

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 2021

Petworth Cottage Nursing Home
(A company limited by guarantee)

Contents

	Page
Reference and administrative details of the charity, its trustees and advisers	1
Trustee directors' report	2 - 6
Trustee directors' responsibilities statement	7
Independent auditors' report on the financial statements	8 - 12
Statement of financial activities	13
Balance sheet	14
Statement of cash flows	15
Notes to the financial statements	16 - 32

Petworth Cottage Nursing Home
(A company limited by guarantee)

Reference and administrative details of the Charity, its trustees and advisers
For the year ended 31 December 2021

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 (resigned 23 May 2022) Mr T J Barrington Dr A J Smoker Mr J R Atkins (appointed 31 January 2022)
Company registered number	03244113
Charity registered number	1058769
Registered office	Petworth Cottage Nursing Home Fittleworth Road Petworth West Sussex GU28 0HQ
Company secretary	T R W Longmore
Patron	The 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
(A company limited by guarantee)

Trustee directors' report
For the year ended 31 December 2021

The Trustee directors present their annual report together with the audited financial statements of the Charity for the year 1 January 2021 to 31 December 2021. 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 unless noted otherwise.

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 2021, there was an operating deficit of £107,706 and an overall surplus of £58,179 leading to an increase in the total reserves held. The income received from residents rose by 0.21% with average occupancy of 27.47 residents.

Petworth Cottage Nursing Home
(A company limited by guarantee)

Trustee directors' report (continued)
For the year ended 31 December 2021

Investment policy and performance

Although no changes to the investments were made during 2021 (meaning that the four collective investments listed below are the same as the ones listed in the 31 December 2020 accounts), it was nevertheless agreed in August 2021 that the Investment Committee should research the idea of perhaps formally appointing an investment manager to manage Petworth Cottage Nursing Home's (PCNH) non-property investments on its behalf.

As a first step, Mr. Nigel Pavey of Rowan Dartington was invited to submit some written proposals which he duly did on 19th August. Then, on 10th November, the members of the Investment Committee had a meeting with Nigel Pavey, after which the Investment Committee agreed:

- i) That, yes, a discretionary fund manager such as Rowan Dartington should, indeed, be appointed, but
- ii) That at least one other firm should be invited to present its proposals to us before we select which investment manager will act for us. (The position as at 31 December 2021 is that Ms Poppy Fox of Quilter Cheviot Investment Managers has been invited to submit her investment proposals to us early in the New Year.)

In addition to the agreed plan to appoint an investment manager, the Investment Committee has also decided that it needs to review the following during the early months of 2022, namely the amount of cash to hold in reserve, the investment time horizon of the invested monies, the investment risk mandate of the managed portfolio and whether to invest for income or capital growth or both.

PCNH currently holds:-

22,966 units in M and G Charifund worth on 31 December 2021 £357,394.
132,658 units in M and G Charibond worth on 31 December 2021 £160,741.
176,689 units in Edentree Amity Balanced Fund worth on 31 December 2021 £200,541.
87,674 units in Edentree Amity Global Equity Fund worth on 31 December 2021 £149,571.

The total funds invested as at 31 December 2021 being £868,247.

By the time that next year's Accounts are produced, we would expect these four holdings to have been replaced with a Managed Portfolio.

Future plans

The trustee directors and Management Team will endeavour to sustain occupancy levels. A major consideration and concern continues to be recruitment of both nursing and caring staff. This is greatly exacerbated by PCNH's geographical location which is comparatively isolated. The Budget for 2022 is based therefore upon an occupancy level of 28. This compares with 18 in 2013, 23 in 2014, 28 in 2015, 28.5 in 2016, 29.5 in 2017, 29 in 2018, 29 in 2019, 29 in 2020 and 29 in 2021.

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 many months expenditure and potential repairs to the property. Total unrestricted funds were £2,988,641 and after taking account of £1,787,282 tied up in tangible fixed assets and investment property, uncommitted reserves at the year end were £1,201,359.

Petworth Cottage Nursing Home
(A company limited by guarantee)

Trustee directors' report (continued)
For the year ended 31 December 2021

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)	- Secondary 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 its Charitable status as a non-profit Organisation. Fees charged reflect the full nursing status of the Home and are generally well below that of similar Nursing Homes. Petworth Cottage Nursing Home has assisted 20 Residents with their fees during 2021.

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

Petworth Cottage Nursing Home
(A company limited by guarantee)

Trustee directors' report (continued)
For the year ended 31 December 2021

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

I find myself in July of 2022 echoing my reflections of 2020. 2021 continued to be a truly testing and demanding time for all of our Team, perhaps most of all for our Carers and Nursing Team who had not only to cherish, nurse and support our Residents but at the same time safe-guarding themselves and their families, many of whom are of school age. They rose to the challenge wonderfully with great good humour and with a will to overcome and support one another.... a real team effort with the result that yet again all our Residents remained Covid free.

