



# Royal Star & Garter

Care with courage



Some photos were taken before social distancing requirements

# Annual Report & Accounts

For the year ended 31 December 2020







# Royal Star & Garter

Care with courage

I love it here. The staff will do anything that you want them to do. The Home couldn't have done more if they tried during the pandemic. They've made sure that all guidelines are followed.

Ena, 102, Army widow



Ena and Physiotherapist Maddie

We provide loving, compassionate care to veterans and their partners living with disability or dementia.

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<p><b>Our values sit at the heart of our care.</b></p>	<p><b>As a family</b></p> <p>We work and live as one team, one family, one community.</p>
<p><b>Living positively</b></p> <p>We are optimistic in everything we do, supporting veterans and their partners in leading happy, fulfilled lives.</p>	<p><b>With love</b></p> <p>We carry out our work with love, care and compassion.</p> 
<p><b>Standing in their shoes</b></p> <p>We show admiration and respect for people and never forget what they have done.</p>	<p><b>Take courage</b></p> <p>We are not afraid to do what is right and what is needed.</p>





## Chair's Letter

Every day we focus on providing outstanding, compassionate and loving care to those who have had the courage to serve their country. We are proud to support veterans and their partners who have given so much and who are living with disability or dementia, as well as to lead the field in both the quality of our care and the scope of our innovation.

2020 has been a year like no other. The impact of the coronavirus pandemic on our residents, their families, our staff and volunteers was unimaginable. Enormous personal and logistical challenges have been overcome in order to keep everyone as safe as possible.

Sadly, we have not been untouched by the virus. The death of eight residents and the impact on so many others in the Royal Star & Garter family has been difficult to bear at times. I am hugely proud of the way that everyone has risen to the challenge and given so freely of themselves to support our residents in the most challenging of circumstances. Their courage and dedication is in the very best traditions of a charity established in the midst of a previous national crisis.

I especially want to thank our residents and their families who have borne long periods of separation with such good humour and patience and been so supportive of our work. With the roll out of the national vaccination programme, we can now look forward to 2021 and beyond with renewed hope.

2020 also marked many achievements, including the Royal Opening of our High Wycombe Home and a rare Outstanding rating in all five categories from the Care Quality Commission for our Solihull Home.

Our strategy sets out a bold vision: to push further the boundaries of the quality of our services, while at least doubling the number of veterans we help. Coronavirus has delayed our future plans, but not stopped them. We will redouble our efforts when the pandemic is no longer our overriding focus.

Our core value of 'care with courage' has never been more evident than this year. I would like to record my pride in all our teams – whether working on the frontline or providing vital support. Collectively they make our Homes so special for residents. I would also like to thank our staff, volunteers and Governors for their commitment and support. Finally, I offer my congratulations to Cheryl Harbourne, our Solihull Home Manager, who was awarded an MBE for services to veterans during Covid-19, and to our Lead Carer Emrys Owen who, after almost four decades of service to our residents, received the British Empire Medal.

**Major General Tim Tyler CB**  
**Chair, Governing Body**

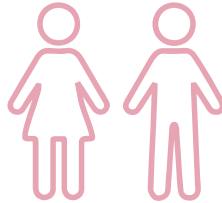
**30 June 2021**



# 2020

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**198**  
residents  
supported



**106**  
women

**92**  
men

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**1/3** of dedicated  
military dementia care  
beds in England

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**2.5**  
million units of PPE  
used in 9 months



**48,688**  
days of  
residential care

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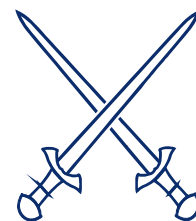
**33**

Royal Navy &  
Royal Marines  
veterans



**99**

Army  
veterans



**66**  
RAF  
veterans

**160,000** miles  
transporting  
staff to keep  
teams safe



**9,067 sessions**

of physiotherapy and speech &  
language therapy provided



## Governors' Report

Our mission is to provide compassionate, loving care to ex-Service men and women and their partners living with disability and dementia - ensuring that they are able to live life to the full. \*

Royal Star & Garter was established in 1916 to care for soldiers and sailors who had been disabled during the First World War. We are registered with the Charity Commission (number 210119) and our activities are governed by Royal Charter dated 21 September 1990 as amended on 13 June 2007. \*\*

The Governors present their annual report and audited financial statements for the year ended 31 December 2020, and confirm they comply with the requirements of the Charities Act 2011, our governing document and the relevant Statement of Recommended Practice (Charities SORP).

