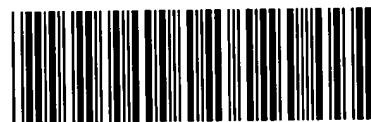


Charity Registration No. 515591

Company Registration No. 01844549 (England and Wales)

HOYLAKE COTTAGE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

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COMPANIES HOUSE

HOYLAKE COTTAGE

LEGAL AND ADMINISTRATIVE INFORMATION

| | |
|--------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Trustees | Mrs A Boon Mrs A Heseltine Mr S Heywood Mr R Holmes Mr A Mitchell Mr R Oakden Mr J Southworth Mr M Sutton Mr W A Twemlow Mr P Wilcox |
| Secretary | Mr S Heywood |
| General manager | Miss G Beesley |
| Charity number | 515591 |
| Company number | 01844549 |
| Registered office | Southworth House 35 Birkenhead Road Hoylake Wirral Merseyside CH47 5AQ |
| Auditor | McLintocks (NW) Limited 46 Hamilton Square Birkenhead Wirral Merseyside CH41 5AR |
| Bankers | National Westminster 10 Banks Road West Kirby Wirral Merseyside CH48 4LG Royal Bank of Scotland 1 Exchange Flags Liverpool L2 3XN |
| Solicitors | Hill Dickinson 1 St Paul's Square Liverpool Merseyside L3 9SJ |

HOYLAKE COTTAGE

LEGAL AND ADMINISTRATIVE INFORMATION

Solicitors

Brabners LLP
Horton House
Exchange Flags
Liverpool
Merseyside
L2 3YL

HOYLAKE COTTAGE

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HOYLAKE COTTAGE

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)

FOR THE YEAR ENDED 31 MARCH 2021

The trustees present their report and financial statements for the year ended 31 March 2021.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's Articles of Association, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016)

OBJECTIVES AND ACTIVITIES

Purpose and aims

The Trust's objects as stated in the Memorandum of Association are:

"The relief, care and assistance of older persons and provision of facilities in the interests of social welfare for recreation and leisure time occupation for the benefit of older members of the community and in particular but without prejudice to the generality of the foregoing, with the object of improving the condition of life of the older inhabitants of the community."

Charitable activities that contribute to achievement of the Trust's objects

The Trust's principal activities are provision of 24 hour nursing, dementia and respite care for older people who are unable to support themselves at home or in other care services. These services comprise almost 80% of the Trust's activity.

The Nursing Home, which is registered with the Care Quality Commission, comprises 62 rooms, of which 22 are for residents who suffer from dementia and 40 are for general nursing and respite care.

The Day Centre offers 45 places a day for older people and those with dementia or mental health problems.

Brookfield Homecare Limited provides domiciliary care services to approximately 100 local residents, providing some 650 hours of care each week at present, but with the opportunity to substantially increase care hours delivered as local demand exceeds the available supply.

How our activities deliver public benefit

Our purpose is to offer services to the local community that are affordable and relevant to their needs. We do this by managing efficiently our expenses on day-to-day operations but in a manner which is consistent with our objective of providing the high quality care for which the Trust is recognised. Fee increases, whilst unwelcome, are necessary to meet rising costs due to regulatory compliance, inflation and in particular, increases in the National Living Wage – the latter being significantly higher than inflation in recent years.

Fundraising activities are used mainly to fund capital expenditure which means that fees for services can be set at a lower level than would otherwise be the case. Services such as nursing respite care can be made available regardless of the beneficiary's financial means.

Decisions that would be judged uncommercial are also possible with support from fundraising such as creating a sensory garden and the refurbishment of the former nursing home for use by the day centre which, whilst in demand within the community, does not attract any financial support from local government service commissioners to fund the cost.

The next phase of development of the Dementia Village in the Day Centre was, unfortunately, further delayed by continuing problems with the flat roof of the Day Centre building and once those had been resolved, by the pandemic.

HOYLAKE COTTAGE

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

ACHIEVEMENTS AND PERFORMANCE

The Trust was severely affected by the pandemic, incurring much higher expenses for additional staff hours covering both sickness absence and self-isolation due to contact with others, PPE and cleaning materials, some of which was subsequently reimbursed by Government grants. Occupancy fell gradually at first then more precipitately later when the nursing home suffered an outbreak of the virus and new admissions were not permitted. The Day Centre was closed throughout the year.

Despite taking advantage of the Government funded furlough scheme which did help reduce salary expenses and grants for PPE and supporting certain specific staff expenses, the Trust incurred a deficit of £210,000 in the year which included a surplus of £38,000 at Brookfield Homecare. The deficit included, as usual, some £77,000 depreciation on the value of the Trust's land and buildings which was not a cash charge.

In February 2021 £100,000 was realised from our investment portfolio when it became clear that the virus outbreak in the nursing home would severely reduce our cash balances. The investment managers advised us to take that as an opportunity to reduce the volatility and risk in the portfolio by selling many of the investments in stocks and reinvesting in a wide spread of funds. At the end of the year, the portfolio had a realised gain of £40,000 and was valued at £161,000 including cash held for reinvestment.

We owe a debt of gratitude to all of our staff for the way in which they have cared for our residents and supported their relatives in such difficult circumstances as we coped with all of the changes and requirements imposed upon us, which sometimes were demanding and confusing. Their dedication and support is very much appreciated by us all.

FINANCIAL REVIEW

Hoylake Cottage

The results for the year and the Trust's financial position at the end of the year are shown on the attached financial statements. The Trust's strategic aim is to recover the full cost of services from operating income. It is accepted that this may not always occur within a single financial year. Fundraising is used generally to fund non-operational activities.

Brookfield Homecare Limited

Despite the restrictions of the pandemic which caused much higher staff absence, some reduction in demand for our services and increased expenses for both staff and personal protection equipment, the business performed well. Turnover was lower than we had originally anticipated but so too were expenses. Wirral Social Services increased their fees and we applied some small increases to our private client fees. Government grants were made available which helped considerably in managing increased expenses.

The business delivered a surplus of £38,000 in the year largely due to management charges being substantially lower than the previous year.

HOYLAKE COTTAGE

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Fundraising and other non-charitable activity income

Donations, legacies and grants received during the year were £38,000, similar to the previous year and the net rent from the apartments was £23,000.

The shop closed at the start of the year due to the pandemic and it became clear that it would be unable to open again for a prolonged period. Sales had been declining over the last couple of years possibly due to the high number of competitor charity shops locally and it was difficult to recruit volunteers to manage the shop.

Not long after the shop closed we received an approach from another business which was interested in taking over our shop. After some prolonged negotiations, our lease was surrendered without penalty.

We are especially grateful to all of the volunteers at the shop who have supported us over many years and naturally sad that we have had to close it but, in the circumstances, the additional expense of rent and overheads without income was difficult to justify at a time when the Trust's businesses were incurring deficits.

Reserves policy

The Consolidated Balance Sheet of the Trust shows Unrestricted Funds of £4,177,172 which included Unrestricted Funds at Brookfield Homecare of £34,164.

