

Registered number: 03244113
Charity number: 1058769

Petworth Cottage Nursing Home
(A company limited by guarantee)

Trustees' report and audited financial statements

For the year ended 31 December 2020

Petworth Cottage Nursing Home
(A company limited by guarantee)

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Reference and administrative details of the Charity, its trustees and advisers
For the year ended 31 December 2020

Trustee directors Mr C R Hubbard, Chairman
 Mr A W Brooke
 Mr T R W Longmore
 Dr S Pett
 Mr D H M Burrell
 Dr G Lyons
 Miss S E Spriggs
 Mr T J Barrington
 Dr A J Smoker

Company registered number 03244113

Charity registered number 1058769

Registered office Wisteria House
 Market Square
 Petworth
 West Sussex
 GU28 0AJ

Company secretary T R W Longmore

Patron Lady Egremont

Independent auditors Kreston Reeves LLP
 Chartered Accountants
 Statutory Auditor
 Springfield House
 Springfield Road
 Horsham
 West Sussex
 RH12 2RG

Bankers NatWest Bank Plc
 5 East Street
 Chichester
 West Sussex
 PO10 1HH

Solicitors Anderson Rowntree
 Wisteria House
 Market Square
 Petworth
 West Sussex
 GU28 0AJ

Petworth Cottage Nursing Home
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Trustee directors' report
For the year ended 31 December 2020

The Trustee directors present their annual report together with the audited financial statements of the Charity for the year 1 January 2020 to 31 December 2020. The Annual report serves the purposes of both a Trustees' report and a directors' report under company law. The Trustees confirm that the Annual report and financial statements of the charitable company comply with the current statutory requirements, the requirements of the charitable company's governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019).

Since the Charity qualifies as small under section 382 of the Companies Act 2006, the Strategic report required of medium and large companies under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 has been omitted.

Structure, governance and management

The charity is a company limited by guarantee and was set up in August 1996. It is governed by a Memorandum and Articles of Association dated 19 August 1996. It succeeds a charity with similar objects and assets set up by a Trust Deed dated 24 November 1971.

The trustee directors named on page 1 have served throughout the year and to date.

The charity's Articles of Association govern the appointment of the trustee directors and the filling of vacancies. New trustee directors are recruited by personal contact, being persons known to the Chairman or other trustee directors as having knowledge and experience which will enable them to make a significant contribution to the running of the charity. They will be given informal instruction in their duties and responsibilities and encouraged to study the appropriate Charity Commission and other instructional papers.

The day to day running of the nursing home is under the management of the Nursing Home Manager, Mrs Yvonne Stout. Financial administration and operational support is provided by Mrs. Kate Cooper as Finance Manager and both are salaried. Expenditure over £10,000 requires board approval. The board of trustee directors meet 6 times per year, receives reports from the nursing home manager, finance manager and Doctor, reviews performance and considers issues as they arise.

Key management personnel

The arrangements for setting the pay and remuneration of the charity's key personnel, consisting of the nursing home manager, her deputy and the finance manager is resolved by the Chairman with the involvement and approval of the trustees. Subsequent enhancements for all staff members including senior management are agreed by the remuneration committee comprising the Chairman of the Trustees, the nursing home manager, the finance manager and the lead trustee for finance using bench marks such as inflation and the National Living Wage.

Financial review

In 2020, there was an operating deficit of £116,361 and an overall surplus of £5,257 leading to an increase in the total reserves held. The income received from residents rose by 3.61% with average occupancy of 29.13 residents.

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Trustee directors' report (continued)
For the year ended 31 December 2020

Investment policy and performance

The investment policy of Petworth Cottage Nursing Home (PCNH) proposed by the Investment Committee and approved by the Board is briefly:

- i) To hold approximately 4 months costs of the Home on deposit to cover an unforeseen shortfall in operating funds or other emergency
- ii) To invest 2/3 of the remainder of our reserves to generate capital appreciation.
- iii) To invest the remaining 1/3 to generate income.

PCNH proposed for category ii) above investment in M and G Charifund and for category iii) above investment in M and G Charibond and later in Edentree Annuity Balanced Fund and Edentree Global Equity Income Fund. PCNH took informal advice from a member of the London Stock Exchange.

PCNH therefore now holds:-

22,966 units in M and G Charifund worth on 31 December 2020 £315,222
132,658 units in M and G Charibond worth on 31 December 2020 £166,459
176,689 units in Edentree Amity Balanced Fund worth on 31 December 2020 £188,173
87,674 units in Edentree Amity Global Equity Fund worth on 31 December 2020 £130,108

The total funds invested as at 31 December 2020 being £799,962.

