

Company No.: 03244113  
Charity No.: 1058769

**PETWORTH COTTAGE NURSING HOME**  
(A Company Limited by Guarantee)

**TRUSTEES' REPORT AND  
AUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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# PETWORTH COTTAGE NURSING HOME

## CONTENTS

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	<b>Page</b>
Charity Information	1
Trustees' Report	2 - 6
Independent Auditor's Report	7 - 8
Statement of Financial Activities	9
Balance Sheet	10
Statement of Cash Flows	11
Notes to the Financial Statements	12 - 19

## PETWORTH COTTAGE NURSING HOME

### CHARITY INFORMATION

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<b>Patron</b>	Lady Egremont
<b>Directors</b>	C R Hubbard - Chairman A W Brooke Mrs P A Dutton-Forshaw T R W Longmore Dr S Pett D H M Burrell Dr G Lyons Miss S E Spriggs
<b>Company number</b>	03244113
<b>Charity number</b>	1058769
<b>Company Secretary</b>	T R W Longmore
<b>Registered Office</b>	Wisteria House Market Square Petworth West Sussex GU28 0AJ
<b>Auditor</b>	Kreston Reeves LLP Chartered Accountants and Statutory Auditor Springfield House Springfield Road Horsham RH12 2RG
<b>Bankers</b>	NatWest Bank Plc Market Square Petworth West Sussex GU28 0AL
<b>Solicitors</b>	Anderson Rowntree Wisteria House Market Square Petworth West Sussex GU28 0AJ

## **PETWORTH COTTAGE NURSING HOME**

### **TRUSTEES' REPORT**

#### **FOR THE YEAR ENDED 31 DECEMBER 2016**

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The trustee directors present their report and the audited financial statements for the year ended 31 December 2016, which have been prepared in accordance with current statutory requirements, the Memorandum and Articles of the company and have been prepared in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland the Charities SORP (FRS 102) (effective 1 January 2015) ("SORP FRS 102").

#### **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 except for the following:

Miss S E Spriggs	Appointed 30 March 2016
Mr J M F Golden	Appointed 30 March 2016, resigned 22 February 2017

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 Matron. Financial administration and operational support is provided by Mrs K Cooper as Financial Controller and is salaried. Expenditure over £10,000 requires board approval. The board of trustee directors meet 6 times per year, receives reports from the Matron, Financial Controller 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 Matron, Assistant Matron and the Financial Controller 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 Matron and the Financial Controller using bench marks such as inflation and the National Living Wage.

#### **Financial review**

In 2016 there was an operating deficit of £92,642 and an overall surplus of £531,750 leading to a rise in the total reserves held. The income received from residents rose by 7.25% with average occupancy of 28.45 residents. This significantly improved occupancy was largely the result of promotion of the Home's most excellent reputation.

## **PETWORTH COTTAGE NURSING HOME**

### **TRUSTEES' REPORT**

#### **FOR THE YEAR ENDED 31 DECEMBER 2016**

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##### **Investment policy and performance**

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

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

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

PCNH therefore now holds:-

132,658 units in M and G Charifund worth on 31 December 2016 £352,622

22,965 units in M and G Charibond worth on 31 December 2016 £171,062

118,413 units in Edentree Annuity Balanced Fund worth on 31 December 2016 £129,899

60,661 units in Edentree Global Equity Income Fund worth on 31 December 2016 £68,547.

The total funds invested since 16 December 2014 total £707,000.

##### **Future plans**

The Trustee Directors and the Management Team will endeavour to continue to improve and sustain the increased occupancy levels. The budget for 2017 is based upon a bed occupancy level of 29.5. This compares with 18 in 2013, 23 in 2014, 28 in 2015 and 28.45 in 2016.