The Trustees regularly review the Trust's needs for Reserves in line with guidance issued by the Charity Commission. The Trustees' policy in respect of Reserves is that minimum Reserves of £250,000 are required to fund working capital requirements.

At the balance sheet date, free reserves were £179,362 and free cash and liquid investment reserves were £326,764 which the Trustees consider acceptable.

Funding sources

The Trust's cash reserves adequately fund daily working capital requirements during the year supplemented by receipts from sales of investments..

The new nursing home completed in 2008 was part-funded by a 20 year loan from Royal Bank of Scotland, secured on the Trust's land and buildings. The interest rate which was capped at a maximum rate of 6.89% until June 2018, has since reverted to a floating rate, which is considered acceptable in the current low interest rate environment.

Investment Policy

Under the Articles of Association the Trust has the power to make any investment the directors see fit. The Board approved an updated Investment Policy during the year confirming the appointment of Investec Wealth & Investment Limited as investment manager, authorising 3 of the Trustees to issue instructions and establishing performance benchmarks and the review process.

HOYLAKE COTTAGE

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Principal risks and uncertainties

The trustees have assessed the major risks to which the charity is exposed and are satisfied that systems are in place to mitigate exposure to major risks.

The main operational risks for the Trust which have influenced decisions in the current and previous years are:

- changing government policy towards long term care funding which has led to a rise in domiciliary care, can have the effect of reducing demand for long term nursing care. This is matched by an increasingly ageing population which potentially increases demand. The effect of these two factors together is, however, that our residents are more dependent at admission, and their length of stay with us tends to be shorter, which leads to higher cost and lower occupancy.
- increasingly demanding regulatory environment with insufficient recognition of the cost of meeting these demands.
- the introduction of and annual increases above inflation in National Living Wage, apparently without acceptance of the impact that will have on the care industry and without a realistic increase in state-funded fees for nursing care.
- budget constraint within local & central government affecting ability to fund nursing care places.
- local competition for nursing and day care accompanied by withdrawal of local government grants previously supporting these services.

Managing these risks is challenging for a relatively small charity. In recent years the Trustees' main concern has been to ensure financial solvency making cash generation and cash flow management an integral part of financial control. The acquisition of the Brookfield Homecare business provides an opportunity to offset periods of lower occupancy in the nursing home with growth in domiciliary care which is, currently, where investment in the care sector is being encouraged.

Due to the inability to hold formal Board Meetings during the year – virtual board meetings were held but less frequently – the risks were not reviewed but other than adding a risk related to a pandemic, the risks listed below remain relevant.

HOYLAKE COTTAGE

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Post balance sheet events & plans for future periods

Having suffered an outbreak of the virus after Christmas 2020 new residents could not be admitted until April by which time occupancy had fallen to some 56%. It was apparent that the Trust's cash reserves would fall to levels insufficient to support the business so an application was made to our bankers for a Government guaranteed Coronavirus Business Interruption Loan of £450,000 which was subsequently granted and drawn in May 2021. That, together with the sale of part of the investment portfolio, has supported the business whilst occupancy at the nursing home increased and the Day Centre resumed activity.

There will be a substantial deficit again this year but by the 3rd quarter of the year there were signs of improvement in occupancy and income which we hope will continue. Expenses are controlled as far as we can do so but there will need to be some capital expenditure to replace worn-out equipment, for building repairs and to comply with our insurance underwriters' requirements. We cannot estimate the final outcome for the 2022 year as the imposition of further restrictions or another virus outbreak are unpredictable and have the potential to disrupt the business considerably.

The year has been a very difficult one for Hoylake Cottage and its staff. A substantial deficit was incurred because of the effect of the Coronavirus on the business which increased staff costs and other operating expenses and at times restricted ability to admit new residents.

Performance in the first 7 months of the 2021-22 year has produced a consolidated deficit of some £260,000 for the same reasons. A budget was prepared for the year and performance so far is slightly better than the budget. That budget envisaged a return to monthly surpluses in the final quarter of the financial year and, with rising occupancy levels and well controlled overheads, the Trustees expect that surpluses will resume provided that new restrictions are not introduced during the winter and spring.

Cash and liquid assets are judged to be sufficient to support the Hoylake Cottage business until the anticipated return of surpluses in 2022.

In all the circumstances the Trustees are satisfied that the Company can continue to operate as a going concern for the next 12 months.

HOYLAKE COTTAGE

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

STRUCTURE, GOVERNANCE AND MANAGEMENT

Legal Structure

Hoylake Cottage ("the Trust") is a charitable company limited by guarantee incorporated in England on 30th August 1984 and is established under Articles of Association which set out its objectives and powers and how it is governed. There are no activities outside England. It is managed by a Board of Directors ("the Board") whose members are the directors for the purposes of Company Law and charity trustees for the purposes of Charity Law.

On 11th March 2019 Hoylake Cottage acquired the entire issued share capital of Brookfield Homecare Limited. The subsidiary was registered as a charity on 1st November 2019.

The Trust Board of Directors

The Board currently comprises 10 Trustees and normally meets monthly. The Articles of Association permit "virtual" Board meetings, which facility has been used effectively when necessary.

Trustees are carefully selected to ensure that they have the necessary skills and experience and are willing to attend regular Board and other meetings. New Trustees are briefed on their legal obligations, the committees and decision-making process and the business plan and financial performance of the Trust.

Trustees are elected (or re-elected) in accordance with the Trust's Articles of Association at its AGM. It was not possible to hold an AGM to present the 2019 accounts and our ability to hold an AGM for the 2020 year is in doubt at present. The Articles of Association specify that the Board should comprise a minimum of 5 and a maximum of 20, the ideal number is considered to be 8 - 12.

The Board has established a Clinical Governance Committee to provide the Board with an independent assurance that there is high quality and safe clinical practice operating at the Trust at all times and to check and ratify policies and compliance.

Management

Day-to-day operational management is under the control of the General Manager and the Clinical Nurse Manager who are responsible to the Board. They, together with the Finance Manager, attend meetings of the Board to ensure that the Trust's objectives continue to be met. Operational decision-making is delegated by Trustees to the General Manager and the Clinical Nurse Manager, including financial transactions that are within the annual budgets agreed by the Board and monitored in both formal and informal meetings by members of the Board.

The trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

Mrs A Boon

Mrs A Heseltine

Mr S Heywood

Mr R Holmes

Mr A Mitchell

Mr R Oakden

Mr J Southworth

Mr M Sutton

Mr W A Twemlow

Mr P Wilcox

HOYLAKE COTTAGE

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

Pay policy for key management personnel

The directors consider the senior management team comprise the key management personnel of the charity in charge of controlling, running and operating the Trust on a day to day basis.

The pay of the senior staff is reviewed annually and normally increased to the same extent as the rest of the staff. All the directors give of their time freely and no director received remuneration in his capacity as a director in the year.

Disclosure of information to auditor

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

The trustees' report was approved by the Board of Trustees.



Mr S Heywood

Trustee

Dated: 14th December 2021

HOYLAKE COTTAGE

STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE YEAR ENDED 31 MARCH 2021

The trustees, who are also the directors of Hoylake Cottage for the purpose of company law, are responsible for preparing the Trustees' 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 trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping adequate accounting records that 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.

