07109869

THE RAILWAY CONVALESCENT HOMES

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2017

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)), 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.

There are no material uncertainties which indicate that the charity should not prepare accounts on a going concern basis.

The trustees deem there to be potential financial uncertainty if there were to be a significant fall in occupancy numbers. The Trustees are seeking to mitigate this by undertaking a staged course of improvements to upgrade and update the facilities offered.

Exemption from preparing a cash flow statement

Exemption has been taken from preparing a cash flow statement on the grounds that the company qualifies as a small company.

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 INCOME

All income is recognised once the Charity has entitlement to the income, it is certain that the income will be received and the monetary value of income can be measured with sufficient reliability. Income relating to accommodation is deferred until the time of stay.

1.3 EXPENDITURE

Liabilities are recognised as expenditure 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 2017

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

1.3 EXPENDITURE (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 (other than Investments)

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 comprise of a permanent endowment fund as stipulated by the Charity Commission and are funds which cannot be sold or used without approval of the Charity Commission. The only charges to the fund are the depreciation associated with the property involved, any expenditure incurred is transferred from the unrestricted fund.

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.

1.9 BASIC FINANCIAL INSTRUMENTS

Basic financial instruments are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method, unless the arrangement constitutes a financial transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest

2 NET MOVEMENT IN FUNDS FOR THE YEAR

Net movement in funds for the year is after charging:	2017 £	2015 £
Depreciation	<u>38,429</u>	<u>31,216</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 2017

4 DONATIONS AND LEGACIES	2017	2016
	£	£
Donations	<u>2,745</u>	<u>6,049</u>
5 OPERATING INCOME	2017	2016
	£	£
Convalescent care	<u>411,612</u>	<u>401,474</u>
6 OTHER INCOME	2017	2016
	£	£
Bar income	<u>15,722</u>	<u>14,977</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	2017	2016
	£	£
Turnover	93,702	109,964
Less:		
Administrative expenses	(8,738)	(15,207)
Net profit	<u>84,964</u>	<u>94,757</u>
Amount gifted to The Railway Convalescent Homes	(30,964)	(30,707)
Inter-group trading:		
Facilities purchased from The Railway Convalescent Homes	<u>(54,000)</u>	<u>(64,050)</u>
Retained in subsidiary	<u>-</u>	<u>-</u>
The assets and liabilities of the subsidiary were:		
Current assets	34,670	26,912
Creditors: Amounts falling due within one year	(34,285)	(26,527)
Aggregate share capital and reserves	<u>385</u>	<u>385</u>

8 INVESTMENT INCOME	2017	2016
	£	£
Income from managed investments	234,251	192,207
Rents from investment properties	74,405	126,086
Bank deposit interest	12	118
	<u>308,668</u>	<u>318,411</u>

The investment properties are shown in note 12.

THE RAILWAY CONVALESCENT HOMES

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2017

9 SUPPORT COSTS

	Restricted Funds	Charitable Expenditure	2017 £	2016 £
Wages	-	550,537	550,537	523,891
Pension contributions	-	11,691	11,691	10,309
Food and Bar	-	81,854	81,854	80,923
Laundry and cleaning	-	4,566	4,566	5,589
Rates	-	15,707	15,707	15,545
Insurance	-	21,577	21,577	20,923
Light and heat	-	22,228	22,228	27,824
Entertainment for guests	-	8,163	8,163	8,081
Property maintenance	-	73,930	73,930	89,742
Telephone	-	3,343	3,343	3,142
Computer expenses	-	10,672	10,672	8,085
Printing, stationery and postage	-	8,366	8,366	8,852
Travelling and accommodation	-	3,561	3,561	3,216
Staff uniforms	-	2,381	2,381	1,314
Training	-	2,807	2,807	3,780
Audit and accountancy	-	6,348	6,348	6,361
Professional fees	-	52,002	52,002	-
Bank charges	-	2,534	2,534	2,313
Irrecoverable VAT	-	43,681	43,681	33,931
Depreciation	16,765	21,664	38,429	31,216
	16,765	947,612	964,377	885,037

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

	2017 £	2016 £
Wages	521,816	526,564
Social security costs	28,721	23,973
Pension costs	11,691	11,691
	562,228	562,228

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

The average weekly number of persons employed by the Charity during the year was 46 (2016: 43).

THE RAILWAY CONVALESCENT HOMES

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2017

11 TANGIBLE FIXED ASSETS FOR USE BY THE CHARITY AND GROUP

	Freehold land and buildings £	Furniture, fixtures and fittings £	Computer equipment £	Motor vehicles £	2017 Total £	2016 Total £
Cost						
At 1 January 2017	794,268	130,838	6,712	30,710	962,528	938,397
Additions	51,990	86,004	1,320	-	139,314	24,131
Disposals	-	-	-	-	-	-
At 31 December 2017	846,258	216,842	8,032	30,710	1,101,842	962,528
Accumulated depreciation						
At 1 January 2017	81,877	49,706	4,280	15,728	151,591	120,375
Charge for year	16,925	16,681	1,238	3,745	38,589	31,216
Disposals	(160)	-	-	-	(160)	-
At 31 December 2017	98,642	66,387	5,518	19,473	190,020	151,591
Net book value						
At 31 December 2017	747,616	150,455	2,514	11,237	911,822	810,937

