

**ROYAL CONNAUGHT RESIDENTIAL HOME LIMITED**

**FINANCIAL STATEMENTS 2016**

**FOR INFORMATION PURPOSES**

## **Royal Connaught Residential Home Limited**

### **Chairman's Statement – 2016 Accounts**

Following resolution of our problems in 2015, Occupancy steadily increased during 2016 from 71.9% to 82.7%. As a result, as can best be seen on page 14 of the Annual Report and Financial Statements, Care Fee income in 2016 increased by £137,725 from £878,413 to £1,016,422, whilst our principal expense, i.e. wage costs, rose £98,550, from £633,276 to £731,826. Largely as a result of these two factors, the Total Comprehensive Income deficit reduced, from (£35,439) in 2015 to (£13,114) in 2016.

In 2016, the Connaught Board and the States of Alderney signed a new Operating Contract commencing January 1, 2017, where the States cancelled the rental paid by the Connaught for use of the States owned buildings and the Board operate the Connaught on behalf of the States. [The Connaught is a not-for-profit charity]. In 2017, Occupancy has continued to rise and in August 2017 the facility was full. The Connaught Board and States are in discussion as to how and when capacity can be increased. As a result of these two factors, i.e. removal of rent and increased Occupancy, the Connaught is now generating a surplus which can be used to develop the facility. For example, a full time Activities Co-ordinator has been recruited.

In 2016 Milly's Foundation carried out a further series of three, week long, training sessions in April, July and October on dementia for professional staff, business folk and the public. Further sessions have been and will be held in 2017 as part of our objective of creating a dementia friendly island. Discussions are also being held with folk from Health and Social Care Department in Guernsey to develop an integrated care system for the island.

The joint Working Party of the States of Alderney and the Connaught Board met throughout 2016 and continue to do so in 2017.

Colin Williams

**Royal Connaught Residential Home Limited**

**Annual report and financial statements**

**For the year ended 31 December 2016**

# **Royal Connaught Residential Home Limited**

## **Annual report and financial statements**

**For the year ended 31 December 2016**

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# **Royal Connaught Residential Home Limited**

## **Corporate information**

### **Directors**

Mr. F. Dean  
Mrs. E. J. Maxwell  
Mr. C. Williams  
Miss B. Benfield  
Mrs. C. Ireland  
Mrs. B. Hope-Smith

Director (Chairman) - appointed 29 January 2016 and  
resigned 31 May 2017  
Director  
Director (Chairman from 31 May 2017)  
Director - appointed 28 July 2016  
Director - appointed 13 September 2016  
Director - resigned 17 June 2016

### **Secretary**

Mrs. C Ireland  
Mr. C Williams

Secretary - appointed  
Secretary - resigned

### **Auditor**

KPMG Channel Islands Limited  
Chartered Accountants  
Gategny Court  
Gategny Esplanade  
St Peter Port  
Guernsey  
GY1 1WR

### **Banker**

National Westminster Bank  
35 High Street  
St Peter Port  
Guernsey  
GY1 4BE

**Company registration number**  
1313

### **Registered office**

New Connaught Care Home  
The Val  
Alderney  
GY9 3UL

# **Royal Connaught Residential Home Limited**

## **Directors' report**

### **For the year ended 31 December 2016**

The Directors present their report and financial statements for the Royal Connaught Residential Home Limited (the Company) for the year ended 31 December 2016.

#### **Incorporation**

The Company was registered in Alderney, Channel Islands on 10 December 1999 under The Companies (Alderney) Law, 1994, registration number 1313.

#### **Principal activities**

The primary purpose of the Company is to provide assistance to residents of Alderney through the provision of residential and sheltered accommodation services.

#### **Going concern**

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

#### **Financial results and dividends**

The financial results of the Company for the year are set out in detail on pages 6 and 7 supported by the notes to the financial statements on pages 8 to 13 inclusive.