The Covid Pandemic has caused and continues to do so, greater than usual volatility in the value of these investments during 2021. We shall review our current portfolio and consider with caution alternative options.

Future plans

The Trustee Directors and Management Team will endeavour to sustain occupancy levels. A major consideration and concern is recruiting and retaining both nursing and caring staff. The Budget for 2021 is based upon a bed occupancy of 29. This compares with 18 in 2013, 23 in 2014, 28 in 2015, 28.5 in 2016, 29.5 in 2017, 28.89 in 2018, 28.76 in 2019 and 29 in 2020.

Reserves policy

The financial policy of the charity is to continue to hold reserve funds not only to cover maintenance and renewal of the buildings and equipment of the charity but to also ensure a strong balance sheet to mitigate the impact of any weakness in the market during the current and continuing recessionary period. It is considered politic and sound management to ensure that reserves do not fall below £800,000 in order to be able to meet at least six months expenditure and potential repairs to the property. Total unrestricted funds were £2,930,462 and after taking account of £1,831,787 tied up in fixed assets, uncommitted reserves at the year end were £1,098,675.

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Trustee directors' report (continued)
For the year ended 31 December 2020

Risk assessment

The trustee directors are conscious of the need to review and determine the risks inherent in the management of the home and to establish corrective actions and systems to mitigate the risks. The trustee directors continue to carry out risk assessment which is reviewed on an annual basis. Through these procedures, the trustee directors are satisfied that the major risks identified have been adequately mitigated where necessary.

It is categorised under:

- (1) Medium likelihood/high impact
- (2) Low likelihood/high impact
- (3) Low likelihood/medium impact

Description of risk	Category	Plans and strategies for managing risk
Shortage of staffing in the Nursing home sector	(1)	- Reducing dependency on agency staff
Sudden loss of senior staff	(1)	- Separate roles for Matron and Deputy Matron are in place so the likelihood of the sudden loss of both is reduced - Newly appointed Matron/Manager is registered with the Care Quality Commission under relevant regulations
Financial crisis	(1)	- Bed occupancy levels have improved - Investment of funds in M & G Charifund and Charibond, and Edentree Amity Global Equity Fund and Amity Balanced Fund generating a return for the charity
Electricity failure	(1)	- Second generator installed that cuts in automatically if main supply fails
Natural disaster; such as fire or lightning strike	(2)	- The home is equipped with fire extinguishers - Disaster recovery plan is in place
Misbehaviour by member of staff	(2)	- Training and checks carried out for all staff - Disciplinary procedure in place in case of an event arising
Failure of IT systems	(3)	- Patient care records back up on cloud - Regular back ups of accounts records
Failure of cooking equipment	(3)	- Offsite suppliers of hot food available
Injury to patient/staff from: (i) Fall (ii) Wrongful administering of drugs (iii) Financial and Stores fraud leading to financial difficulty	(3)	(i) Care staff all receive first aid training (ii) Drugs administered by trained nurses only in accordance to doctor's prescription (iii) Accounts audited by professional accountants and monthly accounts and bank reconciliations prepared

Public benefit

The Trustee Directors have had due regard to the Charity Commission guidance on public benefit whilst setting the objects and activities of the Charity.

PCNH's fees continue to reflect our charitable status as a non-profit organisation. Fees charged reflect the full nursing status of the Home and are generally below that of similar Nursing Homes. In 2020 PCNH admitted 69 new Residents, of these 20 Residents were admitted through Social Services (SS) or Continuing Health Care (CHC) and these were subsidised by PCNH, the shortfall from SS being 22% and CHC 15% per Resident beneath our 'break-even' weekly fee (BEWF). As a result of this during the year our Charity, PCNH, has assisted and supported some 29 Residents with their fees.

It is the intention of the Trustees and Management to continue to monitor the contribution for the public benefit and, should conditions and funds allow, to increase the number of Residents admitted on this basis.

Petworth Cottage Nursing Home
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Trustee directors' report (continued)
For the year ended 31 December 2020

Objects, objectives and principal activities

The charity's objects are the relief of sickness and infirmity through the provision of nursing care, and without prejudice to the generality of the foregoing to provide a short stay nursing and convalescent home for the benefit of any disabled or sick person upon terms appropriate to their means, and to provide medical and/or nursing care of limited duration for any disabled or sick person upon terms appropriate to their means.