##### **Reserves policy**

The financial policy of the charity is to continue to hold reserve funds not only to cover maintenance and renewal of the buildings and equipment of the charity but to also ensure a strong balance sheet to mitigate the impact of any weakness in the market during the current and continuing recessionary period. It is considered politic and sound management to ensure that reserves do not fall below £800,000 in order to be able to meet at least six months of expenditure and potential repairs to the property. Uncommitted reserves at the year end were £1,247,681.

## PETWORTH COTTAGE NURSING HOME

### TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

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#### 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 processes, 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
Financial crisis	(1)	- Bed occupancy levels have improved - Investment of funds in M & G Charifund and Charibond generating a return for the charity
Electricity failure	(1)	- Second generator installed that cuts in automatically if main supply fails
Natural disaster; such as fire or lightning strike	(2)	- The home is equipped with fire extinguishers - Disaster recovery plan is in place
Misbehaviour by member of staff	(2)	- Training and checks carried out for all staff - Disciplinary procedure in place in case of an event arising
Failure of IT systems	(3)	- Patient care records back up on cloud - Regular back ups of accounts records
Failure of cooking equipment	(3)	- Offsite suppliers of hot food available
Injury to patient/staff from: (i) Fall (ii) Wrongful administering of drugs (iii) Financial and stores fraud	(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 reflect our charitable status as a non-profit Organisation. Fees charged, which reflect the full nursing status of the Home, are below that of our competitors. Additionally 50% of our Residents are admitted through "Social Services" or "Continuing Health Care" and these are subsidised by PCNH, the short fall from both "C.H.C." and "S.S." being 25% beneath our "break-even" weekly fee (BEWF). As a result of this during the year our Charity, PCNH, has assisted and supported some 58 residents with their fees.

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

# **PETWORTH COTTAGE NURSING HOME**

## **TRUSTEES' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2016**

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#### **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 objective set out above. The residents and staff have during the year benefitted from the complete refurbishment of the "Garden Room" and the very necessary replacement of the two central heating boilers. Renovation and re-decoration of residents rooms continues under the guidance of the Matron, the Management Team and the House Refurbishment Committee (Trustees). In addition the development and commissioning of a New Memory Room designed to help younger residents in their 60s and 70s to improve their short-term memory and slow down age-related memory loss.

Matron, Assistant Matron and Staff have continued to maintain the highest standards. Particular mention should be made of a truly wonderful C.Q.C. Report. Indeed out of the 5 areas reviewed by the "Care Quality Commission" four areas were considered to be "Good" and one area considered to be "outstanding".

Much management effort and commitment has been and continues to be expended in achieving the award of the "Gold Standards Framework". A conclusion to this is expected by June 2017.

The Trustees congratulate and thank Matron and the Management Team and all staff in maintaining the highest standard and are fully aware that constant "vigilance" is the "Watch Word!"

#### **Fund raising activities**

PCNH benefits enormously from the activities of The Friends of Petworth Cottage Nursing Home ("The Friends"), this year contributing a sum in excess of £45,000 through such activities as:-

Christmas Quiz    £24,000 (approx.)  
Alfresco Lunch    £6,000 +  
Hillgrove/Lurgashall Street Party £300  
Christmas Carols   £1,500 (approx.)  
Badgers Pub       £1,000

Many other fund raising functions take place within the local community.

In addition PCNH continues to benefit greatly through the gift of legacies and charitable gifts. To mention them all would be inappropriate, suffice it to mention the Gwyneth Tunks bequest of 2 Glebe Villas (£230,000); the Young Charitable Trust £10,000; the Jurgen Trust £10,000, the two latter donations being used respectively for the refurbishment of the Garden Room and replacing the two central heating boilers.

The Board is immensely grateful and appreciative for all these contributions. These gifts and activities absolutely allow the Charity to function for the benefit of the community of Petworth and beyond. The ethos of PCNH is dependent upon the professionalism of its team led by Matron and the Management Team, together with the activities and enormous contribution made by the "Friends" and "Volunteers". They are all very much our "Ambassadors Abroad". The Trustees are immensely grateful.