HOYLAKE COTTAGE

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF HOYLAKE COTTAGE

Opinion

We have audited the financial statements of Hoylake Cottage (the 'charity') and its subsidiary for the year ended 31 March 2021 which comprise, the consolidated statement of financial activities, the consolidated and charity balance sheet, the consolidated statement of cash flows and the notes to the financial statements, 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 group and charitable company's affairs as at 31 March 2021 and of its incoming resources and application of resources, 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 Companies Act 2006.

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 *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and 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 trustees' 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 charity'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 trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees 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.

HOYLAKE COTTAGE

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF HOYLAKE COTTAGE

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the trustees' report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and charity and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of the charity for the purpose of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine 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 trustees are responsible for assessing the group and charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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.

HOYLAKE COTTAGE

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF HOYLAKE COTTAGE

Extent to which the audit was considered capable of detecting irregularities, including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the group through discussions with trustees and other management, and from our knowledge and experience of charity sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the group, including the Companies Act 2006, Charities Act 2011, data protection, anti-bribery, employment, food hygiene and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management team and inspecting legal correspondence; and identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the group's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management team as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC and relevant regulators.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

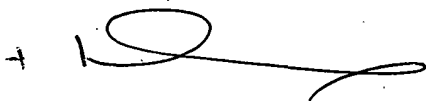
A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

HOYLAKE COTTAGE

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF HOYLAKE COTTAGE

Use of our report

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



Helen Furlong FCCA (Senior Statutory Auditor)
for and on behalf of McLintocks (NW) Limited

15.12.21

Chartered Accountants
Statutory Auditor

46 Hamilton Square
Birkenhead
Wirral
Merseyside
CH41 5AR

HOYLAKÉ COTTAGE

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2021

| | | Unrestricted funds 2021 £ | Restricted funds 2021 £ | Total 2021 £ | Unrestricted funds 2020 £ | Restricted funds 2020 £ | Total 2020 £ |
|-----------------------------------------------------------|-------|------------------------------------|----------------------------------|--------------------|------------------------------------|----------------------------------|--------------------|
| | Notes | | | | | | |
| <u>Income and endowments from:</u> | | | | | | | |
| Donations and legacies | 3 | 25,997 | 172,467 | 198,464 | 3,985 | 27,043 | 31,028 |
| Charitable activities | 5 | 3,193,278 | - | 3,193,278 | 3,288,080 | - | 3,288,080 |
| Other trading activities | 4 | 14,175 | - | 14,175 | 356,426 | - | 356,426 |
| Investments | 6 | 42,242 | - | 42,242 | 45,869 | - | 45,869 |
| Other income | | 10,118 | - | 10,118 | 5,840 | - | 5,840 |
| Total income | | 3,285,810 | 172,467 | 3,458,277 | 3,700,200 | 27,043 | 3,727,243 |
| <u>Expenditure on:</u> | | | | | | | |
| Raising funds | 7 | 44,919 | - | 44,919 | 370,250 | - | 370,250 |
| Charitable activities | 8 | 3,504,374 | 155,430 | 3,659,804 | 3,375,375 | 6,483 | 3,381,858 |
| Other | 12 | 3,845 | - | 3,845 | - | - | - |
| Total resources expended | | 3,553,138 | 155,430 | 3,708,568 | 3,745,625 | 6,483 | 3,752,108 |
| Net gains/(losses) on investments | 13 | 40,134 | - | 40,134 | (25,177) | - | (25,177) |
| Net (outgoing)/incoming resources before transfers | | (227,194) | 17,037 | (210,157) | (70,602) | 20,560 | (50,042) |
| Gross transfers between funds | | 9,000 | (9,000) | - | 11,748 | (11,748) | - |
| Net movement in funds | | (218,194) | 8,037 | (210,157) | (58,854) | 8,812 | (50,042) |
| Fund balances at 1 April 2020 | | 4,395,366 | 56,568 | 4,451,934 | 4,454,220 | 47,756 | 4,501,976 |
| Fund balances at 31 March 2021 | | 4,177,172 | 64,605 | 4,241,777 | 4,395,366 | 56,568 | 4,451,934 |

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

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

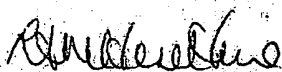
HOYLAKE COTTAGE

CONSOLIDATED BALANCE SHEET

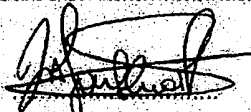
AS AT 31 MARCH 2021

| | Notes | £ | 2021 £ | £ | 2020 £ |
|----------------------------------------------------------------|-------|------------------|------------------|------------------|------------------|
| Fixed assets | | | | | |
| Tangible assets | 15 | | 5,221,469 | | 5,335,689 |
| Investments | 17 | | 161,075 | | 236,278 |
| | | | <u>5,382,544</u> | | <u>5,571,967</u> |
| Current assets | | | | | |
| Debtors | 19 | 99,514 | | 172,765 | |
| Cash at bank and in hand | | 230,294 | | 156,664 | |
| | | <u>329,808</u> | | <u>329,429</u> | |
| Creditors: amounts falling due within one year | 22 | (391,817) | | (371,487) | |
| Net current liabilities | | | (62,009) | | (42,058) |
| Total assets less current liabilities | | | <u>5,320,535</u> | | <u>5,529,909</u> |
| Creditors: amounts falling due after more than one year | 24 | | (1,078,758) | | (1,077,975) |
| Net assets | | | <u>4,241,777</u> | | <u>4,451,934</u> |
| Income funds | | | | | |
| Restricted funds | 27 | 64,605 | | 56,568 | |
| Unrestricted funds | 25 | 4,177,172 | | 4,395,366 | |
| | | <u>4,241,777</u> | | <u>4,451,934</u> | |

The financial statements were approved by the Trustees on 14th December 2021



Mrs A Heseltine
Trustee



Mr J Southworth
Trustee

Company Registration No. 01844549

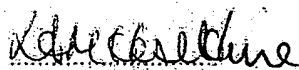
HOYLAKE COTTAGE

CHARITY BALANCE SHEET

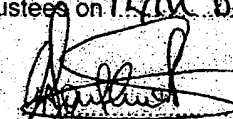
AS AT 31 MARCH 2021

| | Notes | £ | 2021 £ | £ | 2020 £ |
|----------------------------------------------------------------|---------|----------------|-------------------------|----------------|-------------------------|
| Fixed assets | | | | | |
| Tangible assets | 16 | | 5,211,650 | | 5,324,096 |
| Investments | 17 & 18 | | 161,077 | | 236,280 |
| | | | <u>5,372,727</u> | | <u>5,560,376</u> |
| Current assets | | | | | |
| Debtors | 20 | 58,335 | | 188,132 | |
| Cash at bank and in hand | | 139,310 | | 111,840 | |
| | | <u>197,645</u> | | <u>299,972</u> | |
| Creditors: amounts falling due within one year | 23 | (284,001) | | (326,323) | |
| Net current liabilities | | | (86,356) | | (26,351) |
| Total assets less current liabilities | | | <u>5,286,371</u> | | <u>5,534,025</u> |
| Creditors: amounts falling due after more than one year | 24 | | (1,078,758) | | (1,077,975) |
| Net assets | | | <u><u>4,207,613</u></u> | | <u><u>4,456,050</u></u> |
| Income funds | | | | | |
| Restricted funds | 28 | | 64,605 | | 56,568 |
| Unrestricted funds | 26 | | 4,143,008 | | 4,399,482 |
| | | | <u><u>4,207,613</u></u> | | <u><u>4,456,050</u></u> |

