

Registered Company Number: 06461263  
Registered Charity Number: 1122183

**LILIAN FAITHFULL CARE**  
**(A Company Limited by Guarantee)**

**TRUSTEES' ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**LILIAN FAITHFULL CARE  
(A COMPANY LIMITED BY GUARANTEE)**

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND  
ADVISERS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**TRUSTEES**

The Rev Canon D C Nye<sup>2</sup> (resigned 12 June 2019)  
Mr T P Griffin<sup>2</sup> (resigned 12 June 2019)  
Mr R S Lyons<sup>1</sup> (resigned 12 June 2019)  
Mrs J E Ballinger, Chair of Finance<sup>1</sup>  
Ms G Pyatt, Chair  
Mr G H Parry<sup>1</sup>  
Mrs E Fox<sup>2</sup>  
Mrs J Woodley<sup>2</sup>  
Mr A J B Bishop<sup>1</sup>  
Mrs F Court<sup>2</sup>  
Mr M D Smith<sup>1</sup>  
Dame J Trotter (appointed on 12 June 2019)  
Mr P Pratt<sup>2</sup> (appointed on 12 June 2019)

<sup>1</sup> Finance Committee

<sup>2</sup> Quality Care and HR Committee

**Company Secretary**

Mr R S Lyons (resigned 12 June 2019)  
Mr G H Parry (appointed 12 June 2019)

**Principal address and Registered Office**

Ground Floor West  
Festival House  
Jessop Avenue  
Cheltenham  
Gloucestershire  
GL50 3SH

**Registered Company Number**

06461263

**Registered Charity Number**

1122183

**Chief Executive Officer**

Mr M Hughes

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND  
ADVISERS (CONTINUED)  
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**Independent Auditor**

Crowe U.K. LLP  
Statutory Auditor  
Carrick House  
Lypiatt Road  
Cheltenham  
Gloucestershire  
GL50 2QJ

**Bankers**

Barclays Bank  
128 High Street  
Cheltenham  
Gloucestershire  
GL50 1EL

**Solicitors**

Willans Solicitors  
28 Imperial Square  
Cheltenham  
Gloucestershire  
GL50 1RH

BPE Solicitors LLP  
St James House  
St James Square  
Cheltenham  
Gloucestershire  
GL50 3PR

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LILIAN FAITHFULL CARE  
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TRUSTEES' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2019

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The Trustees of Lilian Faithfull Care (LFC) present their Annual Report for the year ended 31 December 2019 in accordance with FRS 102, the Charities SORP (FRS 102), the Companies Act 2006, the Charities Act 2011 and the Care Quality Commission (CQC). The Trustees are also approving the Strategic Report in their capacity as company directors. The company was incorporated in England and Wales and its Registration Number is 06461263 and Charity Number is 1122183.

**Our Aim and Public Benefit**

Our Charity's aim, as set out in the objects contained in the Charity's memorandum of association is "to relieve elderly persons in necessitous circumstances upon terms appropriate to their means, and to provide for aged persons in need thereof, accommodation and any associated amenities specifically designed or adapted to meet the disabilities and requirements of such persons". In broader terms this can be summarised as to provide a safe, friendly and supportive environment for older people at our affordable housing, assisted living, residential and nursing homes and community facilities across the County of Gloucestershire.

**Public Benefit**

Our public benefit is to open the services of LFC to all, irrespective of their means to pay, within the limits of our budgeted funds. We cover our operational costs by charging fees and we aim to make a small surplus (3.1% in 2019) to fund our public benefit. We benchmark our fees to private funders and ensure they are below the market rates, our staffing ratios are higher, our spend on food and nutrition far increased than industry averages and our activity provision covers seven days a week.

We provide more support to those funded by Social Services than any other provider in Cheltenham and are one of the largest providers of Social Care in the County. We offer our families and residents a 'Home for Life' and continuity of care irrespective of their financial circumstances.

The Charity also provides free advice, support and guidance for families through its community events, Meeting Centres and our Memory Awareness Support Team (MAST) throughout Gloucestershire. Average occupancy for the year across the five homes was 235 for the full year, demonstrating the demand for our services. Occupancy increased in the last six months to an average of 243 residents. Of this number, Lilian Faithfull provided financial support to, on average, 80 residents and 5 day care guests (2018:70 residents) an increase on the prior year.

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LILIAN FAITHFULL CARE  
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TRUSTEES' REPORT  
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## Strategic Report

### Ensuring Our Work Delivers Our Aim

We review our aim, objectives and activities twice a year. This review looks at what we achieved and the outcomes of our work in the previous 12 months. The review looks at the success of each key activity and the benefits they have brought to those groups of people we are set up to help. The review also helps us ensure our aims, objectives and activities remain focused on our stated purposes.

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, the Trustees consider how planned activities will contribute to the aims and objectives they have set.

### Strategic Objectives

Our strategic objectives for 2019 were:

#### Core Plans

- Ensure all our homes continue to be CQC compliant.  
*2 Homes were inspected in the year and all are rated Good by the Care Quality Commission.*
- Occupancy remains at least 90%.  
*Occupancy for the year remained above industry averages at 91%. We are seeing a sustained and increased demand for our support and services in the County.*
- Generating a reasonable surplus to enable re-investment in the Charity and its staff.  
*Surplus was 3.1% of income and we increased our staff's wages for the 7th consecutive year, whilst continuing investment in our facilities and new equipment for the benefit of our residents.*
- Increasing our profile across the County.  
*We have become one of the best-known Charities in the County through events and promotion of our charitable work. This has also helped families within the County become more aware of the advice and support we can give them.*

#### Growth and Development

- Explore further Day Care provision in the County.  
*We opened the Royal Gardens Community Hub in April 2019. This is providing much needed day care to the local community. We make this service affordable and work closely with our colleagues in Social Services to help as many people as possible.*
- Explore the opportunity to grow the Charity through acquisition of suitable facilities.  
*From the acquisition of the Royal Gardens site, we now provide affordable flats. The income from these flats is used to further the Charity's objects and help keep fees low, increase our teams' salaries and ultimately ensured we could help more people.*

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**Properties and services**

- Continue with refurbishing our Estate, ensuring they are always fit for purpose.  
*We refurbished all our homes in the year, completely redecorating the communal areas and dining rooms to improve the environment for our residents and families.*
- Develop our brand to demonstrate our breadth of services and heritage.  
*We employed a Marketing and Fundraising Manager to ensure that the Charity's message was broadcast widely. We have been experiencing a significant surge in our services and also requests for help and advice. Our free Memory Awareness Support Group continues to be well attended by the community.*
- Investigate technology in care with the University of Gloucester and other bodies.  
*We have identified several key areas to focus on, with the formation of a Technology in Care Working Group. We have purchased new advanced beds and will be trialling electronic medication systems and care planning software in 2020. The aim of all of these developments is to make life even better for our residents and enable our care teams to spend more quality time with each individual.*
- Supporting more student nurses at St Faiths, Resthaven and Faithfull House.  
*Our work with the University to help train the next generation of nurses has been a tremendous success. In partnership we have undertaken 11 student nurses placements this year and have plans to adopt this at more of our homes in 2020.*
- Developing our Teams.  
*The Charity provided Leadership & Coaching to all of the Senior Managers, Deputies and Team Leaders. This has been hugely beneficial to the stability of the organisation. We were also successful in winning the Excellence in Training Award for the County of Gloucestershire, demonstrating our commitment to training and development.*

**How Our Activities Achieve Our Aim and Public Benefit**

The Charity is one of the largest providers of Social Care for the elderly in Gloucestershire; caring for more residents who have limited resources than any other provider.