Achievements and performance

Throughout the year the Charity has fulfilled the objectives set out above. The Residents continue to benefit from the continuing refurbishment and enhancement programme of the accommodation under the guidance of the Refurbishment Committee, the Nursing Home Manager (Matron) and the Finance Manager.

REVIEW OF YEAR

As I write this in early September 2021 I reflect that this has been and continues to be, a truly testing and demanding time for all our Team; perhaps most of all for our Carers and Nursing Team who have not only had to cherish, nurse and support our Residents but at the same time safeguarding themselves and caring for their families, many of whom are of school age. They have risen to the challenge wonderfully with great good humour, with a will to overcome and support one another, a real team effort with the result that all Residents have remained Covid free..... Bravo !! Bravo !!

Fund raising activities

PCNH benefits enormously from the activities of the Friends of Petworth Cottage Nursing Home (The Friends). Unsurprisingly 2020 has proved to be a very challenging year in terms of opportunities for organising fund raising. Amazingly, once counting completed in 2021, they have succeeded in surpassing the total for 2019, through such activities as:-

Christmas Quiz	£ 34,330 (a record)
Blue Tins	£ 429
Newsletter	£ 19,476
Pattie Blue Tin	£ 67

Very sadly both 2020 and 2021 have been very restricting in allowing The Friends to reach out in their role as 'Ambassadors' to the wider supporters. No Alfresco lunch, no Winter Fair, both of which allow us to widen our network of supporters and contributors. Roll on 2022! The Board is hugely grateful and appreciative for all these contributions. These gifts, activities and very, very generous donations absolutely allow PCNH to fulfil its responsibility as a Charity for the benefit of the community of Petworth and beyond.

Finally, the ethos of PCNH is dependant upon the professionalism of its Staff, led by the Nursing Home Manager, (Matron) Yvonne Stout and her Management Team. They have 'shone' in a very challenging year and the Trustees are immensely grateful.

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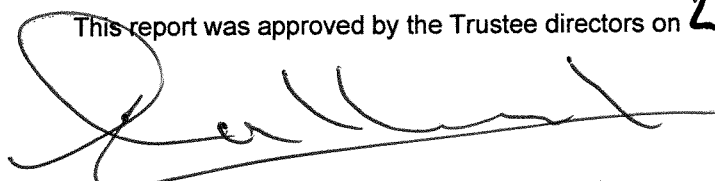
Trustee directors' report (continued)
For the year ended 31 December 2020

Disclosure of information to the auditors

We, the Trustee directors of the charitable company who held office at the date of approval of these Financial Statements as set out above each confirm, so far as we are aware, that:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- we have taken all the steps that we ought to have taken as Trustee directors in order to make ourselves aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

This report was approved by the Trustee directors on **24/9/2021** and signed on their behalf by:



Mr C Hubbard, Chairman

Petworth Cottage Nursing Home
(A company limited by guarantee)

Statement of Trustee directors' responsibilities
For the year ended 31 December 2020

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

Company law requires the Trustee directors to prepare financial statements for each financial year. Under company law, the Trustee directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charity and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustee directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP (FRS 102);
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in business.

The Trustee directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Charity's transactions and disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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Independent auditors' report to the Members of Petworth Cottage Nursing Home

Opinion

We have audited the financial statements of Petworth Cottage Nursing Home (the 'Charitable Company') for the year ended 31 December 2020 which comprise the Statement of financial activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. 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).

In our opinion the financial statements:

- give a true and fair view of the state of the Charitable Company's affairs as at 31 December 2020 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

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 Charitable Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, 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

In auditing the financial statements, we have concluded that the Trustee directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Charitable Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustee directors with respect to going concern are described in the relevant sections of this report.

Petworth Cottage Nursing Home
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Independent auditors' report to the Members of Petworth Cottage Nursing Home (continued)

Other information

The other information comprises the information included in the Annual report other than the financial statements and our Auditors' report thereon. The Trustee directors are responsible for the other information contained within the Annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the Trustee directors' report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Trustee directors' responsibilities statement, the Trustee directors (who are also the directors of the Charitable Company 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 Trustee directors determine is 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 Trustee directors are responsible for assessing the Charitable 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 Trustee directors either intend to liquidate the Charitable Company or to cease operations, or have no realistic alternative but to do so.