The financial statements were approved by the Trustees on 14th December 2021



Mrs A Heseltine
Trustee



Mr J Southworth
Trustee

Company Registration No. 01844549

HOYLAKE COTTAGE

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

| | Notes | 2021 £ | £ | 2020 £ | £ |
|---------------------------------------------------------------|-------|-----------|-----------|-----------|-----------|
| Cash flows from operating activities | | | | | |
| Cash (absorbed by)/generated from operations | 34 | | (115,849) | | 72,516 |
| Investing activities | | | | | |
| Purchase of tangible fixed assets | | (18,870) | | (90,854) | |
| Purchase of investments | | (84,862) | | (18,949) | |
| Proceeds on disposal of investments | | 200,199 | | 86,526 | |
| Investment income | | 42,242 | | 45,869 | |
| Net cash generated from investing activities | | | 138,709 | | 22,592 |
| Financing activities | | | | | |
| Repayment of bank loans | | 50,770 | | (147,641) | |
| Net cash generated from/(used in) financing activities | | | 50,770 | | (147,641) |
| Net increase/(decrease) in cash and cash equivalents | | | 73,630 | | (52,533) |
| Cash and cash equivalents at beginning of year | | | 156,664 | | 209,197 |
| Cash and cash equivalents at end of year | | | 230,294 | | 156,664 |

HOYLAKE COTTAGE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

Charity information

Hoylake Cottage is a private company limited by guarantee incorporated in England and Wales. The registered office is Southworth House, 35 Birkenhead Road, Hoylake, Wirral, Merseyside, CH47 5AQ. In the event of a winding up, the liability in respect of the guarantee is limited to £5 per member.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's Articles of Association, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016). The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value, as modified by the revaluation of certain assets. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the group and the charity have adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements. Since the year end it has been recognised that the Covid-19 Pandemic has had an adverse financial impact on the charity and will continue to do so in the near future. Notwithstanding that, the trustees are satisfied that the charity has adequate reserves and that it is appropriate to continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

1.4 Incoming resources

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

HOYLAKE COTTAGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

Income from charitable activities includes income received under contract or where entitlement to the grant funding is subject to performance conditions. Income is recognised in the Statement of Financial Activities when the related services have been provided, income in advance of those services being provided is deferred.

Local government covid-19 related grants are recognised on receipt.

Income from trading activities, includes income from fundraising events and trading activities to raise funds for the charity. Income is recognised when earned and the charity is entitled to the receipt.

Donations and all other receipts from fundraising are reported gross and the related fundraising costs are reported in expenditure.

1.5 Resources expended

Raising funds includes all expenditure incurred by the charity to raise funds for its charitable purposes and includes costs of all fundraising activities, events and non-charitable activities.

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Support costs are those that assist the work of the charity but are not directly attributable to the charitable activities. Support costs include office costs, administrative payroll costs and governance costs which support the charity's activities. Where the support costs cannot be attributable to a direct activity they have been allocated to the costs of raising funds and charitable activities on a pro-rata basis.

Governance costs represent costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

| | |
|-----------------------------|-----------------------------------------------|
| Freehold land and buildings | 1% on cost |
| Fixtures and fittings | 20%/25%/33.33% on cost & 15% reducing balance |
| Computers | 33.33%/20% on cost |
| Motor vehicles | 25% reducing balance |

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

1.7 Fixed asset investments

Fixed asset investments are initially measured at transaction price excluding transaction costs, and are subsequently measured at fair value at each reporting date. Changes in fair value are recognised in net income/(expenditure) for the year. Transaction costs are expensed as incurred.

HOYLAKE COTTAGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.8 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

1.11 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

HOYLAKE COTTAGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.13 Taxation

The charity is exempt from corporation tax on its charitable activities.

1.14 Basis of consolidation

The group financial statements consolidate the financial statements of Hoylake Cottage and its subsidiary, Brookfield Homecare Limited, drawn up to 31 March 2021. The results of the subsidiary are consolidated for the period from the date on which control passed

Business combinations are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements of the subsidiary to bring the accounting policies used into line with those used by the parent charitable company. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Advantage is being taken of Section 408 of the Companies Act 2006 not to present the Parent Company's Statement of Financial Activities including Income and Expenditure Account.

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Donations and legacies

| | Unrestricted funds | Restricted funds | Total | Unrestricted funds | Restricted funds | Total |
|---------------------|-----------------------|---------------------|----------------|-----------------------|---------------------|---------------|
| | 2021 | 2021 | 2021 | 2020 | 2020 | 2020 |
| | £ | £ | £ | £ | £ | £ |
| Donations and gifts | 3,525 | 10,616 | 14,141 | 2,485 | 27,043 | 29,528 |
| Legacies receivable | 1,300 | - | 1,300 | 1,500 | - | 1,500 |
| Government grants | 21,172 | 161,851 | 183,023 | - | - | - |
| | <u>25,997</u> | <u>172,467</u> | <u>198,464</u> | <u>3,985</u> | <u>27,043</u> | <u>31,028</u> |

HOYLAKE COTTAGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

4 Other trading activities

| | Unrestricted funds | Unrestricted funds |
|-------------------------------------------|-----------------------|-----------------------|
| | 2021 | 2020 |
| | £ | £ |
| Fundraising events | 14,021 | 10,682 |
| Shop income | 154 | 35,194 |
| Trading activity income: Domiciliary care | - | 310,550 |
| Other trading activities | <u>14,175</u> | <u>356,426</u> |

HOYLAKE COTTAGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

5 Charitable activities

| | Nursing 2021 £ | Day dementia care 2021 £ | Domiciliary care 2021 £ | Total 2021 £ | Nursing 2020 £ | Day dementia care 2020 £ | Domiciliary care 2020 £ | Total 2020 £ |
|------------------------------------|----------------------|-----------------------------------|----------------------------------|--------------------|----------------------|-----------------------------------|----------------------------------|--------------------|
| Sales within charitable activities | 2,630,448 | 22,378 | 540,452 | 3,193,278 | 2,826,199 | 242,755 | 219,126 | 3,288,080 |

HOYLAKE COTTAGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

6 Investments

| | Unrestricted funds | Unrestricted funds |
|--------------------------------|-----------------------|-----------------------|
| | 2021 | 2020 |
| | £ | £ |
| Rental income | 37,698 | 38,163 |
| Income from listed investments | 4,482 | 7,398 |
| Interest receivable | 62 | 308 |
| | <u>42,242</u> | <u>45,869</u> |