The Charity stands by its commitment a 'Home for Life' as we ensure that all our residents stay with us irrespective of their financial status. Those with little or no financial resources can apply to Social Services to pay the bulk of the fees. However, the amount that Social Services will pay is less than the actual cost of providing the required care. In the absence of help from family or other sources of support, such residents will have a shortfall in fees made up from LFC's own resources. We will not ask any resident to leave due to their financial circumstance.

Our aim is to provide exceptional care and support for our residents and families irrespective of financial means.

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In Gloucestershire it is estimated that 47,500 people over the age of 45 are living with a long-term condition. This is projected to rise to 77,000 by 2030. The 18-64 working adult age group is predicted to increase by only 1.4% by 2034. The numbers of over 65s will increase by 67% in the same period.

We expect the number of older people aged 65 and over in Gloucestershire to continue to rise at a faster pace than nationally, rising from 126,800 in 2015 to 206,300 by 2039. An estimated 25,400 older people have a long-term illness or disability that limits their day-to-day activities. The number is predicted to rise to 39,000 by 2030.

An estimated 12,700 people aged 65+ in Gloucestershire feel lonely always or often. The number of people living alone is estimated to increase by about a fifth from 33,800 to 41,000. This means that more people are likely to need support; research shows that when people are isolated and lonely their wellbeing is affected and they are more likely to need health and social care services in the future.

Currently an estimated 18,400 people aged 65+ are carers, most likely to be caring for their partner/spouse or are mutual carers. This number is projected to increase to 22,300 in 2025. Nearly two-thirds of those caring for older people provide at least 35 hours of care each week. In Gloucestershire there are estimated to be 8,610 people living with dementia. That number is expected to double over the next 20 years.

Our active liaison with local community groups and with the Social Services has helped significantly in reducing those concerns and has created better local understanding of our work. We are very grateful for the community support the Charity receives from local businesses, schools and organisations which enhances our residents' lives on a daily basis.

Feedback on the care we provide tells us how important our Charity is in the County and some of the most recent feedback from families is heart-warming for our teams who work so hard to care for our residents;

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*"We knew as soon as we walked in we unanimously felt comfortable. Time has proved our first impression absolutely correct. Kindness and care are evident at all times and it is obvious that each person is dealt with as an individual and with respect. Food is excellent. Rooms are beautifully kept and hygiene standards are very high.*

*All of these points are practical but how do you quantify a sense of family, of warmth, patience and with the inevitable complexities of old age and sheer professionalism. Thank you all for looking after Mum so well!"*

The Charity estimates that our work touches the lives of approximately 1,000 people every day in our County.

### **Risk Management**

Each Trustee Committee is assigned certain risks from the Charity's Risk Register which are reviewed, documented and tested during the year. Internal control risks are minimised by the implementation of procedures for authorisation of all transactions and projects. Procedures are in place to ensure compliance with health and safety of staff, volunteers, clients and visitors. The continuing implementation of the Care Quality Commission and Local Authority Standards ensure a consistent quality of delivery for all operational aspects of the Charity. These procedures are periodically reviewed to ensure that they continue to meet the needs of the Charity.

The major risks to which the Charity is exposed are as follows:

**Charity Lacks Direction:** To mitigate this risk the Charity ensures the Strategy is discussed at every Board meeting alongside twice-yearly Strategy Away Days. We met twice in 2019 and set our Strategic Direction for 2020-2024.

**Disaster Recovery & Planning:** Annually the CEO, with the Senior Management Team and Home Managers, reviews and updates the Business Continuity Plan for completeness.

**Dependency on Income sources:** The Charity ensures it has an open relationship with the Local Government and has set-aside specific designated reserves should there be a change in Policy that affects income. The Charity is also looking at ways to diversify its income streams – we were particularly successful in generating other income which helped us in furthering our Charitable Objects.

**IT:** The Charity meets annually with its chosen IT provider to discuss contingency plans, security and robustness of its systems, including cyber-risk and data recovery. It also remains in regular communication throughout the year. The Charity upgraded its infrastructure during the year and is now accredited under the Cyber Essentials Scheme.

**Staffing:** Stability in our workforce is vital in providing good care to our residents and families. As a charity we are fortunate that our homes are 96% staffed as opposed 89% as an industry standard, and our staff turnover is 20% against industry norms of 36.8%. We manage the risk of staff recruitment, retention and turnover by meeting regularly to discuss workforce planning as an Executive Team and with the Board of Trustees and through the QC/HR Committee.

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**Covid-19:** Lilian Faithfull were very proactive when the threat of the Coronavirus pandemic hit the UK shores and closed all Homes and Daycentres to Visitors, Guests and external non-essential contractors on 9th March 2020, two weeks prior to the Government announcement to dramatically reduce the amount of social interaction.

Through this period the Homes are admitting new Residents following strict assessment protocol. All essential supplies such as food, medical and cleaning equipment have continued as normal however we have taken the precaution of purchasing higher than normal levels of dried goods to ensure food is readily available and soaps, hand sanitizers and masks to ensure all staff and Residents are kept as safe as possible. All staff are monitored on a daily basis and any that show any symptoms are denied access to the buildings. Any Residents that show potential symptoms are barrier nursed to ensure contact is kept to a minimum.

As the Homes are continuing to admit new Residents income and occupancy levels remain strong and there have been minimal effects on the Charity's finances. We continue to monitor the situation and ensure that we are adhering to all Government guidelines.

#### **Financial Review**

Occupancy for the Group in 2019 was 91% (2018: 91.8%), which was on budget. In the last six months of the year occupancy was averaging around 94%.

Income for the year was £11.481million (2018: £11.230million). Although fees did increase marginally in the year, our aim is to keep fees well below the average market rate and this is part of our strategy that we make sure our Charity is affordable to as many people as possible in the County. We are bringing in additional income to ensure that we keep fee increases as small as possible.

The increase in income is mainly due to all our homes experiencing very strong occupancy in what was a very challenging year in the Care Sector. As mentioned earlier, we are seeing a significant upturn in families looking for quality care, safe in the knowledge that we are not going anywhere and can provide a 'Home for Life'.

Throughout the year the Charity continued to invest in the facilities and improved the fabric of all of the buildings. Capital Expenditure totalled £995k, for the year, which included the refurbishment of Wychwood House on the Royal Court site which was converted to affordable flats and a Day Centre, renamed as Royal Gardens. We also invested in equipment in each home which improved the quality of care across the Group.

Charitable activities expenditure was £11.046million (2018: £10.810million). An increase on the prior year, in the main due to the increase in the number of residents we care for, our continued investment in facilities and our commitment to increase the pay of all our staff year on year. This will be the seventh year we increased our team's wages. Rewarding the people who care for our residents only improves the stability of the organisation and ultimately means our residents benefit.