**PETWORTH COTTAGE NURSING HOME**

**TRUSTEES' REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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**Disclosure of information to the auditor**

So far as each trustee director at the date of approval is aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustee directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

**Statement of trustee directors' responsibilities**

The trustee directors (who are also directors of Petworth Cottage Nursing Home for the purposes 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 trustee directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for the year. 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 in the Charities SORP 2015 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The trustee directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Approval**

This report was approved by the trustee directors on 19 May 2017 and signed on their behalf by



Mr C Hubbard  
Chairman

**INDEPENDENT AUDITOR'S REPORT TO THE  
TRUSTEES OF PETWORTH COTTAGE NURSING HOME**

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We have audited the financial statements of Petworth Cottage Nursing Home for the year ended 31 December 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the charitable company's trustee directors, as a body, in accordance with Section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charitable company's trustee directors those matters we are required to state to them in an auditor's 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 trustee directors as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of trustee directors and the auditor**

As explained more fully in the Trustee Directors' Responsibilities Statement set out on page 6, 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.

The trustee directors have elected for the financial statements to be audited in accordance with the Charities Act 2011 rather than the Companies Act 2006. Accordingly we have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

**INDEPENDENT AUDITOR'S REPORT TO THE  
TRUSTEES OF PETWORTH COTTAGE NURSING HOME**

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**Opinion on financial statements**

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 2016, 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.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- the charitable company has not kept adequate accounting records; 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.

*Kreston Reeves LLP*

**Springfield House  
Springfield Road  
Horsham  
RH12 2RG**

**Kreston Reeves LLP  
Chartered Accountants and Statutory Auditor**

**Date:** *22 May 2017*

Kreston Reeves LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

**PETWORTH COTTAGE NURSING HOME**

**STATEMENT OF FINANCIAL ACTIVITIES**

(Incorporating the Income and Expenditure Account)

**FOR THE YEAR ENDED 31 DECEMBER 2016**

	Notes	2016			Total funds £	2015 Total funds £
		Unrestricted General fund £	Unrestricted Operating fund £	Restricted fund £		
<b>INCOME FROM:</b>						
Donations and legacies	4	572,227	-	-	572,227	84,338
Investments	5	34,614	-	-	34,614	20,618
Charitable activities:						
Patients' fees		-	1,191,857	-	1,191,857	1,111,276
Total income		<u>606,841</u>	<u>1,191,857</u>	<u>-</u>	<u>1,798,698</u>	<u>1,216,232</u>
<b>EXPENDITURE ON:</b>						
Raising funds	6	13,397	-	-	13,397	21,356
Charitable activities:						
Provision of a residential care home	7	-	1,284,499	-	1,284,499	1,217,869
Total expenditure		<u>13,397</u>	<u>1,284,499</u>	<u>-</u>	<u>1,297,896</u>	<u>1,239,225</u>
Net gains/(losses) on investments	13	30,948	-	-	30,948	(15,818)
<b>Net income/(expenditure)</b>		<u>624,392</u>	<u>(92,642)</u>	<u>-</u>	<u>531,750</u>	<u>(38,811)</u>
Transfers between funds	17	(92,642)	92,642	-	-	-
<b>Net movement in funds</b>		<u>531,750</u>	<u>-</u>	<u>-</u>	<u>531,750</u>	<u>(38,811)</u>
<b>Reconciliation of funds:</b>						
Total funds brought forward		2,268,720	-	-	2,268,720	2,307,531
<b>Total funds carried forward</b>	17	<u>2,800,470</u>	<u>-</u>	<u>-</u>	<u>2,800,470</u>	<u>2,268,720</u>

All income and expenditure derive from continuing activities.