Petworth Cottage Nursing Home
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Independent auditors' report to the Members of Petworth Cottage Nursing Home (continued)

Auditors' responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 an Auditors' report 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Capabilities of the audit in detecting irregularities, including fraud

Based on our understanding of the Charitable Company, and through discussion with the trustees and other management (as required by auditing standards), we identified that the principal risks of non-compliance with laws and regulations related to health and safety, anti-bribery and employment law. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Charities Act 2011, the Companies Act 2006, Statement of Recommended Practice, Care Quality Commission regulations and pension legislation. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to management bias in accounting estimates and judgemental areas of the financial statements such as the valuation of investment properties. Audit procedures performed by the engagement team included:

- Discussions with management and assessment of known or suspected instances of non-compliance with laws and regulations and fraud, and review of the reports made by management and internal audit; and
- Assessment of identified fraud risk factors; and
- Review of a sample expenditure items to confirm no evidence of personal benefit; and
- Challenging assumptions and judgements made by management in its significant accounting estimates; and
- Confirmation of related parties with management, and review of transactions throughout the period to identify any previously undisclosed transactions with related parties outside the normal course of business; and
- Performing analytical procedures with automated data analytics tools to identify any unusual or unexpected relationships, including related party transactions, that may indicate risks of material misstatement due to fraud; and
- Reading minutes of meetings of those charged with governance; and
- Review of significant and unusual transactions and evaluation of the underlying financial rationale supporting the transactions; and
- Identifying and testing journal entries, in particular any manual entries made at the year end for financial statement preparation.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions

Petworth Cottage Nursing Home
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Independent auditors' report to the Members of Petworth Cottage Nursing Home (continued)

reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Charitable Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustee directors.
- Conclude on the appropriateness of the Trustee directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Charitable Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' report. However, future events or conditions may cause the Charitable Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

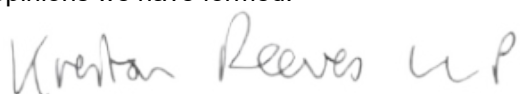
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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Independent auditors' report to the Members of Petworth Cottage Nursing Home (continued)

Use of our report

This report is made solely to the Charitable Company's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the Charitable Company's trustees 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 its members, as a body, for our audit work, for this report, or for the opinions we have formed.



Kreston Reeves LLP
Chartered Accountants
Statutory Auditor
Springfield House
Springfield Road
Horsham
West Sussex
RH12 2RG

Date: 28 September 2021

Kreston Reeves LLP are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

Petworth Cottage Nursing Home
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Statement of financial activities (incorporating income and expenditure account)
For the year ended 31 December 2020

	Note	Operating funds 2020 £	General funds 2020 £	Total funds 2020 £	Total funds 2019 £
Income from:					
Donations and legacies	4	64,159	134,009	198,168	102,874
Charitable activities:					
Other charitable activities		1,448,118	-	1,448,118	1,397,639
Investments	5	-	38,809	38,809	46,829
Total income		1,512,277	172,818	1,685,095	1,547,342
Expenditure on:					
Raising funds		-	9,457	9,457	9,851
Charitable activities:					
Provision of a residential care home	6,7	1,622,638	-	1,622,638	1,517,680
Governance		6,000	-	6,000	6,400
Total expenditure		1,628,638	9,457	1,638,095	1,533,931
Net (expenditure)/income before net (losses)/gains on investments		(116,361)	163,361	47,000	13,411
Net (losses)/gains on investments	12,13	-	(41,743)	(41,743)	93,342
Net (expenditure)/income before taxation		(116,361)	121,618	5,257	106,753
Transfers between funds	18	116,361	(116,361)	-	-
Net movement in funds		-	5,257	5,257	106,753
Reconciliation of funds:					
Total funds brought forward		-	2,925,205	2,925,205	2,818,452
Net movement in funds		-	5,257	5,257	106,753
Total funds carried forward		-	2,930,462	2,930,462	2,925,205

The Statement of financial activities includes all gains and losses recognised in the year.
The notes on pages 16 to 33 form part of these financial statements.

Petworth Cottage Nursing Home
(A company limited by guarantee)
Registered number: 03244113

Balance sheet
As at 31 December 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	11	1,571,787	1,551,048
Investments	12	799,962	871,704
Investment property	13	260,000	230,000
		<u>2,631,749</u>	<u>2,652,752</u>
Current assets			
Stocks	14	4,609	2,109
Debtors	15	151,953	142,036
Cash at bank and in hand		252,908	229,653
		<u>409,470</u>	<u>373,798</u>
Creditors: amounts falling due within one year	16	(110,757)	(101,345)
Net current assets		<u>298,713</u>	<u>272,453</u>
Total net assets		<u><u>2,930,462</u></u>	<u><u>2,925,205</u></u>
Charity funds			
Restricted funds	18	2,930,462	2,925,205
Total funds		<u><u>2,930,462</u></u>	<u><u>2,925,205</u></u>

The entity was entitled to exemption from audit under section 477 of the Companies Act 2006 and the members have not required the entity to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006. However, an audit is required in accordance with section 144 of the Charities Act 2011.