7 Fundraising expenditure

| | Unrestricted funds | Unrestricted funds |
|-----------------------------------------------------|-----------------------|-----------------------|
| | 2021 | 2020 |
| | £ | £ |
| <u>Fundraising and publicity</u> | | |
| Other fundraising costs | 216 | 471 |
| <u>Trading costs</u> | | |
| Operating charity shops | 16,093 | 18,707 |
| Other domiciliary care costs (pre charity status) | - | 19,624 |
| Staff costs charity shop | 10,864 | 20,348 |
| Staff costs domiciliary care (pre charity status) | - | 223,908 |
| Depreciation domiciliary care (pre charity status) | - | 2,077 |
| Depreciation charity shop | 1,482 | 657 |
| Support costs domiciliary care (pre charity status) | - | 69,084 |
| Trading costs | <u>28,439</u> | <u>354,405</u> |
| Investec costs | 1,337 | 1,866 |
| Apartment expenses | 14,927 | 13,508 |
| Investment costs | <u>16,264</u> | <u>15,374</u> |
| | <u>44,919</u> | <u>370,250</u> |

HOYLAK COTTAGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

8 Charitable activities

| | Nursing | Day dementia care | Domiciliary care | Total 2021 | Nursing | Day dementia care | Domiciliary care | Total 2020 |
|---------------------------------------------|------------------|-------------------|------------------|------------------|------------------|-------------------|------------------|------------------|
| | 2021 | 2021 | 2021 | | 2020 | 2020 | 2020 | |
| | £ | £ | £ | £ | £ | £ | £ | £ |
| Staff costs | 2,207,458 | 22,066 | 374,232 | 2,603,756 | 2,072,411 | 140,462 | 157,994 | 2,370,867 |
| Depreciation and impairment | 91,390 | 31,927 | 4,447 | 127,764 | 91,640 | 30,863 | 1,465 | 123,968 |
| Rates & water | 11,144 | - | - | 11,144 | 11,129 | - | - | 11,129 |
| Insurance | 33,640 | - | 2,911 | 36,551 | 21,876 | - | 959 | 22,835 |
| Light & heat | 59,569 | - | - | 59,569 | 58,072 | 4,096 | - | 62,168 |
| Phone | 9,506 | - | 1,037 | 10,543 | 9,575 | - | 1,054 | 10,629 |
| Advertising, printing, postage & stationery | 12,407 | - | 4,666 | 17,073 | 12,113 | - | 2,576 | 14,689 |
| General expenses | 19,836 | 3,426 | 11,980 | 35,242 | 24,311 | 6,606 | 2,141 | 33,058 |
| Medical supplies | 28,761 | - | 7,245 | 36,006 | 22,721 | - | 530 | 23,251 |
| Catering | 112,444 | - | - | 112,444 | 124,416 | 8,427 | - | 132,843 |
| Cleaning & laundry | 100,366 | - | - | 100,366 | 64,801 | - | - | 64,801 |
| Recruitment & other staff costs | 7,535 | - | 3,954 | 11,489 | 19,498 | - | 3,165 | 22,663 |
| Domestic & non medical supplies | 13,580 | - | - | 13,580 | 38,441 | - | - | 38,441 |
| Transport | - | 5,901 | - | 5,901 | - | 15,053 | - | 15,053 |
| Repairs & maintenance | 80,052 | - | 9,362 | 89,414 | 113,468 | - | 3,423 | 116,891 |
| Entertainment | 3,263 | - | - | 3,263 | 7,921 | 50 | - | 7,971 |
| | <u>2,790,951</u> | <u>63,320</u> | <u>419,834</u> | <u>3,274,105</u> | <u>2,692,393</u> | <u>205,557</u> | <u>173,307</u> | <u>3,071,257</u> |
| Share of support costs (see note 9) | 251,006 | - | 108,146 | 359,152 | 227,060 | 18,562 | 46,192 | 291,814 |
| Share of governance costs (see note 9) | 17,534 | - | 9,013 | 26,547 | 14,442 | 1,605 | 2,740 | 18,787 |
| | <u>3,059,491</u> | <u>63,320</u> | <u>536,993</u> | <u>3,659,804</u> | <u>2,933,895</u> | <u>225,724</u> | <u>222,239</u> | <u>3,381,858</u> |

HOYLAKE COTTAGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

8 Charitable activities

(Continued)

| | Nursing | Day dementia care | Domiciliary care | Total 2021 | Nursing | Day dementia care | Domiciliary care | Total 2020 |
|-------------------------|------------------|-------------------------|---------------------|------------------|------------------|-------------------------|---------------------|------------------|
| | 2021 | 2021 | 2021 | | 2020 | 2020 | 2020 | |
| | £ | £ | £ | £ | £ | £ | £ | £ |
| Analysis by fund | | | | | | | | |
| Unrestricted funds | 2,938,119 | 63,320 | 502,935 | 3,504,374 | 2,927,462 | 225,674 | 222,239 | 3,375,375 |
| Restricted funds | 121,372 | - | 34,058 | 155,430 | 6,433 | 50 | - | 6,483 |
| | <u>3,059,491</u> | <u>63,320</u> | <u>536,993</u> | <u>3,659,804</u> | <u>2,933,895</u> | <u>225,724</u> | <u>222,239</u> | <u>3,381,858</u> |

HOYLAKE COTTAGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

9 Support costs

| | Support costs | Governance costs | 2021 | Support costs | Governance costs | 2020 |
|------------------------------------|----------------|------------------|----------------|----------------|------------------|----------------|
| | £ | £ | £ | £ | £ | £ |
| Staff costs | 325,436 | - | 325,436 | 281,235 | - | 281,235 |
| Admin expenses | 1,810 | - | 1,810 | 4,134 | - | 4,134 |
| Professional fees | 9,883 | - | 9,883 | 38,724 | - | 38,724 |
| Bank charges | 2,736 | - | 2,736 | 3,815 | - | 3,815 |
| Interest payable & similar charges | 19,287 | - | 19,287 | 29,107 | - | 29,107 |
| Audit fees | - | 10,165 | 10,165 | - | 6,565 | 6,565 |
| Non audit fees | - | 3,885 | 3,885 | - | 3,885 | 3,885 |
| Legal and professional | - | 4,266 | 4,266 | - | 6,766 | 6,766 |
| Trustee indemnity insurance | - | 6,368 | 6,368 | - | 3,604 | 3,604 |
| Sundries | - | 1,863 | 1,863 | - | 1,850 | 1,850 |
| | <u>359,152</u> | <u>26,547</u> | <u>385,699</u> | <u>357,015</u> | <u>22,670</u> | <u>379,685</u> |
| Analysed between | | | | | | |
| Trading | - | - | - | 65,201 | 3,883 | 69,084 |
| Charitable activities | <u>359,152</u> | <u>26,547</u> | <u>385,699</u> | <u>291,814</u> | <u>18,787</u> | <u>310,601</u> |
| | <u>359,152</u> | <u>26,547</u> | <u>385,699</u> | <u>357,015</u> | <u>22,670</u> | <u>379,685</u> |

Governance costs includes payments to the auditors of £10,165 (2020: £10,765) for audit fees.