Support Costs remained at 9% (2018: 8%) of income as we continue to ensure we operate the Charity in the most efficient way, utilising as much of our resources as possible to deliver care. We reviewed all our overheads and support costs to ensure we always get best value for money for the Charity. Our support costs reduced by £78k compared to last year.

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Financial assistance to residents remained stable at £1,530,204 (2018: £1,316,854) as planned and in line with our strategy. This is the difference between the actual cost of caring for a person against the market rate or the fee if we were operating as a commercial organisation. We work closely with our colleagues in Social Services and the NHS to help as many people as possible. Next year we envisage this increasing slightly as we widen our breadth of care.

The Charity's surplus before depreciation and bank interest was £1.102million (2018: £1.012million). The increase is partly due to the increased occupancy in the last six months and ensuring effective use of the Charity's resources to further our objectives. This strong platform enables us to invest and protect the strength of the organisation.

The Charity operates from a very strong platform of financial scrutiny, prudence and stability. Net Surplus was £476,761 for the year (2018: £384,580).

With the aid of sound financial management and the support of our staff we generated a positive financial outcome for the period in what has been recognised nationally as some of the most challenging times in the Adult Social Care sector.

#### **Principal Funding Sources**

The Charity's principal source of funding is from residents. That includes those who are self-funding, those paying a proportion of their care costs as deemed by the local authority, those fully funded by the local authority and those funded by the Clinical Commissioning Group. The Charity also received donations. The Charity received donations and other contributions to costs from various organisations such as the RAF Benevolent Fund, Civil Service Benevolent Fund and the Royal Agricultural Benevolent Fund. The support from these organisations is hugely appreciated by the Board of Trustees.

#### **Investment Policy**

During the year Thesis Asset Management, with whom the Charity holds its investments, was acquired by Sanlam UK Ltd. In line with the Investment Policy, the primary objective is to preserve capital and generate prudent capital growth over the long term. The income and capital growth from these investments will be used to facilitate future plans and strategies of the Charity. At the year-end these investments were valued at £639,361 (2018: £545,792).

#### **Reserves Policy**

Total reserves at 31 December 2019 were £9,538,695 (2018: £9,061,877), of which £nil (2018: £nil) was Restricted, £1,253,588 (2018: £1,312,508) was Designated and £8,285,107 (2018: £7,749,375) was Unrestricted.

During the year the Trustees continued with the policy of designating unrestricted funds for specific use without restricting or committing the funds legally. These funds as stated in note 21 to the financial statements are for varying uses, all of which have a purpose and timeline for expense.

The Trustees have examined the Charity's requirements for reserves in light of the main risks to the organisation.

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It has established a policy whereby the unrestricted funds not assigned to tangible fixed assets held by the Charity ('Free Reserves' and 'Designated Funds') should cover only the essential operating costs of the Charity. The Trustees have set aside those reserves in order to protect the future operations of the Charity from the effects of any unforeseen variations in its income streams as part of a policy of good financial management practice.

The Charity has continued to invest substantial sums into the buildings in recent years and have a constant programme of refurbishment, development and investment to maintain excellent facilities for our Residents. As a result of the purchase of Royal Court in 2016 the Charity entered into a £3.4m loan (at the end of 2019: £3.018m), and with the merger of Resthaven in 2017 brought in a bank loan of £1m (at the end of 2019: £910k). As part of the Reserves policy it has been agreed that these amounts are added back to the Free Reserves figure stated in note 20. Also added back to this number is the value of investment property held of £426,745 (2018: nil) which relates to the flats at Royal Garden.

The current level of Free Reserves and Designated Funds is £1,262,652 (2018: £974,657). The level of Free Reserves including tangible fixed assets is £13,466,783 (2018: £13,199,438).

The Charity reviews its insurance provision annually to ensure that it has in place substantial business interruption, building repair, flood/fire and damage policies, loss of income and loss of registration. This ensures we commit to being a very strong and stable organisation.

Regular updates and monitoring of these reserves is carried out to ensure that a surplus is achieved and cash flow is adequate for the needs of the Charity. Any amount over this is expected to be utilised principally to fund the further development of properties or provide additional services related to the provision of care to our residents.

#### **Dormant Subsidiary**

The Charity has a wholly-owned dormant subsidiary, Lilian Faithfull Trading Limited.

#### **Plans for Future Periods**

The Charity reviews its strategic objectives annually which resulted in a focused five year strategic plan for the period 2020-2024 being set.

In Summary:

#### **Core Plans**

- Ensure all our homes continue to be CQC compliant.
- Occupancy remains at least 90%.
- Generating a reasonable surplus to enable re-investment in the Charity and its staff.
- Increasing our profile across the County.

#### **Strategic**

- Explore further Day Care provision in the County.
- Explore the opportunity to grow the Charity through acquisition of suitable facilities.
- Diversify into new areas such as affordable housing and investigate other income sources.

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LILIAN FAITHFULL CARE  
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**Properties and Services**

- Continue with refurbishing our Estate, ensuring they are always fit for purpose.
- Promote our message and demonstrate our breadth of services and heritage.
- Investigate technology in care and partner with University of Glos and other bodies.
- Supporting more student nurses at St Faiths, Resthaven and Faithfull House.

Ultimately all our strategic plans are detailed in our Strategic Direction Plan for 2020-2024 which was approved by the Board of Trustees – the overarching theme being to provide a very safe and secure place to live and work at our Charity with the aim to help more people in our County.

**Structure, Governance and Management**

The Board of Trustees appoints a Chief Executive to manage the operational aspects of the Charity and they are supported by a Senior Management Team with key responsibilities made up of a Director of Care, Director of Finance and Director of HR. These roles are further supported by the following Committees, made up of Trustees:

**Finance Committee.**

The purpose of this Committee is to take delegated responsibility on behalf of the Board for overseeing all financial aspects of the Charity in order to ensure short and long-term viability.

**Quality, Care and HR Committee**

The purpose of this Committee is to review all external statutory reports, receive and consider all Nominated Individual Reports and report to the Board. It also monitors complaints and comments and receives regular reports on this.

**Salaries and Benchmarks**

The Charity reviews its care operation salaries and Senior Management Team against industry standards and independent care focus groups such as the National Care Forum.

**Recruitment and Appointment of Directors**

The directors of the Company are also Trustees for the purposes of charity law. Under the requirements of the Memorandum and Articles of Association the Trustees are elected to serve for a period of three years, up to a maximum of twelve years. The longest serving Trustees are required to retire in rotation at the AGM and can put themselves for re-election if they wish.

Trustees give their time voluntarily and received no benefits from the Charity. Any expenses reclaimed from the Charity are set out in the notes to the financial statements.

Due to the nature of elderly care much of the Charity's work inevitably focuses upon older people. Trustees seek to ensure that the needs of this group are appropriately reflected through the diversity of the Board of Trustees. The more traditional business and Care Sector skills are well represented on the Board of Trustees. In an effort to maintain this broad skill mix, members of the Board are requested to provide a list of their skills (and update it each year).

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In the event of particular skills being lost due to retirements, suitable replacements are sought by placing advertisements in the local and national press and on appropriate internet platforms. Applications are put before the Heads of each Committee for selection before interview and any appointment.