Ever more Service men and women are surviving injury and illness into older age. However, the veteran community is more likely to experience long-term physical health conditions, and the proportion of veterans over the age of 90 is expected to double in the next decade. 1.6 million UK Armed Forces veterans will be living in Great Britain in 2028, with 37% of veterans aged over 75, and 12% over 90 (Ministry of Defence, January 2019). We have also seen a significant increase in the number of individuals requiring specialist dementia care. 1 in 14 people over 65 years will develop dementia, and the proportion rises to 1 in 6 for those aged over 80 (Alzheimer's Society, 2017). By 2028, we estimate that around 64,000 veterans will have developed dementia. We continue to provide and expand our distinctive care because we believe that many veterans would otherwise not be able to obtain the specialist care and support which they need. Our Homes fill an important place in the spectrum between hospitals and standard care homes. This is why the work of Royal Star & Garter remains so vitally important.

We provide high quality services for those in greatest need and our innovative work is widely shared with other Service organisations, charities and the wider civilian community.

More than a century since our first residents returned from the First World War, we continue to support veterans and their partners from all backgrounds, ranks and services. We know that the veteran community will continue to require high levels of care well into the future.

### The impact of Covid-19 on operations

The global Covid-19 pandemic in 2020 has had a significant impact on care and health services and financial markets worldwide. We have had to take a number of challenging decisions in order to protect our residents who are all extremely vulnerable. Sadly, seven residents died at our Surbiton Home and one resident died at our Solihull Home as a result of Covid-19. In High Wycombe, no residents have tested positive for the virus.

\* We consider that ex-Service men and women and their partners have all made sacrifices and we refer to our beneficiaries collectively as 'veterans'

\*\* The Royal Star & Garter Homes trading as Royal Star & Garter



Since the government announced the first national stay-at-home order, we have committed significant resources to protect residents and staff, maintain the highest quality of care and help residents live their lives to the full despite the restrictions. Significant steps we have taken include:

- We took the difficult decision to close our Homes to visitors except essential healthcare professionals on 13 March 2020 until we could implement the necessary infection control measures to enable safe visiting arrangements.
- We were one of the first care organisations to access staff testing, and implemented a regular testing regime and support for individuals who tested positive and needed to isolate at home.
- We commenced visits for family members in covered areas outside our Homes in early June and have since created secure visiting areas inside each of our Homes. These have been available for use except when a Home has been subject to the specific rules relating to Covid outbreaks.
- We held a 'lock-in' at our Solihull Home on two occasions (3 weeks in total) and our High Wycombe Home on one occasion (1 week): where our staff teams physically moved in to protect residents by minimising exposure to significant local outbreaks.
- Staff vaccinations started in December 2020 and over 90% of all staff in our Homes have now received at least their first vaccination. Resident vaccinations started in January 2021 and most have now had both doses.
- We have used taxis, hired additional minibuses and drivers, and used our coaches to enable staff to get to and from work without using public transport in order to minimise the risk of transmitting infection.
- We implemented enhanced cleaning and infection control regimes including regular deep cleans.
- We purchased significant quantities of Personal Protective Equipment (PPE), provided training for staff and set aside dedicated bedrooms as safe spaces for changing rooms.



#### Visiting rooms

In November, we opened Covid-secure indoor meeting rooms in each Home, following the receipt of a £100,000 donation from The Scheinberg Relief Fund. The rooms allowed relatives to continue safely visiting their loved ones, in line with government guidelines.

Partitioned by floor-to-ceiling glass, the rooms are designed to be homely, but have a high-tech sound system to support natural conversation, especially important for people with hearing impairments. Bringing families together face-to-face is hugely beneficial for both residents and their loved ones.

### Our long-term strategy

We have moved forwards our long-term strategy which focuses on three critical areas.

#### 1. Outstanding care for veterans and their partners living with disability or dementia

Our three purpose-built Homes enable us to provide the highest quality of care for 197 residents with state-of-the-art facilities. The average age of our residents is 90, although ages ranged from 33 to 102 during 2020. Residents are living with either a physical disability or dementia and a wide range of conditions typically found in the elderly, such as osteoarthritis, osteoporosis, strokes and other neurological conditions. Many residents experience a complex combination of these conditions and the majority require the use of a wheelchair.

Exceptional care is holistic care. Each resident's physical, emotional, psychological and social needs are met with kindness, respect and friendship.

The requirement for specialist dementia care continues to grow and so we converted 15 rooms in our Solihull Home and trained additional staff so they could deliver our model of dementia care. We are now able to care for up to 86 residents in specially-designed dementia communities. This represents a third of the total dedicated residential care capacity for veterans living with dementia in England.