10 Employees

The average monthly number of employees during the year was:

| | 2021 Number | 2020 Number |
|----------------|----------------|----------------|
| Administrative | 10 | 11 |
| Nursing | 92 | 88 |
| Ancillary | 25 | 34 |
| Domiciliary | 30 | 28 |
| Total | <u>157</u> | <u>161</u> |

HOYLAKE COTTAGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

| 10 Employees | (Continued) | |
|-----------------------|------------------|------------------|
| Employment costs | 2021 £ | 2020 £ |
| Wages and salaries | 2,703,903 | 2,680,886 |
| Social security costs | 190,409 | 171,943 |
| Other pension costs | 45,744 | 43,529 |
| | <u>2,940,056</u> | <u>2,896,358</u> |

The key management personnel of the group comprise the General Manager, Clinical Nurse Manager, Office Manager and Finance Manager whose employee benefits total £196,802 (2020: £191,976).

There were no employees whose annual remuneration was £60,000 or more.

11 Trustees

During the year Mr S Heywood received £7,761 (2020: £13,132) for professional services supplied to Hoylake Cottage & Brookfield Homecare Limited and Mr R Oakden received £NIL (2020: £24,000) for professional services supplied to Brookfield Homecare Limited in addition to normal trustee duties which have not been remunerated.

There were no trustees' expenses paid for the year ended 31 March 2021 nor for the year ended 31 March 2020.

12 Other

| | Unrestricted funds | Total |
|-----------------------------------------------|-----------------------|-----------|
| | 2021 £ | 2020 £ |
| Net loss on disposal of tangible fixed assets | <u>3,845</u> | <u>-</u> |

13 Net gains/(losses) on investments

| | Unrestricted funds | Unrestricted funds |
|------------------------------------|-----------------------|-----------------------|
| | 2021 £ | 2020 £ |
| Revaluation of investments | 31,968 | (26,299) |
| Gain/(loss) on sale of investments | 8,166 | 1,122 |
| | <u>40,134</u> | <u>(25,177)</u> |

HOYLAKE COTTAGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

14 Brookfield Homecare Limited

A summary of the results of the subsidiary is shown below:

| | 2021 | 2020 |
|-------------|---------------|----------------|
| | £ | £ |
| Turnover | 575,273 | 529,676 |
| Expenditure | (537,383) | (536,932) |
| | <u>37,890</u> | <u>(7,256)</u> |

Aggregate assets and liabilities

| | | |
|---------------------|---------------|----------------|
| Fixed assets | 9,429 | 11,593 |
| Current assets | 133,892 | 84,969 |
| Current liabilities | (109,545) | (100,676) |
| Share capital | 2 | 2 |
| | <u>33,778</u> | <u>(4,114)</u> |

15 Tangible fixed assets - Group

| | Freehold land and buildings £ | Fixtures and fittings £ | Computers £ | Motor vehicles £ | Total £ |
|------------------------------------|-------------------------------------|-------------------------------|----------------|---------------------|------------------|
| Cost | | | | | |
| At 1 April 2020 | 7,268,465 | 571,141 | 3,303 | 61,500 | 7,904,409 |
| Additions | - | 16,197 | 2,673 | - | 18,870 |
| Disposals | - | (20,157) | - | - | (20,157) |
| At 31 March 2021 | <u>7,268,465</u> | <u>567,181</u> | <u>5,976</u> | <u>61,500</u> | <u>7,903,122</u> |
| Depreciation and impairment | | | | | |
| At 1 April 2020 | 2,069,772 | 444,970 | 687 | 53,291 | 2,568,720 |
| Depreciation charged in the year | 77,431 | 48,280 | 1,482 | 2,052 | 129,245 |
| Eliminated in respect of disposals | - | (16,312) | - | - | (16,312) |
| At 31 March 2021 | <u>2,147,203</u> | <u>476,938</u> | <u>2,169</u> | <u>55,343</u> | <u>2,681,653</u> |
| Carrying amount | | | | | |
| At 31 March 2021 | <u>5,121,262</u> | <u>90,243</u> | <u>3,807</u> | <u>6,157</u> | <u>5,221,469</u> |
| At 31 March 2020 | <u>5,198,692</u> | <u>110,065</u> | <u>1,025</u> | <u>8,210</u> | <u>5,335,689</u> |

The charity acquired the freehold of the site from Mersey Regional Health Authority in April 1992, but with a covenant limiting its use to Health and Social Care.

HOYLAKE COTTAGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

16 Tangible fixed assets - Charity

| | Freehold land and buildings £ | Fixtures and fittings £ | Motor vehicles £ | Total £ |
|------------------------------------|-------------------------------------|----------------------------|---------------------|------------|
| Cost | | | | |
| At 1 April 2020 | 7,268,465 | 559,261 | 61,500 | 7,889,226 |
| Additions | | 16,197 | | 16,197 |
| Disposals | - | (20,157) | | (20,157) |
| At 31 March 2021 | 7,268,465 | 555,301 | 61,500 | 7,885,266 |
| Depreciation and impairment | | | | |
| At 1 April 2020 | 2,069,772 | 442,067 | 53,291 | 2,565,130 |
| Depreciation charged in the year | 77,431 | 45,315 | 2,052 | 124,798 |
| Eliminated in respect of disposals | | (16,312) | | (16,312) |
| At 31 March 2021 | 2,147,203 | 471,070 | 55,343 | 2,673,616 |
| Carrying amount | | | | |
| At 31 March 2021 | 5,121,262 | 84,231 | 6,157 | 5,211,650 |
| At 31 March 2020 | 5,198,692 | 117,194 | 8,210 | 5,324,096 |

17 Fixed asset investments - Listed investments Group & charity

| | Listed investments £ | Cash in portfolio | Total £ |
|--------------------------|----------------------------|----------------------|------------|
| Cost or valuation | | | |
| At 1 April 2020 | 235,676 | 602 | 236,278 |
| Additions | 84,862 | 210,446 | 295,308 |
| Valuation changes | 8,166 | - | 8,166 |
| Disposals | (178,478) | (200,199) | (378,677) |
| At 31 March 2021 | 150,226 | 10,849 | 161,075 |
| Carrying amount | | | |
| At 31 March 2021 | 150,226 | 10,849 | 161,075 |
| At 31 March 2020 | 235,676 | 602 | 236,278 |

18 Fixed asset investments - Charity investment in subsidiary

The charity holds 2 shares of £1 each in its wholly owned charitable subsidiary company Brookfield Homecare Limited which is incorporated in the United Kingdom. These are the only shares allotted, called up and fully paid. The company was acquired on 11 March 2019. Activities and results of the company are summarised in note 13.