The Directors do not propose the payment of an ordinary dividend (2015: nil).

#### **Statement of Directors' responsibilities in respect of the Directors' report and the financial statements**

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with applicable law and UK Accounting Standards, including Financial Reporting Standard Section 1A of 102, The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102).

The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year.

In preparing those financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

# Royal Connaught Residential Home Limited

## Directors' report (continued)

For the year ended 31 December 2016

### Statement of Directors' responsibilities in respect of the Directors' report and the financial statements (continued)

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with The Companies (Alderney) Law, 1994. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company, and to prevent and detect fraud and other irregularities.

### Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### Independent Auditor

KPMG Channel Islands Limited were reappointed as auditor of the Company during the period. A resolution for the re-appointment of KPMG Channel Islands Limited as auditor of the Company will be proposed at a future Board meeting.

By order of the Board

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

Date: 30<sup>th</sup> June 2017

## **Independent auditor's report to the members of Royal Connaught Residential Home Limited**

### **For the year ended 31 December 2016**

We have audited the financial statements (the "financial statements") of Royal Connaught Residential Home Limited (the "Company") for the year ended 31 December 2016 which comprise the Statement of comprehensive income, the Statement of financial position and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and Section 1A of FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

This report is made solely to the Company's members, as a body, in accordance with section 79 of the Companies (Alderney) Law, 1994. Our audit work has been undertaken so that we might state to the 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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditor**

As explained more fully in the Statement of Directors' Responsibilities set out on pages 2 and 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board of Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and its return for the year then ended 31 December 2016;
- are in accordance with United Kingdom Accounting Standards and Companies (Alderney) Law, 1994.



**Independent auditor's report to the members of Royal Connaught Residential Home Limited  
(continued)**

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

We have nothing to report in respect of the following matters where the Companies (Alderney) Law, 1994 requires us to report to you if, in our opinion:

- proper accounting records in accordance with section 74 have not been kept; or
- the balance sheet or the profit and loss account is not in agreement with the accounting records; or
- the director's report is inconsistent with the balance sheet or the profit and loss account; or
- we have failed to obtain all access, information and explanations necessary for the audit.

KPMG Channel Islands Limited

**KPMG Channel Islands Limited**  
**Chartered Accountants, Guernsey**

Date: 5 July 2017

# Royal Connaught Residential Home Limited

## Statement of comprehensive income

For the year ended 31 December 2016

	Note	2016 £	2015 £
<b>Income</b>			
Care fees	5	1,016,422	878,697
Less: administrative expenses	5	<u>(1,042,079)</u>	<u>(945,290)</u>
<b>Operating profit</b>		<u>(25,657)</u>	<u>(66,593)</u>
Other interest receivable and similar income		<u>24,519</u>	<u>43,250</u>
Loss on ordinary activities before interest payable and similar expenses		(1,138)	(23,343)
Interest payable and similar expenses		(11,976)	(12,096)
<b>Total comprehensive income for the year</b>		<u><u>(13,114)</u></u>	<u><u>(35,439)</u></u>

All activities are derived from continuing activities.

The Company has no components of "other comprehensive income".

The notes on pages 8 to 13 form an integral part of these financial statements.

# Royal Connaught Residential Home Limited

## Statement of financial position

As at 31 December 2016

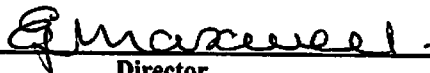
	Notes	2016 £	2015 £
<b>Fixed Assets</b>			
Property, plant and equipment	8	<u>254,430</u>	<u>277,595</u>
<b>Current assets</b>			
Cash at bank and in hand		170,743	147,620
Debtors	9	<u>31,703</u>	<u>27,108</u>
<b>Total current assets</b>		<u>202,446</u>	<u>174,728</u>
<b>Current liabilities</b>			
Creditors: Amounts falling due within one year	10	<u>72,736</u>	<u>55,069</u>
<b>Total current liabilities</b>		<u>72,736</u>	<u>55,069</u>
<b>Net assets</b>		<u>384,140</u>	<u>397,254</u>
<b>Capital and reserves:</b>			
Shareholder's capital	11	2	2
Profit and loss reserves	12	<u>384,138</u>	<u>397,252</u>
<b>Total shareholder's funds</b>		<u>384,140</u>	<u>397,254</u>

The notes on pages 8 to 13 form an integral part of these financial statements.