The Trustee directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements were approved and authorised for issue by the Trustee directors on 24/09/2021 and signed on their behalf by:

Mr C Hubbard, Chairman

The notes on pages 16 to 33 form part of these financial statements.

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Statement of cash flows
For the year ended 31 December 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Net cash used in operating activities	19	50,293	22,254
		<hr/>	<hr/>
Cash flows from investing activities			
Dividends, interests and rents from investments		38,310	46,063
Proceeds from the sale of tangible fixed assets		7,150	-
Purchase of tangible fixed assets		(72,997)	(47,376)
User text		499	766
		<hr/>	<hr/>
Net cash used in investing activities		(27,038)	(547)
		<hr/>	<hr/>
Change in cash and cash equivalents in the year		23,255	21,707
Cash and cash equivalents at the beginning of the year		229,653	207,946
		<hr/>	<hr/>
Cash and cash equivalents at the end of the year	20	252,908	229,653
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 16 to 33 form part of these financial statements

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Notes to the financial statements
For the year ended 31 December 2020

1. General information

Petworth Cottage Nursing Home is a charitable company registered in the United Kingdom. The address of the registered office is given in the charity information page 1 of these financial statements.

The financial statements are prepared in sterling which is the functional currency of the charity and rounded to the nearest £.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - 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 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Petworth Cottage Nursing Home meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

2.2 Going concern

Having reviewed the funds available to the Charity, together with the expected ongoing demand for places and the Charity's projected cash flows, the Trustee directors have a reasonable expectation that the charitable company has adequate resources to continue in operational existence.

Due to its unprecedented impact on the wider economy, it is difficult to evaluate with any certainty the final potential outcomes on the charitable company of the COVID-19 virus. However, taking into consideration the UK Government's response and the charitable company's planning, the Trustee directors have a reasonable expectation that the charitable company will continue in operational existence for the foreseeable future.

2.3 Company status

The Charity is a company limited by guarantee. The members of the company are the Trustee directors named on page 1. In the event of the Charity being wound up the liability in respect of the guarantee is limited to £10 per member of the Charity.

Notes to the financial statements
For the year ended 31 December 2020

2. Accounting policies (continued)

2.4 Income

All income is recognised once the Charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Patients' fees include all fees receivable for the year.

Legacies are recognised on a case by case basis following the granting of probate and based on when the charity has been notified in writing of both the amount and the settlement date of the gift.

Donations are recognised when the charity has been notified in writing of both the amount and settlement date. The income from fundraising is shown gross, with the associated costs included in fundraising costs.

Investment income is earned through holding assets for investment purposes such as shares and property. Interest income is recognised using the effective interest method and dividend and rent income is recognised as the charity's right to receive payment is established.

Grants, including government grants, are included in the Statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

2.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. All costs have been allocated to activities on a basis consistent with the use of resource.

Expenditure on raising funds includes all expenditure incurred by the Charity to raise funds for its charitable purposes and includes costs of all fundraising activities events.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the Charity's objectives, as well as any associated support costs and governance costs.

Support costs are those costs incurred directly in support of expenditure on the objects of the Charity and include project management carried out at Headquarters. Governance costs are those incurred in connection with administration of the Charity and compliance with constitutional and statutory requirements.

All expenditure is inclusive of irrecoverable VAT.

2.6 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Charity; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

Notes to the financial statements
For the year ended 31 December 2020

2. Accounting policies (continued)

2.7 Taxation

The charity is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

2.8 Tangible fixed assets and depreciation

Tangible fixed assets costing £100 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives.

Depreciation is provided on the following bases:

Freehold property	- 5, 10 or 20 years straight line
Motor vehicles	- 25% per annum reducing balance
Fixtures and fittings	- Between 10-50% per annum on cost

At each balance sheet date the Trustee directors review the carrying amounts of the Charity's tangible fixed assets to determine whether there is an indication of impairment of those assets. If such an indication exists, the recoverable amount of the asset is estimated in order to assess whether any impairment loss has arisen. The recoverable amount is the higher of fair value less costs to sell and value in use as determined by the trustees. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

2.9 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the balance sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment.

Investment properties are measured at fair value at each reporting date.