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

**PETWORTH COTTAGE NURSING HOME**

**BALANCE SHEET**

**AS AT 31 DECEMBER 2016**

**REGISTERED NUMBER: 03244113**

	Notes	£	2016 £	£	2015 £
<b>Fixed assets</b>					
Tangible fixed assets	12		<b>1,552,789</b>		1,558,628
Investments	13		<b>952,130</b>		491,182
			<b>2,504,919</b>		<b>2,049,810</b>
<b>Current assets</b>					
Stock	14	<b>2,109</b>		3,609	
Debtors	15	<b>113,834</b>		119,092	
Cash at bank and in hand		<b>284,065</b>		169,207	
		<b>400,008</b>		<b>291,908</b>	
<b>Creditors: amounts falling due within one year</b>					
	16	<b>104,457</b>		72,998	
<b>Net current assets</b>			<b>295,551</b>		218,910
<b>Net assets</b>			<b>2,800,470</b>		<b>2,268,720</b>
<b>Funds</b>					
Unrestricted	17		<b>2,800,470</b>		2,268,720
Restricted	17		-		-
<b>Total funds</b>			<b>2,800,470</b>		<b>2,268,720</b>

For the year ending 31 December 2016 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies. However, an audit is required in accordance with section 144 of the Charities Act 2011.

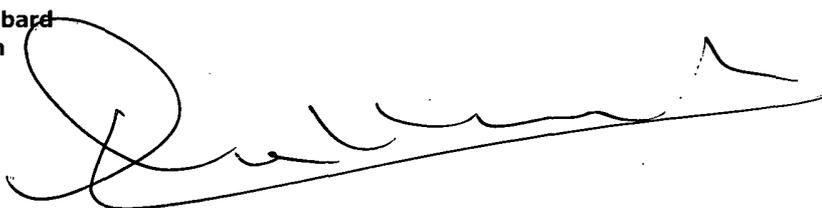
Directors' responsibilities:

- The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476 of the Companies Act 2006;
- The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

19 MAY 2017

Approved by the trustee directors and authorised for issue on ..... and signed on their behalf by

Mr C Hubbard  
Chairman



**PETWORTH COTTAGE NURSING HOME**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED 31 DECEMBER 2016**

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	2016	2015
	£	£
<b>Reconciliation of net expenditure for the year to net cash flow from operating activities</b>		
Net income/(expenditure) for the year	531,750	(38,811)
<b>Adjustments for:</b>		
Donated investment property	(230,000)	-
Income from investments	(34,614)	(20,618)
Finance costs	2,058	2,096
Depreciation	41,991	33,542
Unrealised (gain)/loss on investments	(30,948)	15,818
Loss on sale of fixed assets	-	1,058
Decrease/(increase) in stocks	1,500	(1,942)
Decrease/(increase) in debtors	5,258	(31,528)
Increase in creditors	31,459	6,674
<b>Net cash inflow/(outflow) from operating activities</b>	<u>318,454</u>	<u>(33,711)</u>
<b>Cash flow from investing activities</b>		
Interest received	400	2,042
Dividends received	24,354	18,576
Rent received	9,860	-
Purchase of equipment, furniture and fittings	(25,227)	(60,228)
Purchase of freehold land and buildings	(10,925)	(16,428)
Purchase of investments	(200,000)	(405,000)
<b>Net cash outflow from investing activities</b>	<u>(201,538)</u>	<u>(461,038)</u>
<b>Net cash flow from financing activities</b>		
Interest paid	(2,058)	(2,096)
<b>Net cash outflow from financing activities</b>	<u>(2,058)</u>	<u>(2,096)</u>
Net increase/(decrease) in cash and cash equivalents	114,858	(496,845)
Cash and cash equivalents at 1 January	169,207	666,052
<b>Cash and cash equivalents at 31 December</b>	<u>284,065</u>	<u>169,207</u>

## PETWORTH COTTAGE NURSING HOME

### NOTES TO THE FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED 31 DECEMBER 2016

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#### **1 Principal accounting policies**

##### ***General information and basis of preparation***

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 on page 1 of these financial statements.

The charity constitutes a public benefit entity as defined by FRS 102.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: 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 (FRS 102), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Accounting Practice as it applies from 1 January 2016.