The financial statements on pages 6 to 13 were approved by the Board of Directors on 30 June 2017 and are signed on their behalf by:



Director



Director

# Royal Connaught Residential Home Limited

## Notes to the financial statements

### For the year ended 31 December 2016

#### 1 Reporting entity

Royal Connaught Residential Home Limited (the "Company") was established on 10th December 1999 and is registered in Alderney. The Company is governed by the provision of the Companies (Alderney) Law, 1994. The principal activity of the Company is to manage the Residential Home and Sheltered accommodation. The company obtained Charitable Status in 2014 from the States of Guernsey income tax.

#### 2 Basis of preparation

The Company's financial statements give a true and fair view, comply with the Companies (Alderney) Law, 1994 and were prepared in compliance with FRS 102 (Section 1A), the Financial Reporting Standard applicable to the UK and Republic of Ireland ("FRS 102"). The financial statements have been prepared on a historical cost basis.

The financial statements are prepared in sterling which is the functional currency of the Company. The Directors consider sterling as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

#### Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

#### 3 Accounting Policies

##### Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is charged to the Statement of comprehensive income. Depreciation is provided on all property, plant and equipment, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Leasehold improvements	5% per annum
Motor vehicles	25% reducing balance per annum
Fixtures and fittings	20% reducing balance per annum
Computer equipment	20% reducing balance per annum

Depreciation is charged in the year of purchase or sale and is calculated in proportion to the period the property, plant or equipment is held.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

# **Royal Connaught Residential Home Limited**

## **Notes to the financial statements**

**For the year ended 31 December 2016**

### **3 Accounting Policies (continued)**

#### **Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Company. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the Company recognises annual rent expense equal to amounts owed to the lessor.

#### **Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position, comprise cash at banks and in hand. There are no bank overdraft facilities in place.

#### **Short term debtors and creditors**

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price, less attributable transaction costs. Any losses arising from impairment are recognised in the statement of comprehensive income in other operating expenses. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

#### **Income recognition**

Income is recognised on an accruals basis.

#### **Care fees income**

Fee income includes care fees and associated fees charged for related services.

#### **Other income**

Other income includes income received from casual meals, meals on wheels, deposit interest, States of Alderney grant and donations, fundraising and legacies.

#### **Interest receivable**

Interest receivable is recognised as interest accrues using the effective interest method.

#### **Expenses**

Expenses, including administration and other expenses are accounted for on an accruals basis and are recognised in the statement of comprehensive income on the transaction date.

#### **Taxation**

The Company has charitable status and is a wholly owned by the States of Alderney and is thus not liable to Guernsey company tax.

#### **Financial instruments**

##### **Basic financial instruments**

##### **Trade and other debtors/creditors**

Trade and other debtors are classified as financial assets and are measured at cost less impairment. Creditors are classified as financial liabilities and are measured at amortised cost.

# **Royal Connaught Residential Home Limited**

## **Notes to the financial statements**

**For the year ended 31 December 2016**

### **3 Accounting Policies (continued) Financial instruments (continued)**

#### **Recognition**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial assets are derecognised when and only when the contractual rights to the cash flow from the financial assets expire or are settled. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

#### **Measurement**

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carry amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

#### **Derecognition**

Where indicators exist for a decrease in impairment loss, and the decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

### **4 Use of judgements and estimates**

In preparing these financial statements, the Company has made judgements that affect the application of accounting policies and the reported amounts of assets. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

#### **Critical Accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in note 3, the 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.