During the year, we recruited 82 staff as we built capacity in our High Wycombe Home and took steps to reduce the need for agency staff in each of our Homes. Our High Wycombe Home opened in April 2019 and we are building staff and resident numbers so we will be able to provide care for 74 veterans at full capacity. We aim to achieve this in 2022. This home has raised the standard of our care even further and was formally opened by our President, HRH Princess Alexandra, in February 2020.

Food, nutrition and socialisation are really important components of high quality care. This year we measured our residents' experience at mealtimes and the impact this has had on well-being. This showed:

- 97% of residents really valued the friendly social atmosphere at mealtimes.
- 95% of residents reported that the meals met the choices they made, enabling independence at mealtimes which is such an important part of person-centred care.



#### Stories from the frontline: Suzie

"Working together in the pandemic has brought the team closer. We look out for each other and we've bonded even more. You make a point of asking others, 'Are you really OK?', and they open up. It's what you'd do for family and the people you love.

We have to keep residents strong too. I think they have found it quite hard. It's good that they can meet loved ones again. You can see the boost to their morale, they're happy because they have seen their families."

Suzie Bignall, Health Care Assistant (HCA)

We assist residents in maintaining and enhancing mobility and encourage involvement in activities and personal interests which improve confidence, enhance independence, and create a vibrant sense of friendship and community.



We employ a wide range of professional care staff including nurses and care assistants, together with physiotherapy, speech and language therapy and activities teams and regularly organise music and other events which residents so enjoy. We have had to re-shape our activities and other programmes as a result of the pandemic, but we continued to offer residents an excellent range of well-being opportunities including art, exercise, music and gardening. We are aiming to broaden this once again as soon as it is safe to do so.

To do this we invest significant amounts in our staffing levels, training and activities, which are all hallmarks of our care. This does mean that our cost of care is higher than in some traditional homes. However, our fees for residents are significantly lower than the actual cost of care - which means that we provide substantial financial support to all our residents.

We continue to maintain strong links with the Armed Forces, which our residents value so highly. We reinforce these links with the presence of military student nurses completing clinical placements, encouraging visits and events arranged by Service organisations, and with a presence at key ceremonial events during the year.

## **2. Meeting the needs of the next generation of veterans**

Although residential care remains at the heart of what we do, in recent years we have developed our day care service in High Wycombe and Solihull. During 2020, we provided care for 31 individuals through our day care service. We have also supported 23 veterans with short-break care across all three Homes. Six of our day care guests have decided to move into one of our Homes as long-term residents. Regrettably, our day care services were closed in February 2020 as a result of the Covid pandemic and have not yet been able to reopen. Our plans to launch a day care service in Surbiton have also been postponed as a result of the pandemic. Independent evaluation of our day care programme shows that 88% of individuals agreed or strongly agreed that their health and well-being had improved as a result of attending, and we look forward to reopening this important service as soon as possible.

We have set ourselves a challenging target of at least doubling the number of veterans we support by 2025. In order to achieve this we are developing two further new services:

- to provide support in veterans' own homes; and
- to create a bespoke, smaller home for younger veterans.

Home Care is delivered when a carer visits someone in their own home and helps them with daily activities they cannot safely manage on their own such as getting dressed, preparing meals and washing. This has been delayed by the impact of the pandemic and will now be trialled in 2022 with the aim of implementing similar services across the country.

Our three modern Homes mean that we are once again able to play our part in supporting younger veterans if they become disabled. We are particularly proud to have been able to provide the wide range of care required by three young Servicemen with severe injuries or disabilities during 2020. This role takes us back to our roots in the First World War.

We have designated £12m to enable us to develop these new services, and are actively looking for a plot of land close to our High Wycombe Home so we can develop our first younger veterans' home. We plan to create adapted residential accommodation for younger veterans and include facilities which can be used by the wider veteran community. This Home will meet our high standards, with the same access to support, activities and therapies. It will have a more modern domestic aesthetic and the focus, as in all our Homes, will be on the quality of life and promoting independence.

### 3. Raising the standard of care for veterans

As an outstanding provider of care, we actively embrace our responsibility to the wider communities around our Homes and to all veterans in the country. We help to fulfil our charitable objectives not only through delivering our own care, but by helping others to reach the highest standards too. To that end we are involved in a range of innovative projects.

The creation of the Nurse Associate role in England has the potential to transform the way social care services are provided, and we have been part of the initial development of this role. Six of our carers were among the very first cohort of trainees: three qualified in 2021 and a further three are scheduled to qualify in 2022.

It is always a pleasure to welcome students who are keen to learn into our Homes, and we continue to support tri-Service military nursing students from Birmingham City University in our Solihull Home, and civilian students from Kingston and Roehampton Universities in our Surbiton Home. The Covid pandemic has severely limited the number of student nurses we could host in 2020 (3 student nurses in 2020; 17 in 2019). We intend to work with universities to re-commence placements as soon as conditions permit.