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 £	2017 Total £	2016 Total £
Market value at 1 January 2017	6,092,840	1,919,182	8,012,022	7,748,853
Additions	607,050	-	607,050	83,984
Disposals	(100,000)	(103,317)	(203,317)	(96,315)
Revaluation	-	-	-	(187,113)
Net investment gains - Realised	31,797	-	31,797	-
Net investment gains - Unrealised	412,146	(646,683)	(234,537)	462,613
Market value at 31 December 2017	7,043,833	1,169,182	8,213,015	8,012,022
Historical cost at 31 December 2017	5,020,205	1,169,182	6,189,387	5,692,703
Listed investments at market value comprised:				
UK fixed interest securities			1,389,521	763,453
Overseas fixed interest securities			130,820	104,342
UK equity shares			1,773,755	1,786,407
Overseas equity shares			2,558,993	2,402,111
UK property investments			661,224	207,896
Overseas property investments			-	361,805
Other investments			529,520	466,826
Investments listed on a recognised stock exchange			7,043,833	6,092,840
Investment managers' capital account			43,486	20,930
			7,087,319	6,113,770

THE RAILWAY CONVALESCENT HOMES

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2017

12 FIXED ASSET INVESTMENTS FOR CHARITY AND GROUP (CONTINUED)

Analysis of market value of investments between those held within and outside the United Kingdom:

	2017 Total £	2016 Total £
UK Listed Investments	4,354,020	3,224,582
Overseas Investments	2,689,813	2,868,258
Total Investments	7,043,833	6,092,840
Cash held by investment managers	43,486	20,930
	7,087,319	6,113,770

The investment holdings at 31 December 2017 did not include any individual assets with a value above 5% of the portfolio value.

The investment property was valued by the trustees at 31 December 2017, the basis of the valuation was current market value. A professional valuation has not been obtained in the year as the Trustees consider that the costs outweigh the benefits of this.

The charity holds 2 shares of £1 each in its wholly owned trading subsidiary company RCH Limited which is incorporated in the United Kingdom. These are the only shares allotted, called up and fully paid. The activities and results of this company are summarised in note 7.

13 DEBTORS

	Group 2017	Charity 2017	Group 2016	Charity 2016
Trade Debtors	11,500	11,500	7,426	7,426
Prepayments	24,010	24,010	22,372	22,372
Other debtors	6,540	6,540	-	-
	42,050	42,050	29,798	29,798

14 CASH AT BANK AND IN HAND

	Group 2017 £	Charity 2017 £	Group 2016 £	Charity 2016 £
Bank current and deposit accounts	96,746	96,483	84,978	78,550
Petty cash	400	400	400	400
Investment cash	43,546	43,546	20,933	20,933
	140,692	140,429	106,311	99,883

15 CREDITORS

	Group 2017 £	Charity 2017 £	Group 2016 £	Charity 2016 £
Operating creditors	-	-	6,746	6,746
Taxation and social security costs	24,179	20,798	11,387	9,281
Amounts due to trading subsidiary	-	34,043	-	20,488
Other creditors	1,824	1,824	2,047	2,047
Accruals and deferred income	53,175	22,635	43,025	18,600
	79,178	79,300	63,205	57,162

THE RAILWAY CONVALESCENT HOMES

NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2017

16 NET MOVEMENT IN CHARITABLE FUNDS

Analysis of unrestricted fund movements

	Balance as at 01.01.2017	Incoming resources	Resources expended	Investment gains/ (losses)	Transfer to restricted fund	Balance as at 31.12.2017	Balance as at 31.12.2016
	£	£	£	£		£	
General purpose Fund	6,367,222	851,775	(968,971)	1,113,182	(51,990)	7,311,218	6,367,222
Revaluation Reserve	646,683	-	-	(646,683)	-	-	646,683
Non-charitable trading funds	385	-	-	-	-	385	385
	<u>7,014,290</u>	<u>851,775</u>	<u>(968,971)</u>	<u>466,499</u>	<u>(51,990)</u>	<u>7,311,603</u>	<u>7,014,290</u>

Analysis of restricted fund movements

	Balance as at 01.01.2017	Incoming resources	Resources expended	Investment gains/ (losses)	Transfer from un-restricted fund	Balance as at 31.12.2017	Balance as at 31.12.2016
	£	£	£	£	£	£	£
Permanent endowment	1,881,573	-	(16,765)	-	51,990	1,916,798	1,881,573
	<u>1,881,573</u>	<u>-</u>	<u>(16,765)</u>	<u>-</u>	<u>51,990</u>	<u>1,916,798</u>	<u>1,881,573</u>

17 ANALYSIS OF GROUP ASSETS BETWEEN FUNDS

	Unrestricted Funds	Restricted Funds	Total Funds £	Balance as at 31.12.2016 £
Tangible fixed assets	164,206	747,616	911,822	810,937
Fixed asset investments	7,043,833	1,169,182	8,213,015	8,012,022
Cash at bank and in hand	140,692	-	140,692	106,311
Other net current liabilities	(37,128)	-	(37,128)	(33,407)
	<u>7,311,603</u>	<u>1,916,798</u>	<u>9,228,401</u>	<u>8,895,863</u>

18 OPERATING LEASES

The company has commitments due under non-cancellable operating leases due within 1 year of £8,076. There are no leases beyond this period.

The company is entitled to rental income under non-cancellable operating leases due within 1 year of £37,203. There are no leases beyond this period.

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 £771 (2016 £1,064), for travel, subsistence and room hire. These expenses were paid to a total of 11 Trustees (2016: 11).

THE RAILWAY CONVALESCENT HOMES**NOTES TO THE CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2017****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.

21 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).

22 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.