The financial statements are prepared under the historical cost convention, as modified by the revaluation of fixed asset investments. The financial statements are prepared in sterling which is the functional currency of the charity and rounded to the nearest £.

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.

The charity adopted SORP (FRS 102) in the current year and an explanation of how transition to SORP (FRS 102) has affected the reported financial position and performance is given in note 22.

##### ***Fund accounting***

Unrestricted funds are general funds that are available for use at the trustees' discretion in furtherance of the objectives of the charity.

Restricted funds are those donated for use in a particular area or for specific purposes, the use of which is restricted to that area or purpose.

##### ***Income recognition***

Income is recognised in the Statement of Financial Activities when the charity is entitled to the income, it is probable that the income will be received and the amount can be quantified with reasonable accuracy.

Patients' fees include all fees receivable for the year.

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

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

Investment income is earned through holding assets for investment purposes such as shares and property.

Interest income is recognised using the effective interest method and dividend and rent income is recognised as the charity's right to receive payment is established.

##### ***Expenditure recognition***

Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. All costs have been allocated to activities on a basis consistent with the use of the resource.

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 settlement will be required and the amount of the obligation can be measured reliably.

Expenditure on raising funds comprises costs incurred in inducing people and organisations to contribute financially to the charity's work. This includes the cost of advertising for donations and the staging of special fundraising events.

**PETWORTH COTTAGE NURSING HOME**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

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**1 Principal accounting policies (continued)**

***Allocation of support and governance costs***

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Included within support costs are governance costs which comprise costs involving the public accountability of the charity and its compliance with regulation and good practice. All support and governance costs are allocated to the provision of a residential care home.

***Other employment 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.

***Irrecoverable VAT***

Irrecoverable VAT is charged against the expenditure heading for which it was incurred.

***Tangible fixed assets and depreciation***

Tangible assets are stated at cost less accumulated depreciation. Cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset over its estimated expected useful economic life, as follows:

Equipment, furniture and fittings	Between 10-45% per annum on cost
Motor vehicles	25% per annum reducing balance
Freehold land and buildings	20 years straight line

As permitted by Charities SORP (FRS 102) Section 10.31, component accounting has not been applied as the Trustees consider this to involve undue cost to the charity.

Assets below £100 are not capitalised.

***Impairment of tangible fixed assets***

At each balance sheet date the trustee directors review the carrying amounts of the charity's tangible fixed assets to determine whether there is any 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 the fair value less costs to sell and value in use as determined by the trustees. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

***Fixed asset investments***

Fixed asset investments are initially recognised at their transaction value and subsequently measured at fair value at the balance sheet date. Any changes in value during the year are disclosed separately in the Statement of Financial Activities.

***Investment properties***

Investment properties for which fair value can be measured reliably without undue cost or effort are measured at fair value at each reporting date. Any changes in value during the year are disclosed separately in the Statement of Financial Activities.

***Stock***

Stock is valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stock.

***Debtors and creditors receivable/payable within one year***

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at the transaction price. Any losses arising from impairment are recognised in expenditure.

**PETWORTH COTTAGE NURSING HOME**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**1 Principal accounting policies (continued)**

*Cash and cash equivalents*

Cash at bank and cash 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.

*Tax*

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 Judgements and key sources of estimation uncertainty**

In the application of the charity's accounting policies, which are described in note 1, the trustee directors are required to make judgements, estimates and assumptions about the carrying amounts 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.

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

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

**3 Statement of financial activities comparative information by fund**

All income included in the statement of financial activities for the year ended 31 December 2015 was included in unrestricted funds.

Website development costs, within expenditure on raising funds, included £582 in the year ended 31 December 2015 which was debited against the opening balance of £582 in restricted funds leaving a balance of £nil on this restricted fund at 31 December 2015. All other expenditure included in the statement of financial activities for the year ended 31 December 2015 was included in unrestricted funds.