Fund raising activities

PCNH has over a period of many years integrated itself within the local community and continues to benefit through its reputation and the activities of the Friends which inevitably during 2021 were considerably restricted. Normal fund raising activities like the Alfresco Lunch, Winter Fair, Carols at Christmas fell by the "wayside".

Results of Fund Raising Activities for 2021:-

Christmas Quiz	£ 24,210
Badger Pub	£ 1,010
Petworth Fair & Card Reader	£ 1,309
Blue Tins	£ 300
Pattie Art Donation	£ 300
Various Donations	£ 1,661
Newsletter	£ 361

Total £29,151

The Board is hugely grateful and appreciative for all of these contributions. These gifts, activities and very generous donations absolutely allow PCNH to fulfil its responsibilities as a Charity for the benefit of the community of Petworth and beyond.

In closing I find myself considering a cautionary note regarding the future. Recruitment of carers and nurses continues to be a very considerable problem. We need to be suitably aware of this. There have been a number of closures of similar establishments within the area. We need therefore to reward our Team in an appropriate manner and this will mean that our fees will have to be continually reviewed and adjusted.

Finally, the Trustees are immensely grateful to Mrs. Yvonne Stout, Manager (Matron) and all the nursing and caring team which she leads with great care and example. They have maintained the ethos of compassion and excellence to the highest standard.

Petworth Cottage Nursing Home
(A company limited by guarantee)

Trustee directors' report (continued)
For the year ended 31 December 2021

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 26 September 2022 and signed on their behalf by:



Mr A W Brooke, Trustee

Petworth Cottage Nursing Home
(A company limited by guarantee)

Statement of Trustee directors' responsibilities
For the year ended 31 December 2021

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.

Petworth Cottage Nursing Home
(A company limited by guarantee)

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 2021 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 2021 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
(A company limited by guarantee)

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.

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 and residual value of freehold property. 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
- Assessment of identified fraud risk factors; and
- Review of a sample of 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 reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

Petworth Cottage Nursing Home
(A company limited by guarantee)

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

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.

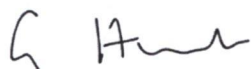
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Petworth Cottage Nursing Home
(A company limited by guarantee)

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
Horsham Office

26 September 2022

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

Petworth Cottage Nursing Home
(A company limited by guarantee)

Statement of financial activities (incorporating income and expenditure account)
For the year ended 31 December 2021

	Note	Operating funds 2021 £	General funds 2021 £	Total funds 2021 £	Total funds 2020 £
Income from:					
Donations and legacies	4	54,029	64,455	118,484	198,168
Charitable activities:					
Patients' fees		1,451,117	-	1,451,117	1,448,118
Investments	5	-	41,009	41,009	38,809
Total income		1,505,146	105,464	1,610,610	1,685,095
Expenditure on:					
Raising funds		-	7,864	7,864	9,457
Charitable activities:					
Provision of a residential care home	6,7	1,606,852	-	1,606,852	1,622,638
Governance		6,000	-	6,000	6,000
Total expenditure		1,612,852	7,864	1,620,716	1,638,095
Net (expenditure)/income before net gains/(losses) on investments					
		(107,706)	97,600	(10,106)	47,000
Net gains/(losses) on investments	12	-	68,285	68,285	(41,743)
Net (expenditure)/income before taxation		(107,706)	165,885	58,179	5,257
Transfers between funds	17	107,706	(107,706)	-	-
Net movement in funds		-	58,179	58,179	5,257
Reconciliation of funds:					
Total funds brought forward		-	2,930,462	2,930,462	2,925,205
Net movement in funds		-	58,179	58,179	5,257
Total funds carried forward		-	2,988,641	2,988,641	2,930,462

The Statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 16 to 32 form part of these financial statements.

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

Balance sheet
As at 31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	11	1,527,282	1,571,787
Investments	12	868,247	799,962
Investment property	13	260,000	260,000
		<u>2,655,529</u>	<u>2,631,749</u>
Current assets			
Stocks	14	2,600	4,609
Debtors	15	164,711	151,953
Cash at bank and in hand	19	260,860	252,908
		<u>428,171</u>	<u>409,470</u>
Creditors: amounts falling due within one year	16	(95,059)	(110,757)
Net current assets		<u>333,112</u>	<u>298,713</u>
Total net assets		<u><u>2,988,641</u></u>	<u><u>2,930,462</u></u>
Charity funds			
General funds	17	2,988,641	2,930,462
Total funds		<u><u>2,988,641</u></u>	<u><u>2,930,462</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 26 September 2022 and signed on their behalf by:



Mr A W Brooke, Trustee

The notes on pages 16 to 32 form part of these financial statements.