Our staff team continues to be heavily involved in the National Care Forum, an association of not-for-profit care providers. Our Chief Executive chaired the Confederation of Service Charities (Cobseo) 'care cluster' until the end of 2019, will chair the National Care Forum from May 2021, and has been seconded part time since December 2020 to use our experience of coronavirus to support the Department of Health & Social Care's work with the adult social care sector. Our Director of Care is a member of the Chief Nursing Officer's committee on social care nursing.

We are committed to driving best practice in all that we do, and sharing this openly with other care providers. As part of this, we have engaged in a number of national research projects this year to develop and promote best practice in care. Our Director of Care joined the steering committee for the national 'CONTACT' research study to explore the implementation of contact tracing in care homes using a wearable device; the project being led by the University of Leeds and funded by the National Institute for Health Research. Our Surbiton Home participated in the 'LESS COVID-19' (Learning by experience and supporting the care home sector) research study also run by the University of Leeds and we have two residents who are participants in a King's College London longitudinal research project to identify determinants for behavioural changes in people living with dementia.

### Communicating and meeting residents' needs

We are committed to finding out and meeting the needs of our residents and potential beneficiaries and use a number of informal and structured approaches to obtain feedback from residents and their families about the services we provide.

We are also committed to providing an environment that is free from discrimination on any grounds including age, race, religion, gender, sexual orientation and disability, and have a policy of making reasonable adjustments to accommodate the needs of staff or residents who are, or who become, disabled.

### The essential role of volunteers

We have benefited over many years from the services of active volunteers who are generous with their time. Volunteers have supported a wide range of care and welfare activities with residents and provide invaluable assistance to our fundraising.

From March 2020, at the start of the first national lockdown, we had to take the difficult decision to stand down all our volunteers from their usual roles. We are grateful for the many creative ways that our volunteers and others in local communities have continued to support us. The Governors wish to record their thanks to all our volunteers for their continued support.



## Financial review

We rely heavily on legacies and public donations to finance the care we provide. We are very grateful for the tremendous support we receive from a wide range of individuals and organisations. This income is critical and allows us to continue to meet the changing needs of the veterans' community and to invest in a range of new services.

Even in normal times we face significant challenges which include the current level of funding for the provision of care for the elderly and disabled, uncertainty about future government policy, and changes in fundraising regulations. All care organisations have been severely challenged in 2020 as a result of the Covid-19 pandemic. We are in the fortunate position of having been able to weather the storm both operationally and financially. However, it has had a significant impact on our residents and staff (page 3) and on our finances (page 9).

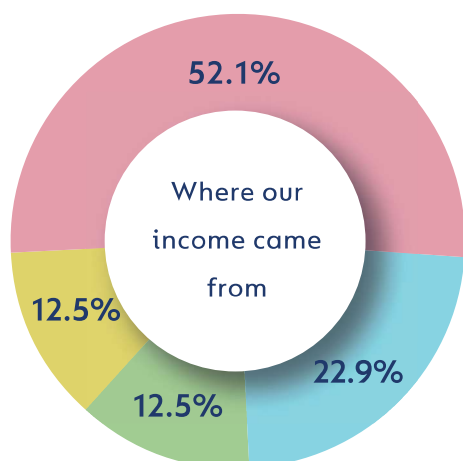
Details of our results for 2020 are set out in the Consolidated Statement of Financial Activities (page 21). In setting objectives and planning activities, Governors give full consideration to the Charity Commission's guidance on public benefit and fee-charging.

## Summary of income and expenditure

We rely on public support for everything that we do. Like all charities, we have to spend money in order to raise valuable funds and ensure we are well run. The following is a brief summary of our income and expenditure in 2020.

### How we raised our income

During 2020, we raised £19.2m to enable us to provide the highest quality of care for military veterans and their partners.

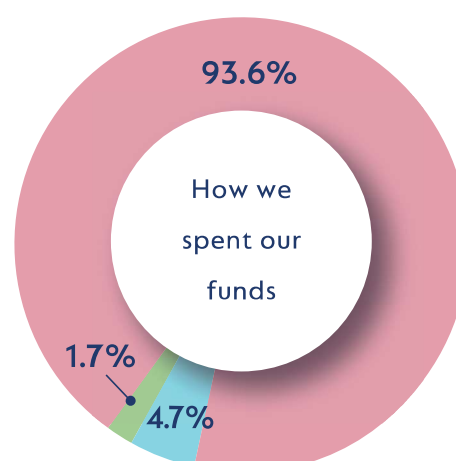


Fees for care services	£10.0m
Legacies	£4.4m
Investment income	£2.4m
Donations/other income	£2.4m

**Total income** £19.2m

### How we spent our funds

We spent £22m on providing care and support to residents - 94p in every £1 we spent. We spent just 16p on fundraising for every £1 we raised during the year.