**4 Donations and legacies**

	2016	2015
	£	£
Donations and legacies	296,954	33,427
Donation of investment property	230,000	-
Donations received via The Friends	45,273	50,911
	<u>572,227</u>	<u>84,338</u>

**5 Income from investments**

	2016	2015
	£	£
Bank interest receivable	400	2,042
Dividends receivable	24,354	18,576
Rent receivable	9,860	-
	<u>34,614</u>	<u>20,618</u>

**6 Expenditure on raising funds**

	2016	2015
	£	£
Events	<u>13,397</u>	<u>21,356</u>

Included within events is restricted expenditure relating to website development of £nil (2015: £582).

**PETWORTH COTTAGE NURSING HOME**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

<b>7</b>	<b>Provision of a residential care home</b>	<b>2016</b>	<b>2015</b>
		<b>£</b>	<b>£</b>
	Home running expenses:		
	Salaries and wages	<b>889,194</b>	<i>837,054</i>
	Staff agency charges	<b>130,280</b>	<i>127,243</i>
	Staff training	<b>6,009</b>	<i>3,999</i>
	Food	<b>47,344</b>	<i>45,439</i>
	Cleaning and laundry	<b>15,713</b>	<i>15,583</i>
	Surgery and medical supplies	<b>28,776</b>	<i>27,731</i>
	Incidental patient supplies	<b>2,136</b>	<i>1,043</i>
	Heating oil	<b>13,814</b>	<i>14,068</i>
	Electricity	<b>15,691</b>	<i>14,018</i>
	Water charges	<b>3,660</b>	<i>6,858</i>
	Repairs and renewals	<b>28,558</b>	<i>44,034</i>
	New building work	<b>9,953</b>	<i>5,269</i>
	Garden maintenance	<b>5,139</b>	<i>2,853</i>
	Telephone	<b>1,823</b>	<i>2,527</i>
	Television	<b>(555)</b>	<i>(568)</i>
	Motor and travelling	<b>3,856</b>	<i>2,441</i>
	Insurance	<b>14,395</b>	<i>13,323</i>
	General office expenses	<b>10,864</b>	<i>12,404</i>
	Sundry expenses	<b>6,232</b>	<i>4,882</i>
	Council tax	<b>1,136</b>	<i>1,085</i>
	Bad debts	<b>-</b>	<i>(7,013)</i>
	Depreciation	<b>41,991</b>	<i>33,542</i>
	Loss on sale of assets	<b>-</b>	<i>1,058</i>
	Support and governance costs:		
	Auditor's remuneration	<b>4,800</b>	<i>5,700</i>
	Bank charges and interest	<b>2,058</b>	<i>2,096</i>
	Legal and professional fees	<b>1,632</b>	<i>1,200</i>
		<b><u>1,284,499</u></b>	<i><u>1,217,869</u></i>
<b>8</b>	<b>Trustees' remuneration and expenses</b>		
	During the year, the Trustees did not receive nor waive any remuneration from the Charity or other benefits in their capacity as directors and charity trustees. No expenses (2015: £nil) were reimbursed to Governors for attending external meetings and seminars.		
<b>9</b>	<b>Staff costs</b>		
		<b>2016</b>	<b>2015</b>
		<b>£</b>	<b>£</b>
	Wages and salaries	<b>822,351</b>	<i>777,005</i>
	Social security costs	<b>62,402</b>	<i>59,263</i>
	Pension costs	<b>4,441</b>	<i>786</i>
		<b><u>889,194</u></b>	<i><u>837,054</u></i>
		<b>2016</b>	<b>2015</b>
		<b>Number</b>	<b>Number</b>
	Average number of employees during the year	<b><u>45</u></b>	<i><u>50</u></i>
	The number of employees who received total employee benefits (excluding employer pension costs of more than £60,000) is as follows:		
	£80,000 - £90,000	<b><u>1</u></b>	<i><u>1</u></i>
	Pension costs incurred relating to the highest paid employee were £371 (2015: £71).		