Petworth Cottage Nursing Home
(A company limited by guarantee)

Statement of cash flows
For the year ended 31 December 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Net cash used in operating activities	18	(24,032)	50,293
		<hr/>	<hr/>
Cash flows from investing activities			
Dividends, interests and rents from investments		40,900	38,310
Proceeds from the sale of tangible fixed assets		-	7,150
Purchase of tangible fixed assets		(9,025)	(72,997)
Bank interest		109	499
		<hr/>	<hr/>
Net cash provided by/(used in) investing activities		31,984	(27,038)
		<hr/>	<hr/>
Change in cash and cash equivalents in the year		7,952	23,255
Cash and cash equivalents at the beginning of the year		252,908	229,653
		<hr/>	<hr/>
Cash and cash equivalents at the end of the year	19	260,860	252,908
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 16 to 32 form part of these financial statements

Petworth Cottage Nursing Home
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 December 2021

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.

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 2021

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.

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 2021

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 trustee directors. 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.

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.

Petworth Cottage Nursing Home
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 December 2021

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 change 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 2021 £	General funds 2021 £	Total funds 2021 £
Donations			
Donations and legacies	-	21,628	21,628
Donations received via The Friends	-	42,827	42,827
Government grants	54,029	-	54,029
	<u>54,029</u>	<u>64,455</u>	<u>118,484</u>

During the year government grants of £45,767 (2020: £51,017) were received in relation to infection control, £4,150 (2020: £6,914) in relation to support for social service residents, £4,112 (2020: £3,728) in relation to the Coronavirus Job Retention Scheme and £nil (2020: £2,500) in relation to statutory sick pay reclaimed.

Petworth Cottage Nursing Home
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 December 2021

4. Income from donations and legacies (continued)

	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
	<u>64,159</u>	<u>134,009</u>	<u>198,168</u>

5. Investment income

	General funds 2021 £	Total funds 2021 £
Rent receivable	8,445	8,445
Dividends receivable	32,455	32,455
Bank interest receivable	109	109
	<u>41,009</u>	<u>41,009</u>

	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>

Petworth Cottage Nursing Home
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 December 2021

6. Analysis of expenditure by activities

	Activities undertaken directly 2021 £	Support costs 2021 £	Total funds 2021 £
Provision of a residential care home	<u>1,610,364</u>	<u>2,488</u>	<u>1,612,852</u>

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

All expenditure on activities undertaken directly and support costs were from operating funds in 2021 and 2020.

Petworth Cottage Nursing Home
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 December 2021

6. Analysis of expenditure by activities (continued)

Analysis of direct costs

	Provision of a residential care home 2021 £	Total funds 2021 £
Staff costs	1,253,698	1,253,698
Depreciation	53,530	53,530
Staff agency charges	25,543	25,543
Staff training	4,518	4,518
Food	65,981	65,981
Cleaning and laundry	21,236	21,236
Surgery and medical supplies	23,036	23,036
Incidental patient supplies	356	356
Heating oil	14,245	14,245
Electricity	21,872	21,872
Water charges	3,724	3,724
Repairs and renewals	46,410	46,410
New building work	4,352	4,352
Garden maintenance	6,837	6,837
Telephone	1,095	1,095
Television	(283)	(283)
Motor and travelling	2,414	2,414
Insurance	21,777	21,777
General office expenses	18,391	18,391
Sundry expenses	7,395	7,395
Council tax	1,420	1,420
Advertising	4,033	4,033
Legal and professional fees	2,784	2,784
Governance costs	6,000	6,000
	<u>1,610,364</u>	<u>1,610,364</u>

Petworth Cottage Nursing Home
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 December 2021

6. Analysis of expenditure by activities (continued)

Analysis of direct costs (continued)

	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
	<u>1,626,136</u>	<u>1,626,136</u>

Petworth Cottage Nursing Home
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 December 2021

6. Analysis of expenditure by activities (continued)

Analysis of support costs

	Provision of a residential care home 2021 £	Total funds 2021 £
Bank charges	2,488	2,488

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

7. Auditors' remuneration

	Operating funds 2021 £	Operating funds 2020 £
Governance - Auditors remuneration	6,000	6,000
Fees payable to the Charity's auditor in respect of: All non-audit services not included above	120	-

8. Staff costs

Staff costs were as follows:

	2021 £	2020 £
Wages and salaries	1,141,051	1,145,443
Social security costs	90,833	111,949
Contribution to defined contribution pension schemes	21,814	20,566
	1,253,698	1,277,958

Petworth Cottage Nursing Home
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 December 2021

8. Staff costs (continued)

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

	2021	2020
	No.	No.
Employees	55	58

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

	2021	2020
	No.	No.
In the band £70,001 - £80,000	1	1

9. Key management personnel

	2021	2020
	£	£
Wages and salaries	168,051	165,261
Social security costs	19,572	19,184
Pension costs	3,395	6,412
	191,018	190,857

10. Trustee directors' remuneration and expenses

During the year, no Trustee directors received any remuneration or other benefits (2020 - £NIL).