Gains and losses on fixed asset investments and investment properties, whether realised or unrealised, are combined and presented as "Net gains/(losses) on investments in the Statement of Financial Activities.

2.10 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

Notes to the financial statements
For the year ended 31 December 2020

2. Accounting policies (continued)

2.11 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

2.12 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

2.13 Liabilities and provisions

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the Charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

2.14 Financial instruments

The Charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments of the Charity are initially recognised at transaction value and subsequently measured at their settlement value.

2.15 Pensions

The Charity operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Charity to the fund in respect of the year.

2.16 Other employee benefits

When employees have rendered service to the Charity short term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

2.17 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustee directors in furtherance of the general objectives of the Charity and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Petworth Cottage Nursing Home
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Notes to the financial statements
For the year ended 31 December 2020

3. Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The Charity makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Critical areas of judgement:

Expected useful life, and residual value of, freehold land and buildings

Tangible fixed assets are depreciated over their expected useful economic lives after taking into account the estimated residual value of the asset where significant. The residual values and useful economic lives are reassessed annually and may vary depending on a number of factors such as future maintenance programmes, future market conditions and changes in legislation.

Fair value of investment properties

Investment properties are measured at fair value at each reporting date. The fair value of investment properties is assessed by the Trustee directors.

4. Income from donations and legacies

	Operating funds 2020 £	General funds 2020 £	Total funds 2020 £
Donations			
Donations and legacies	-	85,910	85,910
Donations received via The Friends	-	48,099	48,099
Government grants	64,159	-	64,159
	<hr/> 64,159 <hr/>	<hr/> 134,009 <hr/>	<hr/> 198,168 <hr/>

During the year government grants of £51,017 (2019: £nil) were received in relation to infection control, £6,914 (2019: £nil) in relation to support for social service residents, £3,728 (2019: £nil) in relation to the Coronavirus Job Retention Scheme and £2,500 (2019: £nil) in relation to statutory sick pay reclaimed.

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Notes to the financial statements
For the year ended 31 December 2020

4. Income from donations and legacies (continued)

	General funds 2019 £	Total funds 2019 £
Donations		
Donations and legacies	48,941	48,941
Donations received via The Friends	53,933	53,933
	<u>102,874</u>	<u>102,874</u>

5. Investment income

	General funds 2020 £	Total funds 2020 £
Rent receivable	8,470	8,470
Dividends receivable	29,840	29,840
Bank interest receivable	499	499
	<u>38,809</u>	<u>38,809</u>

	General funds 2019 £	Total funds 2019 £
Rent receivable	8,447	8,447
Dividends receivable	37,616	37,616
Bank interest receivable	766	766
	<u>46,829</u>	<u>46,829</u>

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Notes to the financial statements
For the year ended 31 December 2020

6. Analysis of expenditure by activities

	Activities undertaken directly 2020 £	Support costs 2020 £	Total funds 2020 £
Provision of a residential care home	1,626,136	2,502	1,628,638

	Activities undertaken directly 2019 £	Support costs 2019 £	Total funds 2019 £
Provision of a residential care home	1,521,675	2,405	1,524,080

All expenditure on activities undertaken directly and support costs were from operating funds in 2020 and 2019.

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Notes to the financial statements
For the year ended 31 December 2020

6. Analysis of expenditure by activities (continued)

Analysis of direct costs

	Provision of a residential care home 2020 £	Total funds 2020 £
Staff costs	1,277,958	1,277,958
Depreciation	49,136	49,136
Staff agency charges	18,308	18,308
Staff training	2,992	2,992
Food	61,089	61,089
Cleaning and laundry	21,714	21,714
Surgery and medical supplies	45,526	45,526
Incidental patient supplies	398	398
Heating oil	13,012	13,012
Electricity	21,356	21,356
Water charges	5,948	5,948
Repairs and renewals	42,646	42,646
New building work	10,873	10,873
Garden maintenance	3,987	3,987
Telephone	1,419	1,419
Television	(536)	(536)
Motor and travelling	3,272	3,272
Insurance	17,253	17,253
General office expenses	13,594	13,594
Sundry expenses	7,885	7,885
Council tax	1,364	1,364
Advertising	1,456	1,456
Bad debts	154	154
Legal and professional fees	3,566	3,566
(Profit) / Loss on sale of fixed assets	(4,234)	(4,234)
Governance costs	6,000	6,000
	<hr/> 1,626,136 <hr/>	<hr/> 1,626,136 <hr/>

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Notes to the financial statements
For the year ended 31 December 2020