**PETWORTH COTTAGE NURSING HOME**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

<b>10</b>	<b>Remuneration of key management personnel</b>			<b>2016</b>	<i>2015</i>
				<b>£</b>	<i>£</i>
	Wages and salaries			<b>168,523</b>	<i>168,099</i>
	Social security costs			<b>19,898</b>	<i>19,855</i>
	Pension costs			<b>949</b>	<i>175</i>
				<b><u>189,370</u></b>	<i><u>188,129</u></i>
<b>11</b>	<b>Governance costs</b>			<b>2016</b>	<i>2015</i>
	Governance costs includes the auditor's remuneration:			<b>£</b>	<i>£</i>
	Auditor's remuneration - audit fees			<b><u>4,800</u></b>	<i><u>5,700</u></i>
<b>12</b>	<b>Tangible fixed assets</b>				
		<b>Freehold land and buildings</b>	<b>Equipment, furniture and fittings</b>	<b>Motor vehicles</b>	<b>Total</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
	<b>Cost</b>				
	At 1 January 2016	1,439,143	204,568	32,180	<b>1,675,891</b>
	Additions	10,925	25,227	-	<b>36,152</b>
	At 31 December 2016	<b><u>1,450,068</u></b>	<b><u>229,795</u></b>	<b><u>32,180</u></b>	<b><u>1,712,043</u></b>
	<b>Depreciation</b>				
	At 1 January 2016	-	92,189	25,074	<b>117,263</b>
	Charge for the year	10,551	29,663	1,777	<b>41,991</b>
	At 31 December 2016	<b><u>10,551</u></b>	<b><u>121,852</u></b>	<b><u>26,851</u></b>	<b><u>159,254</u></b>
	<b>Net book value</b>				
	<b>At 31 December 2016</b>	<b><u>1,439,517</u></b>	<b><u>107,943</u></b>	<b><u>5,329</u></b>	<b><u>1,552,789</u></b>
	At 31 December 2015	<u>1,439,143</u>	<u>112,379</u>	<u>7,106</u>	<u>1,558,628</u>

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

**PETWORTH COTTAGE NURSING HOME**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

<b>13</b>	<b>Fixed asset investments</b>	<b>Investment property £</b>	<b>Listed investments £</b>	<b>Total £</b>
	At beginning of year	-	491,182	<b>491,182</b>
	Additions	230,000	200,000	<b>430,000</b>
	Net unrealised investment gain	-	30,948	<b>30,948</b>
	<b>At end of year</b>	<b><u>230,000</u></b>	<b><u>722,130</u></b>	<b><u>952,130</u></b>
	<b>Listed investments at market value</b>			
	Charifund - Equities Investment Fund for Charities			352,622
	Charibond - Charities Fixed Interest Common Investment Fund			171,062
	Amity - Balance Fund			129,899
	Amity - Global Equity Income Fund			68,547
	<b>At end of year</b>			<b><u>722,130</u></b>
	<b>Listed investments at cost</b>			
	At beginning of year			507,000
	Additions			200,000
	<b>At end of year</b>			<b><u>707,000</u></b>
			<b>2016</b>	<b>2015</b>
			<b>£</b>	<b>£</b>
	<b>Gain/(loss) on listed investments</b>			
	Unrealised		<b><u>30,948</u></b>	<b><u>(15,818)</u></b>

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

**Investment property**

The investment property was subject to valuation on an open market value basis as at August 2015 for the valuation of the estate of the donor. The trustee directors consider that the open market value equates to fair value and are of the opinion that there has not been any significant change in fair value up to the balance sheet date.