During the year ended 31 December 2021, no Trustee director expenses have been incurred (2020 - £NIL).

Petworth Cottage Nursing Home
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 December 2021

11. Tangible fixed assets

	Freehold property £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation				
At 1 January 2021	1,492,081	42,835	302,886	1,837,802
Additions	-	-	9,025	9,025
Disposals	-	-	(6,396)	(6,396)
At 31 December 2021	<u>1,492,081</u>	<u>42,835</u>	<u>305,515</u>	<u>1,840,431</u>
Depreciation				
At 1 January 2021	61,251	3,917	200,847	266,015
Charge for the year	14,802	9,729	28,999	53,530
On disposals	-	-	(6,396)	(6,396)
At 31 December 2021	<u>76,053</u>	<u>13,646</u>	<u>223,450</u>	<u>313,149</u>
Net book value				
At 31 December 2021	<u>1,416,028</u>	<u>29,189</u>	<u>82,065</u>	<u>1,527,282</u>
At 31 December 2020	<u>1,430,830</u>	<u>38,918</u>	<u>102,039</u>	<u>1,571,787</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 2021	799,962
Revaluations	68,285
At 31 December 2021	<u>868,247</u>
Historical cost as at 1 January 2021 and 31 December 2021	<u>807,000</u>

Petworth Cottage Nursing Home
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 December 2021

Valuation

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

Listed investments at market value

	2021	2020
	£	£
Charifund - Equities Investment Fund for Charities	357,394	315,222
Charibond - Charities Fixed Interest Common Investment Fund	160,741	166,459
Edentree - Amity Balanced Fund	200,541	188,173
Edentree - Amity Global Equity Fund	149,571	130,108
	<u>868,247</u>	<u>799,962</u>

13. Investment property

	Freehold investment property £
Valuation	
At 1 January 2021	260,000
At 31 December 2021	<u>260,000</u>

The 2021 valuation was 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.

Petworth Cottage Nursing Home
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 December 2021

14. Stocks

	2021	2020
	£	£
Medical supplies and food	2,600	4,609

15. Debtors

	2021	2020
	£	£
Trade debtors	108,667	110,090
Prepayments and accrued income	56,044	41,863
	164,711	151,953

16. Creditors: Amounts falling due within one year

	2021	2020
	£	£
Trade creditors	24,404	30,248
Other taxation and social security	37,497	34,579
Other creditors	7,268	6,360
Accruals and deferred income	25,890	39,570
	95,059	110,757

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

	2021	2020
	£	£
Deferred income at 1 January 2021	3,221	1,247
Resources deferred during the year	1,703	3,221
Amounts released from previous periods	(3,221)	(1,247)
	1,703	3,221

Petworth Cottage Nursing Home
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 December 2021

17. Statement of funds

Statement of funds - current year

	Balance at 1 January 2021 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 December 2021 £
Unrestricted funds						
Operating fund	-	1,505,146	(1,612,852)	107,706	-	-
General funds						
General fund	2,930,462	105,464	(7,864)	(107,706)	68,285	2,988,641
Total of funds	2,930,462	1,610,610	(1,620,716)	-	68,285	2,988,641

Statement of funds - prior 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

Petworth Cottage Nursing Home
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 December 2021

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

	2021	2020
	£	£
Net income for the year (as per Statement of Financial Activities)	58,179	5,257
Adjustments for:		
Depreciation charges	53,530	49,342
Dividends, interests and rents from investments	(41,009)	(38,809)
Loss/(profit) on the sale of fixed assets	-	(4,234)
Decrease/(increase) in stocks	2,009	(2,500)
Increase in debtors	(12,758)	(9,917)
Increase/(decrease) in creditors	(15,698)	9,412
Unrealised (gain)/loss on investments	(68,285)	41,742
Net cash provided by/(used in) operating activities	(24,032)	50,293

19. Analysis of cash and cash equivalents

	2021	2020
	£	£
Cash at bank and in hand	260,860	252,908
Total cash and cash equivalents	260,860	252,908

20. Analysis of changes in net debt

	At 1	Cash flows	At 31
	January		December
	2021	£	2021
	£	£	£
Cash at bank and in hand	252,908	7,952	260,860
	252,908	7,952	260,860

Petworth Cottage Nursing Home
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 December 2021

21. 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 £21,814 (2020 - £20,566). Contributions totalling £nil (2020 - £824) were payable to the fund at the balance sheet date and are included in creditors.

22. Related party transactions

During the year the Charity incurred property management fees of £1,552 (2020 - £3,046) 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 (2020 - £nil).

There were no other related party transactions requiring disclosure in 2021.

23. Controlling party

The charitable company is controlled by its trustee directors.