In line with the Charity's policies, Trustees are selected to ensure suitability for the role irrespective of colour, race, ethnicity, disability, religion, sex or sexual orientation.

#### **Trustee Induction and Training**

New Trustees undergo an orientation day where they tour the Homes, meet key employees and are introduced to the other Trustees. Trustees receive a copy of the Trustee Information Pack, which includes the Governance Manual, a copy of the Memorandum and Articles of Association, Committee Terms of Reference, the Strategic Plan, recent financial performance reports and a copy of CC3 - The Essential Trustee.

Over the last 18 months the Trustees undertook training on Governance, Charity Commission updates, employment and regulatory advice with a further workshop on Safeguarding specific to the Charity Sector. There are plans for Charity Commission and legislation update training to take place in 2020.

#### **Trustee Benefits**

All Trustees give of their time freely and no remuneration was paid in the year. No Trustee or person connected with a Trustee received any benefits.

#### **Recruitment of Staff and Employee Information**

Staff are recruited from different sources which include; Advertisements in local press, 'Staff Get Staff' financial incentive scheme and word of mouth. We actively promote the 'Lilian Faithfull Family'.

On successful completion of an interview new recruits are entered into a comprehensive induction programme over a one week period followed by shadow support until they are competent to carry out their role. Throughout their first six months they are supported in a monthly new staff support group meeting with regular visits from our compliance officer.

In line with the Charity's policies, staff are selected to ensure suitability for the role irrespective of colour, race, ethnicity, disability, religion, sex or sexual orientation. The Charity undertook Gender Pay Gap reporting and this demonstrated that we are well below the UK average indices.

Staff are regularly kept informed of the plans of the Charity. This takes the form of information on the intranet, Staff Forums, regular staff meetings, staff Newsletter, social media and regular visits from the Director of Care and the Chief Executive. The Human Resources team also holds a monthly clinic in each Home to discuss any matters arising.

There are well documented reports of staff shortages in the sector, at Lilian Faithfull our vacancy rate currently stands at 6% against an industry average of 10.1% and our staff turnover rate is 11.5% against an industry average of 40%, albeit Gloucestershire fares slightly better at 34%. Average length of service is currently 5.6 years with over a third of our teams having been with us for over five years.

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The second annual staff survey showed improvement in all areas particularly that 98% of staff would recommend the Charity as a good place to work, up from 97% the prior year.

Feedback from the staff survey told us:

*"Staff feel valued and looked after", "We work well as a team, putting the resident's wellbeing as top priority"*

In the coming year we will look at promoting our unique benefits, our training and career development programs with Nurse Associates and Senior Care staff undertaking enhanced training.

#### **Governing Document**

The organisation was incorporated as a Private Limited Company under the Companies Act 1985 on 31 December 2007. The Company was also registered as a charity on 31 December 2007. The Company is governed by its Memorandum and Articles of Association. In the event of the Company being wound up members are required to contribute an amount not exceeding £1.

#### **Charity Governance Code**

The Charity Governance Code was reviewed by the Trustees during the year, and it was felt that no changes need to be made to LFC's governance at this point, although this will be kept under review. A Governance Manual is maintained by the Charity with advice from its retained solicitors. The Manual also provides the framework for general management policies, financial policies and Terms of Reference for the Board and its Committees.

#### **Fundraising disclosures**

The Charity had no fundraising activities requiring disclosure under S162A of the Charities Act 2011.

#### **TRUSTEES' RESPONSIBILITIES STATEMENT**

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

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charitable Company and of the incoming resources and application of resources, including the income and expenditure, of the Charitable Company for that period. 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 judgments and accounting estimates that are reasonable and prudent;

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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 Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charitable Company's transactions and disclose with reasonable accuracy at any time the financial position of the Charitable Company, enables 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.

**DISCLOSURE OF INFORMATION TO AUDITOR**

Insofar as each of the Trustees of the Charity at the date of approval of this report is aware there is no relevant audit information (information needed by the Charity's auditor in connection with preparing the Audit report) of which the Charity's auditor is unaware.

Each Trustee has taken all of the steps that he/she should have taken as a Trustee in order to make himself/herself aware of any relevant audit information and to establish that the Charity's auditor is aware of that information.

The Trustees' report comprising the Strategic Report and other information was approved by the Trustees on and signed on their behalf by:



Ms G Pyatt MBE

Date

13<sup>th</sup> May, 2020

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**LILIAN FAITHFULL CARE**  
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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LILIAN FAITHFULL CARE**

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**Opinion**

We have audited the financial statements of Lilian Faithfull Care (the 'Charity') for the year ended 31 December 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and 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 charitable company's affairs as at 31 December 2019 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 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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

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

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

**Other information**

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditor's report thereon. 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the

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**LILIAN FAITHFULL CARE**  
(A company limited by guarantee)

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LILIAN FAITHFULL CARE**

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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.

**Opinion on other matters prescribed by the Companies Act 2006**

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

- the information given in the Trustees' Report which includes the Directors Report and the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' Report and the Strategic Report have been prepared in accordance with applicable legal requirements.

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

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

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

- adequate accounting records have not been kept; 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.

**Responsibilities of trustees**

As explained more fully in the Trustees' responsibilities statement, set out on page 13 the Trustees (who are also the directors of the Charity for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine 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 charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

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**LILIAN FAITHFULL CARE**  
(A company limited by guarantee)

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LILIAN FAITHFULL CARE**

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**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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's report.

**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 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 members, as a body, for our audit work, for this report, or for the opinions we have formed.



Guy Biggin (Senior statutory auditor)

for and on behalf of

**Crowe U.K. LLP**

Statutory Auditor

Carrick House  
Lypiatt Road  
Cheltenham  
Gloucestershire  
GL50 2QJ

Date: 2 June 2020

**LILIAN FAITHFULL CARE**  
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	Unrestricted funds 2019 £	Total funds 2019 £	Total funds 2018 £
<b>Income from:</b>				
Donations and legacies	2	46,591	46,591	128,428
Charitable activities:				
Provision of care	3	11,350,177	11,350,177	10,985,686
Other trading activities - fundraising		3,667	3,667	-
Investment Income	4	44,161	44,161	23,907
Other income	5	36,632	36,632	91,934
<b>Total income</b>		<u>11,481,228</u>	<u>11,481,228</u>	<u>11,229,955</u>
<b>Expenditure on:</b>				
Raising funds:				
Investment manager's fees		5,899	5,899	5,970
Provision of care		11,051,388	11,051,388	10,804,798
<b>Total expenditure</b>	8	<u>11,057,287</u>	<u>11,057,287</u>	<u>10,810,768</u>
<b>Net income before investment gains/(losses)</b>		423,941	423,941	419,187
Net gains/(losses) on investments	14	52,877	52,877	(34,607)
<b>Net income and net movement in funds</b>		476,818	476,818	384,580
<b>Reconciliation of funds:</b>				
Total funds brought forward	19	9,061,877	9,061,877	8,677,297
<b>Total funds carried forward</b>		<u>9,538,695</u>	<u>9,538,695</u>	<u>9,061,877</u>

The notes on pages 21 to 39 form part of these financial statements.