6. Analysis of expenditure by activities (continued)

Analysis of direct costs (continued)

	Provision of a residential care home 2019 £	Total funds 2019 £
Staff costs	1,084,133	1,084,133
Depreciation	48,862	48,862
Staff agency charges	122,258	122,258
Staff training	6,817	6,817
Food	55,836	55,836
Cleaning and laundry	21,993	21,993
Surgery and medical supplies	26,456	26,456
Incidental patient supplies	874	874
Heating oil	15,771	15,771
Electricity	20,730	20,730
Water charges	5,979	5,979
Repairs and renewals	31,858	31,858
New building work	11,413	11,413
Garden maintenance	7,162	7,162
Telephone	2,058	2,058
Television	(297)	(297)
Motor and travelling	4,039	4,039
Insurance	16,045	16,045
General office expenses	9,245	9,245
Sundry expenses	6,153	6,153
Council tax	1,297	1,297
Advertising	9,106	9,106
Bad debts	78	78
Legal and professional fees	7,227	7,227
(Profit) / Loss on sale of fixed assets	182	182
Governance costs	6,400	6,400
	<u>1,521,675</u>	<u>1,521,675</u>

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Notes to the financial statements
For the year ended 31 December 2020

6. Analysis of expenditure by activities (continued)

Analysis of support costs

	Provision of a residential care home 2020 £	Total funds 2020 £
Bank charges	2,502	2,502

	Provision of a residential care home 2019 £	Total funds 2019 £
Bank charges	2,405	2,405

7. Auditors' remuneration

	Operating funds 2020 £	Operating funds 2019 £
Governance - Auditors remuneration	6,000	6,400

8. Staff costs

Staff costs were as follows:

	2020 £	2019 £
Wages and salaries	1,145,443	990,235
Social security costs	111,949	77,926
Contribution to defined contribution pension schemes	20,566	15,972
	1,277,958	1,084,133

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Notes to the financial statements
For the year ended 31 December 2020

8. Staff costs (continued)

The average number of persons employed by the Charity during the year was as follows:

	2020	2019
	No.	No.
Employees	58	53

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2020	2019
	No.	No.
In the band £60,001 - £70,000	-	1
In the band £70,001 - £80,000	1	-

9. Key management personnel

	2020	2019
	£	£
Wages and salaries	165,261	157,178
Social security costs	19,184	18,139
Pension costs	6,412	3,170
	190,857	178,487

10. Trustee directors' remuneration and expenses

During the year, no Trustee directors received any remuneration or other benefits (2019 - £NIL).

During the year ended 31 December 2020, no Trustee director expenses have been incurred (2019 - £NIL).

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Notes to the financial statements
For the year ended 31 December 2020

11. Tangible fixed assets

	Freehold property £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation				
At 1 January 2020	1,486,736	32,180	287,053	1,805,969
Additions	5,345	42,835	24,817	72,997
Disposals	-	(32,180)	(8,984)	(41,164)
At 31 December 2020	<u>1,492,081</u>	<u>42,835</u>	<u>302,886</u>	<u>1,837,802</u>
Depreciation				
At 1 January 2020	46,672	29,931	178,318	254,921
Charge for the year	14,579	4,309	30,454	49,342
On disposals	-	(30,323)	(7,925)	(38,248)
At 31 December 2020	<u>61,251</u>	<u>3,917</u>	<u>200,847</u>	<u>266,015</u>
Net book value				
At 31 December 2020	<u>1,430,830</u>	<u>38,918</u>	<u>102,039</u>	<u>1,571,787</u>
At 31 December 2019	<u>1,440,064</u>	<u>2,249</u>	<u>108,735</u>	<u>1,551,048</u>

All of the tangible fixed assets of the Charity are used directly for charitable purposes.

12. Fixed asset investments

	Listed investments £
Cost or valuation	
At 1 January 2020	871,704
Revaluations	(71,742)
At 31 December 2020	<u>799,962</u>
Historical cost as at 1 January 2020 and 31 December 2020	<u>807,000</u>

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Notes to the financial statements
For the year ended 31 December 2020

Valuation

The fair value of listed investments is determined by the reference to the market value.

Listed investments at market value

	2020	2019
	£	£
Charifund - Equities Investment Fund for Charities	315,222	381,391
Charibond - Charities Fixed Interest Common Investment Fund	166,459	164,562
Edentree - Amity Balanced Fund	188,173	202,131
Edentree - Amity Global Equity Fund	130,108	123,620
	<u>799,962</u>	<u>871,704</u>

13. Investment property

	Freehold investment property £
Valuation	
At 1 January 2019 and 31 December 2019	230,000
Surplus on revaluation	30,000
	<u>260,000</u>
At 31 December 2020	<u>260,000</u>

The 2020 valuations were made by the Trustee directors, on an open market value for existing use basis.