<b>14</b>	<b>Stock</b>	<b>2016</b>	<b>2015</b>
		<b>£</b>	<b>£</b>
	Medical supplies and food	<b><u>2,109</u></b>	<b><u>3,609</u></b>
<b>15</b>	<b>Debtors</b>	<b>2016</b>	<b>2015</b>
		<b>£</b>	<b>£</b>
	Due within one year:		
	Trade debtors	<b>82,417</b>	83,260
	Prepayments and accrued income	<b>31,417</b>	35,832
		<b><u>113,834</u></b>	<b><u>119,092</u></b>

**PETWORTH COTTAGE NURSING HOME**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

<b>16</b>	<b>Creditors: amounts falling due within one year</b>			<b>2016</b>	<b>2015</b>
				<b>£</b>	<b>£</b>
	Trade creditors			<b>50,972</b>	46,209
	Social security and other taxes			<b>27,676</b>	13,323
	Other creditors and accruals			<b>25,809</b>	13,466
				<b><u>104,457</u></b>	<b><u>72,998</u></b>
<b>17</b>	<b>Movement in funds</b>	<b>At 1</b>	<b>Net</b>		<b>At 31</b>
		<b>January</b>	<b>movement</b>		<b>December</b>
		<b>2016</b>	<b>in funds</b>	<b>Transfers</b>	<b>2016</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
	<b>Unrestricted funds</b>				
	General fund	2,268,720	624,392	(92,642)	<b>2,800,470</b>
	Operating fund	-	(92,642)	92,642	-
		<u>2,268,720</u>	<u>531,750</u>	-	<u><b>2,800,470</b></u>
	<b>Restricted funds</b>	-	-	-	-
	<b>Total funds</b>	<u>2,268,720</u>	<u>531,750</u>	-	<u><b>2,800,470</b></u>

**Unrestricted funds**

The general fund comprises the accumulated resources which may be expended without restriction in furtherance of the charity's objects. The operating fund comprises the operating income of the charity which may also be used without restriction to further those objects. To the extent that the operating fund thereby incurs a deficit it is subsidised by a transfer from the general fund.

**18 Share capital**

The charity is a company limited by guarantee and has no share capital. Each trustee director is a guarantor in the sum of £10.

**19 Controlling party**

The charitable company is controlled by its trustee directors.

**20 Related party transactions**

There are no related party transactions during the year (2015: £nil).

**PETWORTH COTTAGE NURSING HOME**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**21 Financial instruments**

The carrying amounts of the charitable company's financial instruments are as follows:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
<b>Financial assets</b>		
<b>Measured at fair value through net income/expenditure:</b>		
Fixed asset listed investments	<b>722,130</b>	491,182
Investment property	<b>230,000</b>	-
	<b><u>952,130</u></b>	<b><u>491,182</u></b>
<b>Debt instruments measured at amortised cost:</b>		
Trade debtors	<b>82,417</b>	83,260
Cash and cash equivalents	<b>284,065</b>	169,207
	<b><u>366,482</u></b>	<b><u>252,467</u></b>
<b>Financial liabilities</b>		
<b>Measured at amortised cost:</b>		
Trade creditors	<b>50,972</b>	46,209
Accruals	<b>22,650</b>	13,296
	<b><u>73,622</u></b>	<b><u>59,505</u></b>

The income, expenses, net gains and net losses attributable to the charitable company's financial instruments are summarised as follows:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
<b>Income and expense</b>		
Financial assets measured at fair value through net income/expenditure	<b>34,214</b>	18,576
Financial assets measured at amortised cost	<b>400</b>	(4,971)
<b>Net gains and losses (including changes in fair value)</b>		
Financial assets measured at fair value through net income/expenditure	<b>30,948</b>	(15,818)

**22 Transition to Charities SORP (FRS 102)**

This is the first year that the charity has presented its financial statements under Charities SORP (FRS 102). The charity has applied Section 35 'Transition to this FRS' of FRS 102 in preparing these financial statements as required by the Charities SORP (FRS 102). The last financial statements for the year ended 31 December 2015 were prepared under the Charities SORP (FRSSE) 2015 and the transition date to Charities SORP (FRS 102) is therefore 1 January 2015.

In adopting the Charities SORP (FRS 102) there have been no changes to the charity's reported reserves.