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

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

# Royal Connaught Residential Home Limited

## Notes to the financial statements

For the year ended 31 December 2016

### 4 Use of judgements and estimates (continued)

#### Critical Accounting judgements and key sources of estimation uncertainty (continued)

##### Establishing useful economic lives for depreciation purposes of property and equipment

The annual depreciation charge of long-lived assets depends primarily on the estimated lives of each type of asset and estimates of residual values. The Directors regularly review these asset lives. Detail of the useful lives is included in the accounting policies.

##### Providing for doubtful debts

The Company makes an estimate of the recoverable value of trade debtors. The Company uses estimates based on historical experience in determining the level of debts which, it believes, will not be collected. These estimates include such factors as the ageing profile of debtors and historical experience. The level of provision required is reviewed on an on-going basis.

### 5 Income and operating profit

The income and operating profit is derived wholly from continuing activities.

	2016	2015
	£	£
Income		
Care fees	1,016,422	878,697
	<u>1,016,422</u>	<u>878,697</u>

	Note	2016	2015
		£	£
Administrative expenses			
Rent and rates		83,954	83,413
Wages and social security	7	731,826	633,276
Heat, light and power		54,256	57,790
Depreciation		23,776	28,696
Administration expenses		34,161	43,456
Operational expenses		109,086	97,076
Bad debt provision		5,020	1,583
		<u>1,042,079</u>	<u>945,290</u>

### 6 Auditor's remuneration

The remuneration of the auditors is further analysed as follows:

	2016	2015
	£	£
Audit of financial statements	8,000	8,500

### 7 Staff costs

	2016	2015
	£	£
Wages and salaries	688,282	594,912
Social security costs	43,544	38,364
	<u>731,826</u>	<u>633,276</u>

The average monthly number of employees during the year was as follows:

	2016	2015
	No.	No.
Employees	<u>36</u>	<u>34</u>

# Royal Connaught Residential Home Limited

## Notes to the financial statements

### For the year ended 31 December 2016

8 Fixed assets	Leasehold improvements	Motor vehicles	Fixtures & equipment	Computer equipment	Total
Cost or valuation	£	£	£	£	£
As at 1 January 2016	301,676	25,428	181,658	3,990	512,752
Disposals	-	-	(64,454)	-	(64,454)
Additions	-	-	-	610	610
As at 31 December 2016	<u>301,676</u>	<u>25,428</u>	<u>117,204</u>	<u>4,600</u>	<u>448,908</u>
<b>Depreciation</b>					
As at 1 January 2016	65,364	24,285	144,510	998	235,157
Disposals	-	-	(64,454)	-	(64,454)
Charge for the year	<u>15,084</u>	<u>286</u>	<u>7,486</u>	<u>920</u>	<u>23,776</u>
As at 31 December 2016	80,448	24,571	87,542	1,918	194,479
<b>Net book value</b>					
As at 31 December 2016	<u>221,228</u>	<u>857</u>	<u>29,662</u>	<u>2,682</u>	<u>254,430</u>
<b>Net book value</b>					
As at 31 December 2015	<u>236,312</u>	<u>1,143</u>	<u>37,148</u>	<u>2,992</u>	<u>277,595</u>

Disposals relate to items of fixtures and equipment which were written off during the year. These fixed assets were fully depreciated on date of derecognition.

9 Debtors	2016	2015
	£	£
Trade debtors	20,757	23,045
Prepayments and other accrued income	10,946	4,063
	<u>31,703</u>	<u>27,108</u>
<b>10 Creditors - amounts falling due within one year</b>	<b>2016</b>	<b>2015</b>
	£	£
Trade creditors	10,502	42,708
Accruals	17,830	8,000
Other creditors	44,404	4,361
	<u>72,736</u>	<u>55,069</u>

The Company has a NatWest credit card facility of £6,000. This facility is paid off in full on a monthly basis. There was £861 (2015: £62) outstanding at year end.