HOYLAKE COTTAGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

19 Debtors - Group

| | 2021 | 2020 |
|--------------------------------------|---------------|----------------|
| | £ | £ |
| Amounts falling due within one year: | | |
| Trade debtors | 56,251 | 116,992 |
| Other debtors | 460 | 193 |
| Prepayments and accrued income | 42,803 | 55,580 |
| | <u>99,514</u> | <u>172,765</u> |

20 Debtors - Charity

| | 2021 | 2020 |
|-----------------------------------------|---------------|----------------|
| | £ | £ |
| Amounts falling due within one year: | | |
| Trade debtors | 18,069 | 92,295 |
| Amounts owed by subsidiary undertakings | 1,729 | 55,512 |
| Other debtors | 460 | 193 |
| Prepayments and accrued income | 38,077 | 40,132 |
| | <u>58,335</u> | <u>188,132</u> |

21 Loans and overdrafts - Group & charity

| | 2021 | 2020 |
|---------------------------------------------------------|------------------|------------------|
| | £ | £ |
| Bank loans | <u>1,273,659</u> | <u>1,222,889</u> |
| Payable within one year | 194,901 | 144,914 |
| Payable after one year | <u>1,078,758</u> | <u>1,077,975</u> |
| Amounts included above which fall due after five years: | | |
| Payable by instalments | <u>475,418</u> | <u>474,583</u> |

A legal mortgage is held by Royal Bank of Scotland on the land and buildings of 35 Birkenhead Road, Hoylake, Wirral CH47 5AQ. There is also a second mortgage which protects the covenant to the Mersey Regional Health Authority and its successors in title.

The loan from Royal Bank of Scotland is repayable over 20 years. Monthly payments commenced in October 2008. Interest was charged at 1.5% above base rate.

HOYLAKE COTTAGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

22. Creditors: amounts falling due within one year - Group

| | Notes | 2021 £ | 2020 £ |
|------------------------------------|-------|----------------|----------------|
| Bank loans | 21 | 194,901 | 144,914 |
| Other taxation and social security | | 41,021 | 39,594 |
| Trade creditors | | 52,625 | 93,274 |
| Other creditors | | 51,422 | 48,455 |
| Accruals and deferred income | | 51,848 | 45,250 |
| | | <u>391,817</u> | <u>371,487</u> |

23. Creditors: amounts falling due within one year - Charity

| | Notes | 2021 £ | 2020 £ |
|------------------------------------|-------|----------------|----------------|
| Bank loans | 21 | 144,901 | 144,914 |
| Other taxation and social security | | 32,701 | 33,312 |
| Trade creditors | | 46,363 | 89,124 |
| Other creditors | | 13,445 | 16,195 |
| Accruals and deferred income | | 46,591 | 42,778 |
| | | <u>284,001</u> | <u>326,323</u> |

24. Creditors: amounts falling due after more than one year Group & charity

| | Notes | 2021 £ | 2020 £ |
|------------|-------|------------------|------------------|
| Bank loans | 21 | <u>1,078,758</u> | <u>1,077,975</u> |

HOYLAKE COTTAGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

25 Unrestricted funds - Group

| | Balance at 1 April 2020 | Incoming resources | Movement in funds | | | Balance at 31 March 2021 |
|----------------------------|----------------------------|-----------------------|-----------------------|--------------|--------------------------------------|-----------------------------|
| | £ | £ | Resources expended | Transfers | Revaluations, gains and losses | £ |
| General unrestricted funds | 4,395,366 | 3,285,810 | (3,553,528) | 9,000 | 40,134 | 4,176,782 |
| | <u>4,395,366</u> | <u>3,285,810</u> | <u>(3,553,528)</u> | <u>9,000</u> | <u>40,134</u> | <u>4,176,782</u> |

Comparative information in respect of the preceding year is as follows:

| | Balance at 1 April 2019 | Incoming resources | Movement in funds | | | Balance at 31 March 2020 |
|----------------------------|----------------------------|-----------------------|-----------------------|---------------|--------------------------------------|-----------------------------|
| | £ | £ | Resources expended | Transfers | Revaluations, gains and losses | £ |
| General unrestricted funds | 4,454,220 | 3,700,200 | (3,745,625) | 11,748 | (25,177) | 4,395,366 |
| | <u>4,454,220</u> | <u>3,700,200</u> | <u>(3,745,625)</u> | <u>11,748</u> | <u>(25,177)</u> | <u>4,395,366</u> |

HOYLAK COTTAGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

26 Unrestricted funds - Charity

| | Movement in funds | | | | | |
|----------------------------|----------------------------|-----------------------|-----------------------|--------------|--------------------------------------|-----------------------------|
| | Balance at 1 April 2020 | Incoming resources | Resources expended | Transfers | Revaluations, gains and losses | Balance at 31 March 2021 |
| | £ | £ | £ | £ | £ | £ |
| General unrestricted funds | 4,399,482 | 2,744,414 | (3,050,203) | 9,000 | 40,134 | 4,142,827 |
| | <u>4,399,482</u> | <u>2,744,414</u> | <u>(3,050,203)</u> | <u>9,000</u> | <u>40,134</u> | <u>4,142,827</u> |

Comparative information in respect of the preceding year is as follows:

| | Movement in funds | | | | | |
|----------------------------|----------------------------|-----------------------|-----------------------|---------------|--------------------------------------|-----------------------------|
| | Balance at 1 April 2019 | Incoming resources | Resources expended | Transfers | Revaluations, gains and losses | Balance at 31 March 2020 |
| | £ | £ | £ | £ | £ | £ |
| General unrestricted funds | 4,451,080 | 3,170,524 | (3,208,693) | 11,748 | (25,177) | 4,399,482 |
| | <u>4,451,080</u> | <u>3,170,524</u> | <u>(3,208,693)</u> | <u>11,748</u> | <u>(25,177)</u> | <u>4,399,482</u> |

HOYLAK COTTAGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

27 Restricted funds - Group

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

| | Movement in funds | | | | |
|-------------------------------------------------|----------------------------|-----------------------|-----------------------|----------------|-----------------------------|
| | Balance at 1 April 2020 | Incoming resources | Resources expended | Transfers | Balance at 31 March 2021 |
| | £ | £ | £ | £ | £ |
| Nursing Unit Fund | 7,988 | 9,355 | (786) | (1,735) | 14,822 |
| Sandhills Fund | 47,788 | - | - | - | 47,788 |
| Entertainment Fund | - | 57 | (57) | - | - |
| Sandhills Events Fund | 792 | 1,203 | - | - | 1,995 |
| WBC Adult Social Care Infection Control Fund | - | 161,852 | (154,587) | (7,265) | - |
| | <u>56,568</u> | <u>172,467</u> | <u>(155,430)</u> | <u>(9,000)</u> | <u>64,605</u> |

Comparative information in respect of the preceding period is as follows:

| | Movement in funds | | | | |
|-----------------------|----------------------------|-----------------------|-----------------------|-----------------|-----------------------------|
| | Balance at 1 April 2019 | Incoming resources | Resources expended | Transfers | Balance at 31 March 2020 |
| | £ | £ | £ | £ | £ |
| Nursing Unit Fund | 8,939 | 13,260 | (2,464) | (11,748) | 7,987 |
| Sandhills Fund | 38,817 | 8,972 | - | - | 47,789 |
| Entertainment Fund | - | 3,969 | (3,969) | - | - |
| Sandhills Events Fund | - | 842 | (50) | - | 792 |
| | <u>47,756</u> | <u>27,043</u> | <u>(6,483)</u> | <u>(11,748)</u> | <u>56,568</u> |

The Sandhills Fund represents a National Lottery Grant and donations from supporters and families of those who attend the Day Centre towards the cost of creation of a Dementia Village, the purpose of which is to stimulate memories of those attending. Creation of the Dementia Village has been delayed by the pandemic and consequent closure of the Day Centre.