Care & support	£22.0m
Fundraising inc. legacies	£1.1m
Managing our investments	£0.4m

**Total expenditure** £23.5m

The cost of providing care to residents has risen by 16% to £22m in 2020 (2019: £19m). This increase is the result of two significant factors: the expansion of capacity in High Wycombe (£1.6m) and Covid-related costs (£1.2m).



#### The cost of Covid-19

Since March 2020, we have spent over £1.2m on costs specifically to deal with the pandemic, including £400k on Personal Protective Equipment (PPE) and enhanced cleaning to keep residents and staff safe.

Our additional staff costs totalled over £600k including support for three lock-ins, where staff lived in the Homes to protect residents from high local infection rates. As the pandemic required our teams to develop new skills and extend existing ones, 224 people completed specialist training related to Covid-19. From one-to-one activities in residents' rooms to staff not seeing their families for a fortnight, everyone has gone the extra mile to keep residents safe, comfortable and happy.

During this period, we have received support from local authorities and government totalling £0.4m and we are grateful to the trusts and individuals who have made very generous donations totalling £0.3m towards the increased cost of working during the Covid pandemic.

Opening our new High Wycombe Home has involved recruiting and training 28 new staff members in 2020 and presented significant challenges as a result of the Covid pandemic. As with many care providers, we found that resident applications were lower than we would expect. Our overriding priority is to maintain the highest quality of care at all times, and so we build our team in stages and apply a phased resident admissions programme.

We received fee income from residents and funding organisations (local authorities and the NHS) totalling £10m during 2020 (2019: £8.7m). The increase was principally the result of more residents in our High Wycombe Home (£1.3m). The cost of care for each resident is supported by the charity from our fundraising income. The cost of this support amounted to £12m in 2020 (2019: £10.3m).

### Our care services

We set demanding occupancy targets at 95% for each of our Homes to maximise the number of beneficiaries we care for each year. During 2018 and 2019, we achieved average occupancy in our Solihull and Surbiton Homes of 93%. 2020 has been an extremely challenging year with long periods when residents were unable to move in. This has meant that average occupancy in these Homes fell to 88% in 2020. Our plans for building occupancy in our High Wycombe Home were also significantly affected by the pandemic. High Wycombe opened in April 2019, and by December 2020 we had built resident numbers to more than a third full, with 28 residents (full capacity is 74). We are making strenuous efforts to attract new residents in 2021 so we can provide care to the maximum number of beneficiaries in all our Homes. Overall, we provided care to a total of 198 long term or short-break residents in 2020 (2019: 205).

When setting our fees, we seek to achieve a balance between affordability, a level which is consistent with the first class care and accommodation we provide for our residents, and our desire not to exclude any beneficiary on the grounds of financial hardship. This means that we welcome residents whose care is funded from a variety of sources, and provide care for residents drawn from a wide geographical area. During the year, our Surbiton Home provided care for residents funded by nine public sector bodies (local authorities or the NHS), High Wycombe: two; and our Solihull Home: three.

Our marketing materials for potential residents and contracts with residents comply with guidance published by the Competition & Markets Authority to ensure transparency.



## Our fundraising

Despite the pandemic, we were able to maintain a number of active programmes to encourage individuals and organisations to support our work. The Governors gratefully acknowledge the financial support given by so many generous donors. We use a range of fundraising approaches, but always aim to achieve best practice in our donor communications and data management.

Having concluded a review of our brand in summer 2019, we used this to inform our external and donor communications and marketing materials throughout 2020. Data from the Charity Awareness survey shows that our total brand awareness rose to 25% (with our prompted brand awareness rising to 15%). 53% of respondents reported that our new brand statements make it clear who we help and 17% said they would consider supporting us (up from 14% in 2019).

We are conscious of the pressures people might feel as a result of receiving a donor mailing. We take great care when asking supporters to consider making a gift, at the same time ensuring the accuracy of our data. We remain fully compliant with the Fundraising Preference Service and any donor request to suppress their data is acted on within 24 hours of reaching us.

We are aware of the risks of fundraising from older potential supporters (80+) and where we know (or suspect) someone falls into this category we won't actively contact them unless they have a known association with Royal Star & Garter. Our main donor recruitment campaign in 2020 used compliant cold data lists with a limited age range up to 75 years. In accordance with the General Data Protection Regulation (GDPR), all donors were provided with an opt out from further communications and this was recorded on our database.