### 11 Share Capital

There are 2 authorised ordinary shares of £1 each. Two ordinary shares of £1 (2015: two ordinary shares) has been issued and fully paid as at 31 December 2016.

### 12 Reconciliation of movements in capital and reserves

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance as at 31 December 2015	2	397,252	397,254
Total comprehensive income	-	(13,114)	(13,114)
Balance as at 31 December 2016	<u>2</u>	<u>384,138</u>	<u>384,140</u>



# **Royal Connaught Residential Home Limited**

## **Notes to the financial statements**

### **For the year ended 31 December 2016**

#### **13 Dividends paid and other appropriations**

The directors of the Company do not propose to pay an ordinary dividend (2015: £nil).

#### **14 Related party transactions**

100% of the share capital is held by the States of Alderney and therefore they are the ultimate controlling party. The Company is managed by an independent Board of directors.

During the course of the year lease payments of £83,954 (2015: £83,413) have been made to the States of Alderney.

During 2015 a grant of £8,500 was received from the States of Alderney, to cover audit fees. No grant was received in respect of 2016. There is £4000 in debtors which relates to the grant for 2015.

#### **15 Operating lease commitments**

The Company had an operating lease ("the Lease") in respect of the occupation of the Royal Connaught Care Home payable to the States of Alderney. The Lease ran for 20 years from 1 August 2011. There was an annual rent review on 1 July each year and at this date, rent was increased by the Guernsey RPIX. Rent was payable to the States of Alderney.

On 5 May 2016, a new operating lease was signed in respect of the occupation of the Royal Connaught Care Home. This lease runs for 5 years. Under the new lease, no rental payments will fall due. The commencement date of the new lease is 1 January 2017.

#### **16 Events after the reporting period**

There are no events to note after the end of the reporting period and up to the date of the signing of these financial statements that require further disclosure.

# Royal Connaught Residential Home Limited

## Detailed profit and loss account (for information only)

For the year ended 31 December 2016

	Note	2016 £	2015 £
<b>Income</b>			
Care fees		1,016,422	878,697
<b>Administration expenses</b>			
Rent and rates		(83,954)	(83,413)
Telephone and post		(4,696)	(4,526)
Insurance		(8,851)	(10,544)
Advertising, printing and stationery		(1,724)	(1,403)
Accounting, computer and legal fees		(12,525)	(21,303)
Travel		(1,398)	(2,215)
Bank charges		(2,623)	(1,955)
Sundries		(2,489)	(1,508)
Wages and social security		(731,826)	(633,276)
Training		(4,013)	(6,150)
Food and catering		(48,698)	(43,274)
Heat, light and power		(54,257)	(57,790)
Repairs and maintenance		(39,203)	(23,443)
Building maintenance		(7,595)	(12,267)
Cleaning and laundry		(7,695)	(6,063)
Bad debt provision		(5,020)	(1,583)
Medical expenses		-	(4,195)
Vehicle expenses		(1,736)	(1,686)
		<u>(1,018,303)</u>	<u>(916,594)</u>
<b>Profit on ordinary activities</b>		(1,881)	(37,897)
<b>Interest receivable and other income</b>			
Casual meals		4,493	4,010
Meals on wheels		18,714	18,232
Deposit interest		236	446
States of Alderney grant re audit fee		-	8,500
Donations, fundraising and legacies		1,076	12,062
		<u>24,519</u>	<u>43,250</u>
<b>Interest payable and similar expenses</b>			
Meals on wheels		<u>(11,976)</u>	<u>(12,096)</u>
<b>Total other comprehensive income</b>		12,543	31,154
Depreciation		(23,776)	(28,696)
<b>Total comprehensive income/(loss) for the year</b>		<u><u>(13,114)</u></u>	<u><u>(35,439)</u></u>