**LILIAN FAITHFULL CARE**  
(A company limited by guarantee)  
REGISTERED NUMBER: 06461263

**BALANCE SHEET**  
AS AT 31 DECEMBER 2019

	Note	£	2019 £	£	2018 £
<b>Fixed assets</b>					
Tangible assets	12	12,204,132		12,224,797	
Investment property	13	426,745		-	
Total tangible assets			12,630,877		12,224,797
Investments	14		639,614		577,047
Total fixed assets			13,270,491		12,801,844
<b>Current assets</b>					
Debtors	15	666,254		662,821	
Cash at bank and in hand		675,723		962,681	
		1,341,977		1,625,502	
<b>Creditors: amounts falling due within one year</b>	16	(1,356,956)		(1,437,280)	
<b>Net current (liabilities)/assets</b>			(14,979)		188,222
<b>Total assets less current liabilities</b>			13,255,512		12,990,066
<b>Creditors: amounts falling due after more than one year</b>	17		(3,716,817)		(3,928,189)
<b>Total net assets</b>			9,538,695		9,061,877
<b>Charity Funds</b>					
Unrestricted funds	19		9,538,695		9,061,877
<b>Total funds</b>			9,538,695		9,061,877

The financial statements were approved and authorised for issue by the Trustees on *13<sup>th</sup> May '20* and signed on their behalf, by:



Ms G Pyatt

Trustee

The notes on pages 21 to 39 form part of these financial statements.

**LILIAN FAITHFULL CARE**  
(A company limited by guarantee)

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £	2018 £
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	21	<u>880,072</u>	<u>756,133</u>
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		44,161	23,907
Proceeds from the sale of tangible fixed assets		2,500	1,055,199
Purchase of tangible fixed assets		(994,586)	(1,257,210)
Proceeds from sale of investments		256,414	200,374
Purchase of investments		(272,519)	(193,803)
<b>Net cash used in investing activities</b>		<u>(964,030)</u>	<u>(171,533)</u>
<b>Cash flows from financing activities:</b>			
Repayments of borrowings		(209,415)	(208,402)
<b>Net cash used in financing activities</b>		<u>(209,415)</u>	<u>(208,402)</u>
<b>Change in cash and cash equivalents in the year</b>		<b>(293,373)</b>	<b>376,198</b>
Cash and cash equivalents brought forward		<u>1,000,813</u>	<u>624,615</u>
<b>Cash and cash equivalents carried forward</b>	22	<u><u>707,440</u></u>	<u><u>1,000,813</u></u>

The notes on pages 21 to 39 form part of these financial statements.

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**LILIAN FAITHFULL CARE**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**1. Accounting Policies**

Lilian Faithfull Care is a private company limited by guarantee, (company number no. 06461263 England and Wales) and registered with the Charity Commission (registered number 1122183 in England and Wales). The address of its registered office is Ground Floor West, Festival House, Jessop Avenue, Cheltenham, Gloucestershire, England, GL50 3SH. This is also the registered address of its dormant subsidiary Lilian Faithfull Trading Limited.

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities Act 2011 and the Companies Act 2006.

The financial statements have been prepared under historical cost convention with the exception of investments which are included at market value.

Lilian Faithfull Care meets the definition of a public benefit entity under FRS 102.

Under Section 405 of the Companies Act 2006, consolidated accounts have not been prepared as the inclusion of the dormant subsidiary is not material for the purpose of giving a true and fair view. Therefore these financial statements present information on the parent entity as an individual undertaking only.

**1.2 Company status**

The Charity is a company limited by guarantee. The members of the company are the Trustees named on page 15. In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the Charity.

**1.3 Going concern**

The Trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. For long term finance the Charity relies on bank loans, as disclosed in notes to the financial statements. In assessing going concern the Trustees have assumed that these bank loans will not be repaid for the foreseeable future (in line with the signed bank loan agreement) and are not aware of any circumstances that may adversely affect the renewal of these facilities. In preparing the financial statements, the Trustees have considered the potential impact of the Covid-19 pandemic on the going concern status of the Charity and have determined that the impact on the current and future performance of the Charity is minimal. The factors considered by the Trustees are documented in more detail within the Risk Management section of the Trustees Report. The Trustees consider that there are no material uncertainties over the Charity's financial viability and, accordingly, continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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**LILIAN FAITHFULL CARE**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**1. Accounting Policies (continued)**

**1.4 Income**

Investment income is recognised when received, or if declared and receivable.

All income is recognised once the Charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount of income receivable can be measured reliably.

For legacies, entitlement is taken as the earlier of the date on which either: the Charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the Charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the Charity, or the Charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Income from charitable activities includes income recognised as earned (as the related goods or services are provided) under contract.

Rental income is included in the year in which it is receivable. Rent receivable from the investment property is classified as investment income.

**1.5 Expenditure**

Expenditure is accounted for as charitable activities being the provision of care. Within provision of care, costs are allocated between direct provision of care costs and support costs. The irrecoverable element of Value Added Tax is included with the item of expense to which it relates. Depreciation is allocated to expenditure headings on the basis of the use of the assets concerned.

Governance costs include costs of constitutional and statutory requirements, costs of Trustee meetings and the cost of any legal advice to the Trustees on governance or constitutional matters and are included within support costs.

Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources, for example, allocating property costs by floor areas or per capita, staff costs by the time spent and other costs by their usage.

Costs of generating funds are costs payable to third party investment managers that manage the Charity's investments portfolio.

**1.6 Tangible fixed assets and depreciation**

All assets costing more than £1,000 are capitalised. On-going projects may have individual costs below this value however they are capitalised as the overall costs of the project is over £1,000.

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**LILIAN FAITHFULL CARE**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**1. Accounting Policies (continued)**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold land	-	Nil
Freehold building	-	2%-5% of cost
Motor vehicles	-	20% of cost
Furniture and equipment	-	20% of cost

**1.7 Investment property**

Investment properties are stated in the Balance Sheet at freehold market value. A formal professional valuation is carried out at least every five years, and prepared on an informal basis in the intervening period. Gains or losses are taken to the Statement of Financial Activities. No depreciation is provided on investment properties.

**1.8 Investments**

Fixed asset investments are included at market value at the Balance Sheet date.

Gains and losses represent the movement in market values during the year and are credited or charged to the Statement of Financial Activities.

Unlisted investments are shown at cost unless there is a permanent diminution in value.

**1.9 Operating leases**

Rentals under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.

**1.10 Debtors**

Trade, other debtors and accrued income are recognised at the settlement amount due and prepayments are valued at the amount prepaid.

**1.11 Cash at Bank and in hand**

Cash is represented by cash in hand and deposits with financial institutions.

**1.12 Creditors**

Creditors are recognised where the Charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Trade creditors, taxation and social security, wages and salaries, other creditors and accruals are recognised at their settlement amount. Bank loans are recognised at amortised cost using the effective interest method.

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**LILIAN FAITHFULL CARE**  
**(A company limited by guarantee)**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**1. Accounting Policies (continued)**

**1.13 Financial instruments**

The Charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments, these being cash at bank, debtors, creditors and loans. All investments held by the Charity also qualify as basic financial instruments.