In 2020, we received only five formal complaints in response to mailings or information we sent to donors (eight in 2019). These represent an extremely small proportion of our donor database, however each one was reviewed by a senior member of staff and was treated as an opportunity to improve our service. Although the current environment for fundraising is particularly challenging due to the impact of coronavirus, we are extremely grateful to the many loyal donors who continue to support us despite their own personal situation. We benefited from the generosity of legacy donors and received income totalling £4.4m (£5.1m in 2019). This reduction by 14% is in line with our expectations and we have implemented an active legacy marketing strategy to maximise the value of legacy income in future years.

We are registered with the Fundraising Regulator and adhere to the Fundraising Codes. We apply best practice to protect our supporter data, never swap or sell data and only use information that is compliant with the GDPR.

We manage the majority of our own fundraising activities. In 2020, we retained Woods Group Limited to administer our raffles, and Impress Publishing Limited for the sale of Christmas cards. We also signed a one-year agreement with HH Direct Marketing Limited (trading as DMS Agency) for the development of our direct mailing programme, which ended in October 2020. One of the important selection criteria for these firms was the professional approach they take to engaging with potential donors. We take seriously the need to achieve the highest standards and we are not aware of any failure on our part, or the firms which support us, to comply with fundraising standards.

We remain committed to employing the highest standards in our fundraising and we focus on building long-term relationships with donors. We received donations and gifts from individuals, trusts and other supporters totalling £1.9m during 2020 (£1.3m 2019). This was 12% higher than our target (£1.7m). We are very grateful for all donations, particularly those received from continuing and new funders – many providing invaluable support in response to the pandemic. This included: The Joyce Mary Mountain Trust (£650k), The Scheinberg Relief Fund (£100k), Armed Forces Covenant Fund Trust (two grants totalling £104,702) and ABF The Soldiers' Charity (£50k).

Overall, we spent just 16p on fundraising for every £1 we raised in 2020.

## Reserves Policy

Governors review our reserves policy at least annually. We have a policy of designating assets to meet specific strategic objectives, which include the retention of sufficient resources to protect the charity against unforeseen adverse developments. A brief explanation of how we have allocated assets for specific purposes is set out below. Further details are set out in Note 13, and the allocation of net assets between funds is set out in Note 14.

Over the past 15 years we have invested heavily in building three wonderful Homes for our residents. At 31 December 2020, our investment in buildings amounted to £75.5m including funds set aside for upkeep, refurbishment and eventual replacement. This means that 49% of our assets are bound up in buildings which are essential for delivering our care services. The following is a brief summary of how we are using our overall net assets (£154.5m) for specific purposes:

### Investment in buildings



### Care and support services



The actual level of reserves is reviewed regularly, and Governors consider that the current level of free reserves is sufficient in view of the scale and scope of our operations, and their assessment of our risk profile. The Covid-19 pandemic has demonstrated the vital need for our current level of free reserves and investment funds to support care services and enable us to protect residents and staff.

## Investment Policy

Investment markets were highly volatile during 2020. We were fortunate that our portfolios delivered a net gain of £5.1m during 2020. By way of contrast, at 31 March 2020, our investment portfolio had suffered capital losses of £10m. This volatility is a key reason that we hold sufficient funds to enable us to continue providing outstanding care even when times get really tough.

At 31 December 2020, our investments were valued at £97.4m (2019: £94.3m) as set out in Note 10. We retained a proportion of our bank deposits as a long term investment (2020: £8m; 2019: £8m) and held current assets (2020: £7.5m; 2019: £8m) to cover our expected deficit in 2021, expenditure on the High Wycombe Home, the potential purchase of a new site in High Wycombe and other obligations. The overall performance of our quoted investments is consistent with movements in world stock markets generally, and Governors consider that the investment strategies employed by each of the investment managers remain sound. Governors will continue to monitor the performance of the investment portfolios in the light of external developments during 2021.

Although we do not know what the final impact of the Covid-19 crisis will be, we do not have any doubts about our ability to continue operating even if we continue to suffer from investment market volatility.

## Pension Schemes

During the year, we provided access to two money purchase pension schemes. If an employee makes a contribution of 5% or more of pensionable salary into one of these schemes, then we will contribute 7.5% on their behalf (10% for Directors).

Our defined benefit pension scheme was closed to future accrual on 30 April 2007. A triennial actuarial valuation by a qualified independent actuary indicated that a deficit of £1.3m existed at 31 December 2019. We have agreed with the trustees of the pension scheme a Schedule of Contributions which is designed to eliminate this deficit over the period to 31 March 2024.