The Trustee directors consider that the open market value equates to fair value.

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Notes to the financial statements
For the year ended 31 December 2020

14. Stocks

	2020	2019
	£	£
Medical supplies and food	4,609	2,109

15. Debtors

	2020	2019
	£	£
Trade debtors	110,090	115,775
Prepayments and accrued income	41,863	26,261
	151,953	142,036

16. Creditors: Amounts falling due within one year

	2020	2019
	£	£
Trade creditors	30,248	31,882
Other taxation and social security	34,579	35,050
Other creditors	6,360	20,571
Accruals and deferred income	39,570	13,842
	110,757	101,345

Income is deferred in respect of resident fees received in advance and income for fundraising events received in advance.

	2020	2019
	£	£
Deferred income at 1 January 2020	1,247	2,670
Resources deferred during the year	3,221	1,247
Amounts released from previous periods	(1,247)	(2,670)
	3,221	1,247

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Notes to the financial statements
For the year ended 31 December 2020

17. Financial instruments

	2020	2019
	£	£
Financial assets		
Financial assets measured at fair value through income and expenditure	1,059,962	1,101,704
Financial assets measured at amortised cost	363,148	345,428
	<u>1,423,110</u>	<u>1,447,132</u>
	2020	2019
	£	£
Financial liabilities		
Financial liabilities measured at cost less impairment	76,178	66,295

Financial assets measured at fair value through income and expenditure comprise fixed asset listed investments and investment property.

Financial assets measured at amortised cost comprise trade debtors and cash and cash equivalents.

Financial liabilities measured at cost less impairment comprise trade creditors, accruals and other creditors.

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Notes to the financial statements
For the year ended 31 December 2020

18. Statement of funds

Statement of funds - current year

	Balance at 1 January 2020 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 December 2020 £
Unrestricted funds						
Operating fund	-	1,512,277	(1,628,638)	116,361	-	-
General funds						
General fund	2,925,205	172,818	(9,457)	(116,361)	(41,743)	2,930,462
Total of funds	2,925,205	1,685,095	(1,638,095)	-	(41,743)	2,930,462

Statement of funds - prior year

	Balance at 1 January 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 December 2019 £
General Funds						
Operating fund	-	1,397,639	(1,524,080)	126,441	-	-
General fund	2,818,452	149,703	(9,851)	(126,441)	93,342	2,925,205
	2,818,452	1,547,342	(1,533,931)	-	93,342	2,925,205

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Notes to the financial statements
For the year ended 31 December 2020

19. Reconciliation of net movement in funds to net cash flow from operating activities

	2020 £	2019 £
Net income for the period (as per Statement of Financial Activities)	5,257	106,753
Adjustments for:		
Depreciation charges	49,342	48,862
Dividends, interests and rents from investments	(38,809)	(46,829)
Loss/(profit) on the sale of fixed assets	(4,234)	182
Decrease/(increase) in stocks	(2,500)	71
Decrease/(increase) in debtors	(9,917)	649
Increase in creditors	9,412	5,908
Unrealised (gain)/loss on investments	41,742	(93,342)
Net cash provided by operating activities	50,293	22,254

20. Analysis of cash and cash equivalents

	2020 £	2019 £
Cash in hand	252,908	229,653
Total cash and cash equivalents	252,908	229,653

21. Analysis of changes in net debt

	At 1 January 2020 £	Cash flows £	At 31 December 2020 £
Cash at bank and in hand	229,653	23,255	252,908
	229,653	23,255	252,908

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Notes to the financial statements
For the year ended 31 December 2020

22. Pension commitments

The Charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Charity in an independently administered fund. The pension cost charge represents contributions payable by the Charity to the fund and amounted to £20,566 (2019 - £15,972). Contributions totalling £824 (2019 - £1,499) were payable to the fund at the balance sheet date and are included in creditors.

23. Related party transactions

During the year the Charity incurred property management fees of £3,046 (2019 - £1,779) from Barrington and Co, of which T Barrington, trustee, is a director. At the balance sheet date the amount due to Barrington and Co was £nil (2019 - £nil).

There were no other related party transactions requiring disclosure in 2020.

24. Controlling party

The charitable company is controlled by its trustee directors.