**1.14 Pensions**

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

**1.15 Fund accounting**

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

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are donations or legacies received which the donor has specified are to be solely used for particular areas of the Charity's work or for specific projects undertaken. The specific restrictions on each fund is set out in the notes to the financial statements.

**1.16 Critical accounting estimates and areas of judgment**

Preparation of the financial statements requires management to consider making significant judgements and estimates where necessary. The areas in which significant judgements and estimations have been made comprise of depreciation and the recoverability of debtors; and investment property valuation:

- Useful economic lives of tangible fixed assets

The annual depreciation charges for the tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are amended when necessary to reflect current estimates and the physical condition of the assets. See Note 12 for the carrying amount of the tangible fixed assets and Note 1.6 for the useful lives for each class of asset.

- Impairment of debtors

The Charity makes an estimate of trade debtors and other debtors. When assessing the impairment of trade debtors and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

- Investment property valuation

The Charity will periodically engage third party experts to provide an independent valuation of the investment properties held.

**LILIAN FAITHFULL CARE**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**1. Accounting Policies (continued)**

**1.17 Redundancy costs**

Redundancy costs arising from periodic reviews of staff levels are charged to the Statement of Financial Activities in the year in which the Charity is demonstrably committed to the employees leaving the Charity.

**2. Income from donations and legacies**

	<b>Total funds 2019 £</b>	<i>Total funds 2018 £</i>
Donations	46,591	24,671
Legacies	-	103,757
	<b>46,591</b>	<i>128,428</i>
Total donations and legacies	<b>46,591</b>	<i>128,428</i>

**3. Provision of care**

	<b>Total funds 2019 £</b>	<i>Total funds 2018 £</i>
Resident's fees	11,335,853	10,973,979
Contributions to running costs	14,324	11,707
	<b>11,350,177</b>	<i>10,985,686</i>
	<b>11,350,177</b>	<i>10,985,686</i>

**4. Investment income**

	<b>Total funds 2019 £</b>	<i>Total funds 2018 £</i>
Rental income	26,712	-
Income from listed investments	12,057	16,382
Interest receivable	5,392	7,525
	<b>44,161</b>	<i>23,907</i>
	<b>44,161</b>	<i>23,907</i>

**LILIAN FAITHFULL CARE**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

<b>5. Other income</b>	<b>Total funds 2019 £</b>	<b>Total funds 2018 £</b>
Other income	36,632	9,882
Surplus on sale of tangible fixed assets	-	82,052
	<u>36,632</u>	<u>91,934</u>
<b>6. Direct costs</b>	<b>Total 2019 £</b>	<b>Total 2018 £</b>
Contract catering	434,807	494,654
Establishment costs	471,035	496,745
Repairs and maintenance	579,327	532,191
Advertising	59,062	97,859
Office expenses	65,045	97,903
Subscriptions and publications	28,805	28,376
Equipment hire	7,480	8,039
Residents welfare and activities	70,471	80,946
Cleaning, medical costs, uniforms	142,508	193,424
Motor expenses	27,794	25,498
Other employment costs	224,684	192,954
Agency costs	499,244	221,294
Wages and salaries	6,188,520	6,257,572
National insurance	509,277	508,362
Pension cost	125,902	83,221
Depreciation	585,339	532,009
	<u>10,019,300</u>	<u>9,851,047</u>
<b>7. Support costs</b>	<b>Total 2019 £</b>	<b>Total 2018 £</b>
Printing, postage and stationery	47,249	46,575
Legal and professional costs	96,435	100,288
Bank charges & bank loan interest	104,531	106,336
Governance costs	19,692	19,032
Wages and salaries	764,181	681,520
	<u>1,032,088</u>	<u>953,751</u>

**LILIAN FAITHFULL CARE**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**7. Support costs (continued)**

Governance costs comprise auditor's remuneration £19,452 (2018: £19,032) and Trustees' expenses £240 (2018: £nil).

**8. Analysis of Expenditure by expenditure type**

	Staff costs 2019 £	Depreciation 2019 £	Other costs 2019 £	Total 2019 £	Total 2018 £
Expenditure on investment management	-	-	5,899	5,899	5,970
<b>Costs of raising funds</b>	<b>-</b>	<b>-</b>	<b>5,899</b>	<b>5,899</b>	<b>5,970</b>
Care costs	4,835,828	-	723,928	5,559,756	5,295,519
Welfare	1,918,299	-	835,972	2,754,271	2,939,528
Premises	69,572	585,339	1,050,362	1,705,273	1,616,000
Support costs	764,181	-	267,907	1,032,088	953,751
<b>Charitable activities</b>	<b>7,587,880</b>	<b>585,339</b>	<b>2,878,169</b>	<b>11,051,388</b>	<b>10,804,798</b>
<b>Total Expenditure</b>	<b>7,587,880</b>	<b>585,339</b>	<b>2,884,068</b>	<b>11,057,287</b>	<b>10,810,768</b>

**9. Taxation**

The company is a registered charity and is therefore, entitled to tax exemptions on all its income and gains, properly applied for its charitable purposes.

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**LILIAN FAITHFULL CARE**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**10. Net income/(expenditure)**

This is stated after charging:

	2019	2018
	£	£
Depreciation of tangible fixed assets:		
- owned by the charity	585,339	532,009
(Profit)/loss on disposal of tangible fixed assets	667	(82,052)
Auditor's remuneration - audit	15,900	15,600
Auditor's remuneration - non-audit services	260	260
Operating lease rentals	142,951	94,072
Bank loan interest	99,622	101,737
Hire of plant and machinery	-	8,039
	<u>                    </u>	<u>                    </u>

During the year, no Trustees received any remuneration or benefits in kind (2018 - £NIL).

1 Trustee received reimbursement of expenses amounting to £240 in the current year, (2018 - Nil Trustees - £NIL).

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**LILIAN FAITHFULL CARE**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**11. Staff costs**

Staff costs were as follows:

	2019 £	2018 £
Wages and salaries	6,952,701	6,939,092
Social security costs	509,277	508,362
Other pension costs	125,902	83,221
	<u>7,587,880</u>	<u>7,530,675</u>

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

	2019 No.	2018 No.
Head count	421	435

The number of higher paid employees was:

	2019 No.	2018 No.
In the band £60,001 - £70,000	-	1
In the band £70,001 - £80,000	1	-
In the band £80,001 - £90,000	1	1

Included within other employment costs are redundancy and settlement costs totaling £nil (2018: £10,733) for employees that left the charity.

The key management personnel (other than Trustees who are not remunerated) of the Charity are the Chief Executive Office, the Director of Care, Head of Human Resources and the Director of Finance. The remuneration for this team totals £292,775 (2018: £276,804). This includes gross salary, benefits, employer's national insurance and employer's pension contributions.