A qualified independent actuary has also prepared a valuation of the pension scheme for these accounts in accordance with Financial Reporting Standard 102 ('FRS 102'). This valuation indicated that a surplus of £48k existed at 31 December 2020 (2019: £1.45m deficit). This surplus has not been recognised in these accounts as we do not consider that the amount will be realisable in the foreseeable future. Further details of the FRS 102 valuation are set out in Note 15.2.

## Subsidiary Companies

We had two wholly owned subsidiary companies during 2020:

- Star & Garter Property Limited, whose principal activity is to undertake the design and build of new homes for the charity, received income totalling £0.3m during the year (2019: £1.7m) as payments in advance for the supply of the High Wycombe Home. The company contributed £8k to the charity during 2020 by way of payments of Gift Aid under a deed of covenant. This has eliminated its taxable profits (2019 Gift Aid payment: £49k).
- Star & Garter Promotions Limited is dormant.

Further information about these companies is set out in Note 9.



## Risk

Governors considered that the underlying risks and uncertainties facing the charity and the plans which were in place for managing these, at 31 December 2020, were as follows:

### Risk and uncertainty

- Increase in impact of Covid-19 affecting residents and/or staff teams.
- Recruitment and retention of high quality care staff, including nurses.
- Provision of highest quality of care for residents.
- Secure required level of fundraising income, and address potential for significant reduction in legacy income.
- Serious accident, incident or allegation of abuse.

### Management plans

- High levels of vaccination among residents and staff teams.
- Detailed infection control processes and experienced teams in the Homes.
- Implementation of plans developed during infection surges in 2020 to mitigate risk of infection.
- Apply multiple approaches to attract nurses in an environment of national shortage.
- High quality training, management support, development, reward and working environment to help retain staff.
- Support excellent clinical leadership across all Homes.
- Monthly internal audits in Homes and central key quality performance improvement systems.
- Independent evaluation of performance by external specialists.
- Fundraising strategy with a focus on encouraging individual and regular donors.
- Proactive legacy marketing activity.
- Care Support Fund to secure future for dependent beneficiaries if fundraising income falls.
- Thorough induction and extensive staff training programme.
- Regular risk assessments.
- Lead nurses monitor standards of care, staff supervision and observational audits.
- Head of Care Quality leads regular audits and investigates safeguarding issues.
- Robust whistleblowing and safeguarding policies in place with regular staff training.

The Executive team maintains strategic and operational risk registers which are updated regularly as part of a formal risk management process. This involves examining the types of risk we face and prioritising them in terms of likelihood of occurrence and consequence. The Finance Committee, Care Committee and Governors review potential risks and the

strategic risk register twice a year and consider that we have a clear plan which will enable us to continue providing the highest quality of care for beneficiaries.

In 2020, we have invested significant resources to address the impact of the unexpected Covid-19 pandemic. We had included the impact of a potential infectious disease outbreak in our risk register, but had not expected an outbreak that would be as challenging as this. We believe that our risk-based approach is helping enable us to deal with this crisis as described on page 3.

## Governance

Strong governance is at the heart of what we do and is critical to our long-term success. Our Governors are responsible for ensuring that we are run effectively and responsibly in line with our Royal Charter and all appropriate laws and regulation. Governors ensure that we have a clear strategy, use our resources to deliver the highest quality of care to beneficiaries, and safeguard our finances and property. All Governors, who are the charity's trustees, give their time freely and no remuneration was paid to Governors in the year (2019: £Nil).

We review our governance arrangements and underlying procedures on a regular basis. We support the Governance Code ('the Code') which is endorsed by the Charity Commission and leading charity sector bodies, and which asks charities to either apply the Code or explain why they have taken a decision to adopt a different approach. While Royal Star & Garter is broadly compliant with the Code, Governors have taken a decision to adopt a different approach in the following areas:

- We have 15 Governors, more than the 12 recommended in the Code. We feel that this provides a broader range of skills and experience in areas vital to our work.
- We have taken the decision that Governors may be appointed for up to four terms of three years in order to retain experienced individuals and provide continuity of service.
- We recognise the value of a diverse board, and actively consider this within the Governor recruitment process. We have not set specific targets and a programme to further address equality, diversity and inclusion across the charity is being progressed.

We commissioned an external review of our governance arrangements in 2019. This review concluded that our approach to governance was good and identified "many examples of good governance practice". All the recommendations from the review have been adopted by Governors. We have commenced a review of the updated Governance Code published in December 2020, and will use this to help inform the development of our governance arrangements.

A review of our Royal Charter has been delayed by the pandemic. We are exploring ways in which we might extend the range of care services for beneficiaries and expect to finalise proposed amendments and submit these to the Charity Commission and Privy Council for approval in 2021.