The Nursing Unit Fund represents donations from families of residents to be used for the benefit of residents for entertainment and for additional decorative items to enhance the environment.

The grants from Wirral Borough Council were to provide for additional cleaning materials and equipment to maintain infection control required during the Coronavirus pandemic as well as to allow full salary payment to be made for staff members who either had contracted the virus or who were required to self isolate having come into contact with someone who had developed symptoms.

Transfers between funds

This includes specific donations received and utilised during the year.

HOYLAKE COTTAGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

28 Restricted funds - Charity

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

| | Movement in funds | | | | |
|-------------------------------------------------|----------------------------|-----------------------|-----------------------|----------------|-----------------------------|
| | Balance at 1 April 2020 | Incoming resources | Resources expended | Transfers | Balance at 31 March 2021 |
| | £ | £ | £ | £ | £ |
| Nursing Unit Fund | 7,988 | 9,355 | (786) | (1,735) | 14,822 |
| Sandhills Fund | 47,788 | - | - | - | 47,788 |
| Entertainment Fund | - | 57 | (57) | - | - |
| Sandhills Events Fund | 792 | 1,203 | - | - | 1,995 |
| WBC Adult Social Care Infection Control Fund | - | 161,852 | (154,587) | (7,265) | - |
| | <u>56,568</u> | <u>172,467</u> | <u>(155,430)</u> | <u>(9,000)</u> | <u>64,605</u> |

Comparative information in respect of the preceding period is as follows:

| | Movement in funds | | | | |
|-----------------------|----------------------------|-----------------------|-----------------------|-----------------|-----------------------------|
| | Balance at 1 April 2019 | Incoming resources | Resources expended | Transfers | Balance at 31 March 2020 |
| | £ | £ | £ | £ | £ |
| Nursing Unit Fund | 8,939 | 13,260 | (2,464) | (11,748) | 7,987 |
| Sandhills Fund | 38,817 | 8,972 | - | - | 47,789 |
| Entertainment Fund | - | 3,969 | (3,969) | - | - |
| Sandhills Events Fund | - | 842 | (50) | - | 792 |
| | <u>47,756</u> | <u>27,043</u> | <u>(6,483)</u> | <u>(11,748)</u> | <u>56,568</u> |

The Sandhills Fund represents a National Lottery Grant and donations from supporters and families of those who attend the Day Centre towards the cost of creation of a Dementia Village, the purpose of which is to stimulate memories of those attending. Creation of the Dementia Village has been delayed by the pandemic and consequent closure of the Day Centre.

The Nursing Unit Fund represents donations from families of residents to be used for the benefit of residents for entertainment and for additional decorative items to enhance the environment.

The grants from Wirral Borough Council were to provide for additional cleaning materials and equipment to maintain infection control required during the Coronavirus pandemic as well as to allow full salary payment to be made for staff members who either had contracted the virus or who were required to self isolate having come into contact with someone who had developed symptoms.

Transfers between funds

This includes specific donations received and utilised during the year.

HOYLAKE COTTAGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

29 Analysis of net assets between funds - Group

| | Unrestricted funds 2021 £ | Restricted funds 2021 £ | Total 2021 £ | Unrestricted funds 2020 £ | Restricted funds 2020 £ | Total 2020 £ |
|-------------------------------------------------------------|------------------------------------|----------------------------------|--------------------|------------------------------------|----------------------------------|--------------------|
| Fund balances at 31 March 2021 are represented by: | | | | | | |
| Tangible assets | 5,221,469 | - | 5,221,469 | 5,335,689 | - | 5,335,689 |
| Investments | 161,075 | - | 161,075 | 236,278 | - | 236,278 |
| Current assets/ (liabilities) | (126,614) | 64,605 | (62,009) | (98,626) | 56,568 | (42,058) |
| Long term liabilities | (1,078,758) | - | (1,078,758) | (1,077,975) | - | (1,077,975) |
| | <u>4,177,172</u> | <u>64,605</u> | <u>4,241,777</u> | <u>4,395,366</u> | <u>56,568</u> | <u>4,451,934</u> |

30 Analysis of net assets between funds - Charity

| | Unrestricted funds 2021 £ | Restricted funds 2021 £ | Total 2021 £ | Unrestricted funds 2020 £ | Restricted funds 2020 £ | Total 2020 £ |
|-------------------------------------------------------------|------------------------------------|----------------------------------|--------------------|------------------------------------|----------------------------------|--------------------|
| Fund balances at 31 March 2021 are represented by: | | | | | | |
| Tangible assets | 5,211,650 | - | 5,211,650 | 5,324,096 | - | 5,324,096 |
| Investments | 161,077 | - | 161,077 | 236,280 | - | 236,280 |
| Current assets/ (liabilities) | (150,961) | 64,605 | (86,356) | (82,919) | 56,568 | (26,351) |
| Long term liabilities | (1,078,758) | - | (1,078,758) | (1,077,975) | - | (1,077,975) |
| | <u>4,143,008</u> | <u>64,605</u> | <u>4,207,613</u> | <u>4,399,482</u> | <u>56,568</u> | <u>4,456,050</u> |

31 Related party transactions

As disclosed in note 11, trustee, Mr S Heywood, received fees in connection with his company secretarial duties and trustee, Mr R Oakden received fees in connection with his professional services in 2020.

HOYLAKE COTTAGE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

32 Operating lease commitments

At the reporting end date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

| | 2021 £ | 2020 £ |
|----------------------------|---------------|---------------|
| Within one year | 9,025 | 18,498 |
| Between two and five years | 24,577 | 61,149 |
| | <u>33,602</u> | <u>79,647</u> |

33 Analysis of changes in net (debt)/funds

| | At 1 April 2020 £ | Cash flows £ | At 31 March 2021 £ |
|--------------------------------------------|----------------------|-----------------|-----------------------|
| Cash at bank and in hand | 156,664 | 73,630 | 230,294 |
| Loans falling due within one year | (144,914) | (49,987) | (194,901) |
| Loans falling due after more than one year | (1,077,975) | (783) | (1,078,758) |
| | <u>(1,066,225)</u> | <u>22,860</u> | <u>(1,043,365)</u> |

34 Cash generated from operations - Group

| | 2021 £ | 2020 £ |
|-------------------------------------------------------------------|------------------|---------------|
| Deficit for the year | (210,157) | (50,042) |
| Adjustments for: | | |
| Investment income recognised in statement of financial activities | (42,242) | (45,869) |
| Loss on disposal of tangible fixed assets | 3,845 | - |
| Gain on disposal of investments | (8,166) | (1,122) |
| Fair value gains and losses on investments | (31,968) | 26,299 |
| Depreciation and impairment of tangible fixed assets | 129,246 | 126,702 |
| Movements in working capital: | | |
| Decrease/(increase) in debtors | 73,250 | (7,342) |
| (Decrease)/increase in creditors | (29,657) | 23,890 |
| Cash (absorbed by)/generated from operations | <u>(115,849)</u> | <u>72,516</u> |