**LILIAN FAITHFULL CARE**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**12. Tangible fixed assets**

	Freehold land and buildings £	Motor vehicles £	Furniture and equipment £	Total £
<b>Cost</b>				
At 1 January 2019	11,557,060	160,912	3,400,819	15,118,791
Additions	182,326	19,140	793,120	994,586
Disposals	-	(5,000)	(115,593)	(120,593)
Transfer to freehold investment properties	(268,273)	-	(158,472)	(426,745)
At 31 December 2019	<u>11,471,113</u>	<u>175,052</u>	<u>3,919,874</u>	<u>15,566,039</u>
<b>Depreciation</b>				
At 1 January 2019	518,197	115,587	2,260,210	2,893,994
Charge for the year	169,923	24,611	390,805	585,339
On disposals	-	(1,833)	(115,593)	(117,426)
At 31 December 2019	<u>688,120</u>	<u>138,365</u>	<u>2,535,422</u>	<u>3,361,907</u>
<b>Net book value</b>				
At 31 December 2019	<u>10,782,993</u>	<u>36,687</u>	<u>1,384,452</u>	<u>12,204,132</u>
At 31 December 2018	<u>11,038,863</u>	<u>45,325</u>	<u>1,140,609</u>	<u>12,224,797</u>

**13. Investment property**

	Freehold investment property £
<b>Valuation</b>	
Transfer from tangible fixed assets	426,745
At 31 December 2019	<u>426,745</u>

The trustees have reviewed the value of the investment properties and consider that costs represents fair value at 31 December 2019. The investment properties are valued by an independent, third party valuer on a quinquennial basis.

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**14. Investments**

	Listed securities £	Shares in group undertakings £	Total 2019 £
<b>Market Value</b>			
At 1 January 2019	576,947	100	577,047
Additions	272,519	-	272,519
Disposals	(256,414)	-	(256,414)
Movement on cash held for reinvestment	(6,415)	-	(6,415)
Revaluations	52,877	-	52,877
	<u>639,514</u>	<u>100</u>	<u>639,614</u>
At 31 December 2019	<u>639,514</u>	<u>100</u>	<u>639,614</u>
	<u>560,103</u>	<u>100</u>	<u>560,203</u>
<b>Historical Cost</b>			

At the year end cash held by the investment managers totaled £31,717 (2018: £38,132).

Lilian Faithfull Trading Limited is a wholly owned subsidiary of the Charity. Lilian Faithfull Trading Limited did not trade during the current or preceding financial year and therefore made neither profit nor loss. As at 31 December 2019, the entity had total Shareholders' Funds of £1,029 (2018: £1,029).

**15. Debtors**

	2019 £	2018 £
Trade debtors	543,078	427,797
Other debtors	14,151	29,743
Prepayments and accrued income	109,025	205,281
	<u>666,254</u>	<u>662,821</u>

**16. Creditors: Amounts falling due within one year**

	2019 £	2018 £
Bank loans	211,343	209,386
Trade creditors	255,633	363,071
Other taxation and social security	260,952	253,101
Wages and salaries	525,404	519,362
Other creditors	32,243	21,114
Accruals	71,381	71,246
	<u>1,356,956</u>	<u>1,437,280</u>

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**17. Creditors: Amounts falling due after more than one year**

	2019 £	2018 £
Bank loans	<u>3,716,817</u>	<u>3,928,189</u>
Included within the above are amounts falling due as follows:		
	2019 £	2018 £
<b>Between one and two years</b>		
Bank loans	<u>212,473</u>	<u>210,371</u>
<b>Between two and five years</b>		
Bank loans	<u>644,514</u>	<u>637,270</u>
<b>Over five years</b>		
Bank loans	<u>2,859,830</u>	<u>3,080,548</u>

At the 31 December 2019 there were two (2018: two) bank loan balances of £3,017,500 and £910,660 respectively (2018: £3,187,500 and £950,075).

The first loan is secured by means of a first legal charge over Royal Court Care, Fiddler's Green, Cheltenham, Gloucestershire and a legal charge over St Faith's Nursing Home, Malvern Road, Cheltenham, Gloucestershire and bears interest of 1.58%. The second loan is secured by means of a legal charge over Resthaven Nursing Home, Pitchcombe, Stroud, Gloucestershire bears interest of 1.95%.

The loans are not due for repayment until August 2026 and April 2027 respectively.

**18. Financial instruments**

	2019 £	2018 £
Financial assets measured at fair value	639,514	577,047
Financial assets measured at amortised cost	<u>1,858,315</u>	<u>1,512,059</u>
	<u>2,497,829</u>	<u>2,089,106</u>
Financial liabilities measured at amortised cost	<u>4,812,653</u>	<u>5,107,819</u>

Financial assets measured at amortised cost comprise: cash at bank, trade debtors, other debtors and accrued income.

Financial assets measured at fair value comprise listed investments.

Financial liabilities measured at amortised cost comprise: trade creditors, wages and salaries, other creditors, accruals and bank loans.

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**19. Statement of funds**

**Statement of funds - current year**

	Balance at 1 January 2019 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 December 2019 £
<b>Designated funds</b>						
Edith Bell Fund	59,645	1,846	(5,814)	(55,677)	-	-
Emergency Maintenance Fund	750,000	-	-	-	-	750,000
Assisted Places Fund	500,000	-	-	-	-	500,000
Staff Fund	14	5,865	(5,865)	(14)	-	-
Resident's Fund	2,844	1,149	-	(405)	-	3,588
	<u>1,312,503</u>	<u>8,860</u>	<u>(11,679)</u>	<u>(56,096)</u>	<u>-</u>	<u>1,253,588</u>
<b>General funds</b>						
Free Reserves	(4,475,423)	11,472,368	(10,460,269)	(935,323)	52,877	(4,345,770)
Tangible Fixed Assets	12,224,797	-	(585,339)	564,674	-	12,204,132
Investment property	-	-	-	426,745	-	426,745
	<u>7,749,374</u>	<u>11,472,368</u>	<u>(11,045,608)</u>	<u>56,096</u>	<u>52,877</u>	<u>8,285,107</u>
	<u>9,061,877</u>	<u>11,481,228</u>	<u>(11,057,287)</u>	<u>-</u>	<u>52,877</u>	<u>9,538,695</u>
Total of funds	<u><u>9,061,877</u></u>	<u><u>11,481,228</u></u>	<u><u>(11,057,287)</u></u>	<u><u>-</u></u>	<u><u>52,877</u></u>	<u><u>9,538,695</u></u>

**DESIGNATED FUNDS**

**Edith Bell Fund**

The Edith Bell Fund is used to purchase equipment for the enjoyment of residents of Lilian Faithfull Care.

**Emergency Maintenance Fund**

This fund has been set up to fund required maintenance of the Lilian Faithfull Care Estate.

**Assisted Places Fund**

This fund has been set-up to allow the Charity to help existing residents once they no longer afford to privately fund their place at the home. It is envisaged that this fund will primarily be used to fund residents where there is a legislation change around funding and we will need to support them financially.

**Staff Fund**

This fund is made up of donations from relatives of residents who have given money as a thank you to the staff of Lilian Faithfull Care.

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**19. Statement of funds (continued)**

**Resident's Fund**

This fund is made up of donations from relatives of residents who have given money to assist residents during their time at Lilian Faithfull Care.

**FUND TRANSFERS**

**Staff and Residents Funds**

A transfer of £419 was made from unrestricted funds to reflect the movements on these funds during the year.

Transfers were made from Free Reserves to the Tangible Fixed Assets and Investment Property unrestricted funds to represent movements in the year. The final balance on these funds represents the Balance Sheet values at the year end.

The unrestricted Edith Bell funds that previously had been held within a separate bank account were transferred into the Charity's main bank account in the year for ease of administration, and are now represented within the Free Reserves figure. The 6,800 Merchants Trust shares that were previously held separately were transferred into the investment portfolio managed by Sanlam (previously Thesis).

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**NOTES TO THE FINANCIAL STATEMENTS  
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**19. Statement of funds (continued)**

**Statement of funds - prior year**

	<i>Balance at 1 January 2018 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Gains/ (Losses) £</i>	<i>Balance at 31 December 2018 £</i>
<b>Designated funds</b>						
Edith Bell Fund	62,365	-	-	-	(2,720)	59,645
Emergency Maintenance Fund	750,000	-	-	-	-	750,000
Assisted Places Fund	500,000	-	-	-	-	500,000
Staff Fund	5	-	(5,773)	5,782	-	14
Resthaven donated trade and assets	715,562	-	-	(715,562)	-	-
Resident's Fund	1,534	-	(3)	1,313	-	2,844
	<u>2,029,466</u>	<u>-</u>	<u>(5,776)</u>	<u>(708,467)</u>	<u>(2,720)</u>	<u>1,312,503</u>
<b>General funds</b>						
Free Reserves	(5,837,532)	11,205,284	(10,491,802)	680,514	(31,887)	(4,475,423)
Tangible Fixed Assets	12,472,744	-	(313,190)	65,243	-	12,224,797
	<u>6,635,212</u>	<u>11,205,284</u>	<u>(10,804,992)</u>	<u>745,757</u>	<u>(31,887)</u>	<u>7,749,374</u>
	<u>8,664,678</u>	<u>11,205,284</u>	<u>(10,810,768)</u>	<u>37,290</u>	<u>(34,607)</u>	<u>9,061,877</u>
<b>Restricted Funds</b>						
The Late Ms Allinson Fund	10,619	-	-	(10,619)	-	-
The Late Susan Lang Fund	2,000	-	-	(2,000)	-	-
Merrett-Astell Conservatory	-	3,171	-	(3,171)	-	-
Creed-Astell Conservatory	-	10,000	-	(10,000)	-	-
Charles Irving-Astell Conservatory	-	10,000	-	(10,000)	-	-
Hatton- Staff Fund	-	1,500	-	(1,500)	-	-
	<u>12,619</u>	<u>24,671</u>	<u>-</u>	<u>(37,290)</u>	<u>-</u>	<u>-</u>
<b>Total of funds</b>	<u><u>8,677,297</u></u>	<u><u>11,229,955</u></u>	<u><u>(10,810,768)</u></u>	<u><u>-</u></u>	<u><u>(34,607)</u></u>	<u><u>9,061,877</u></u>

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**20. Analysis of net assets between funds**

**Analysis of net assets between funds - current year**

	Unrestricted funds 2019 £	Total funds 2019 £
Tangible fixed assets	12,204,132	12,204,132
Fixed asset investments	639,614	639,614
Investment property	426,745	426,745
Current assets	1,341,977	1,341,977
Creditors due within one year	(1,356,956)	(1,356,956)
Creditors due in more than one year	(3,716,817)	(3,716,817)
	<u>9,538,695</u>	<u>9,538,695</u>

**Analysis of net assets between funds - prior year**

	Unrestricted funds 2018 £	Total funds 2018 £
Tangible fixed assets	12,224,797	12,224,797
Fixed asset investments	577,047	577,047
Current assets	1,625,502	1,625,502
Creditors due within one year	(1,437,280)	(1,437,280)
Creditors due in more than one year	(3,928,189)	(3,928,189)
	<u>9,061,877</u>	<u>9,061,877</u>

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

	2019 £	2018 £
Net income for the year (as per Statement of Financial Activities)	476,818	384,580
<b>Adjustment for:</b>		
Depreciation charges	585,339	532,009
(Gains)/losses on investments	(52,877)	34,607
Dividends, interest and rents from investments	(44,161)	(23,907)
Loss/(profit) on the sale of fixed assets	667	(82,052)
(Increase)/decrease in debtors	(3,433)	1,650
Decrease in creditors	(82,281)	(90,754)
<b>Net cash provided by operating activities</b>	<u>880,072</u>	<u>756,133</u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**22. Analysis of cash and cash equivalents**

	2019 £	2018 £
Cash at bank	675,723	942,322
Notice deposits (less than 3 months)	-	20,359
Cash held for reinvestment	31,717	38,132
Total	<u>707,440</u>	<u>1,000,813</u>

**23. Analysis of net debt**

	2019 £	2018 £
<b>Debt</b>		
Bank loan	(3,928,160)	(4,137,575)
Gross debt	<u>(3,928,160)</u>	<u>(4,137,575)</u>
<b>Assets</b>		
Cash and cash equivalents	707,440	1,000,813
<b>Net debt</b>	<u>(3,220,720)</u>	<u>(3,136,762)</u>

**24. Pension commitments**

The Charity operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Charity to the scheme and amounted to £125,902 (2018: £83,221). At the end of the year outstanding contributions amounted to £31,928 (2018: £20,170), as included within other creditors. All pension charges are charged to unrestricted funds, in-line with the fund out of which the wages and salaries are paid.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**25. Operating lease commitments**

At 31 December 2019 the total of the Charity's future minimum lease payments under non-cancellable operating leases was:

	2019 £	2018 <i>Restated</i> £
<b>Land and buildings:</b>		
Within 1 year	29,814	29,814
Between 1 and 5 years	119,256	119,256
After more than 5 years	14,907	44,721
Total	<u>163,977</u>	<u>193,791</u>
<b>Plant and machinery:</b>		
Within 1 year	97,672	112,989
Between 1 and 5 years	279,976	326,169
After more than 5 years	24,541	67,840
Total	<u>402,189</u>	<u>506,998</u>

**26. Related party transactions**

At 31 December 2019 the Charity owed £864 (2018: £864) to Lilian Faithfull Trading Limited, its subsidiary undertaking. The loan is interest free and has no fixed repayment terms.

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**27. Comparative Statement of Financial Activities for the year ended 31 December 2018**

	Unrestricted funds £	Restricted funds £	2018 £
<b>Income:</b>			
Donations and legacies	103,757	24,671	128,428
Charitable activities			
Provision of care	10,985,686	-	10,985,686
Investment income	23,907	-	23,907
Other income	91,934	-	91,934
<b>Total income</b>	<b>11,205,284</b>	<b>24,671</b>	<b>11,229,955</b>
<b>Expenditure on:</b>			
Raising funds	5,970	-	5,970
Provision of care	10,804,798	-	10,804,798
<b>Total expenditure</b>	<b>10,810,768</b>	<b>-</b>	<b>10,810,768</b>
Net (losses) on investments	(34,607)	-	(34,607)
<b>Net income</b>	<b>359,909</b>	<b>24,671</b>	<b>384,580</b>
Transfers between funds	37,290	(37,290)	-
<b>Net movement in funds</b>	<b>397,199</b>	<b>(12,619)</b>	<b>384,580</b>
<b>Reconciliation of funds</b>			
Total funds brought forward	8,664,678	12,619	8,677,297
<b>Total funds carried forward</b>	<b>9,061,877</b>	<b>-</b>	<b>9,061,877</b>