Details of our Patron, President, Vice-Presidents and Governors are set out on page 37. The names of the executive team and external advisers are set out on page 38.

## The Governors

Governors are selected on the basis of their skills, knowledge and experience, and we maintain strong links with the military through appointing serving and retired members from all three Services. We seek to ensure that Governors retain a wide range of professional and other skills. New Governors receive a handbook outlining our work and meet members of the executive team, other staff and residents in order to familiarise themselves with our operations.

The Governors meet four times each year and receive comprehensive reports on all aspects of the charity's affairs. Governors are encouraged to attend relevant external training courses where appropriate. The Governors delegate certain powers in connection with the management and administration of the charity to sub-committees:

- Care Committee
- Finance Committee
- Property Committee
- Remuneration Committee
- Governor Recruitment Committee

Since the start of the pandemic, we have successfully held all Governor meetings using video-conferencing technology. Attendance at Governor meetings was 94% in 2020 (2019: 77%).

## Key management personnel

The Chief Executive is responsible for our day-to-day management and for implementing policies agreed by the Governors. The Chief Executive is assisted by an executive team of five directors and other managers.

## Staff pay

The Remuneration Committee, a sub-committee of our Governors (the unpaid trustees of the charity), commissioned an independent review of the salary and benefits of the Chief Executive and directors in 2018. Following extensive independent benchmarking, this review confirmed that remuneration of senior staff was at an appropriate level to ensure good governance in delivering complex highly-regulated services. A further review will be commissioned in 2021. The committee also reviews all executive salaries annually, informed by local and national data in line with our remuneration policy.

We completed our fourth gender pay gap analysis in 2020. Our median gender pay gap has remained at 1.6%, which is significantly below the national median and the median for charities as a whole.

As a matter of policy, we pay at Foundation Living Wage rates and pay the same salary to anyone doing the same job. Our pay gap reflects the relatively high proportion of female staff employed by the charity in middle salary bands (80%). We are actively seeking to attract men to work in the care sector, focusing on the creation of opportunities such as apprenticeships to attract those seeking a career change.

## Corporate governance

We operate systems of internal control which are designed to provide reasonable assurance against material misstatement or loss. They include:

- an annual operating plan and budget approved by the Governors;
- regular consideration by the Governors of financial and operational results against the budget and other performance indicators;
- delegation of day-to-day management authority and segregation of duties; and
- identification and management of risks.



Internal controls over all forms of commitment and expenditure continue to be refined to improve efficiency and effectiveness. Processes are in place to ensure that performance is monitored and that appropriate management information is prepared and reviewed regularly by both the executive team and the Governors.

### Statement of Governors' Responsibilities

The Governors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. Charity law requires the Governors to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law.

Under charity law the Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of our state of affairs and of the net income or expenditure for that period. In preparing these financial statements, the Governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- 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 charity will continue to operate.

The Governors are responsible for keeping proper accounting records that are sufficient to show and explain our transactions and disclose with reasonable accuracy at any time our financial position and enable them to ensure that the financial statements comply with the Charities Act 2011. They are also responsible for safeguarding our assets and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Governors' Report was approved by the Body of Governors and signed on its behalf by:



**Chair**

**Date: 30 June 2021**

## Independent Auditor's Report to the Governors of The Royal Star & Garter Homes

### Opinion

We have audited the financial statements of The Royal Star & Garter Homes for the year ended 31 December 2020 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Parent Charity Balance Sheets, Consolidated 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 group's and of the parent charity's affairs as at 31 December 2020 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ('ISAs (UK)') and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Governors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Governors with respect to going concern are described in the relevant sections of this report.

### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Governors are responsible for the other information. 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 work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

- the information given in the Governors' Annual Report is inconsistent in any material respect with the financial statements; or
- the group or parent charity has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we required for our audit.

### **Responsibilities of Governors**

As explained more fully in the Governors' responsibilities statement set out on page 16, the Governors 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 Governors 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 Governors are responsible for assessing the group's and parent charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Governors either intend to liquidate the group or parent charity or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

The objectives of our audit in respect of fraud are: to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the



assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the group and parent charity.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the charity and considered that the most significant are the Charities Act 2011, the Charity Statement of Recommended Practice ('SORP'), and UK financial reporting standards as issued by the Financial Reporting Council.
- We obtained an understanding of how the group and parent charity comply with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

As part of an audit in accordance with ISAs (UK) we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the group and parent charity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Governors.
- Conclude on the appropriateness of the Governors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and parent charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or parent charity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit report.

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

### Use of our report

This report is made solely to the charity's Governors, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's Governors those matters which 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 any party other than the charity and the charity's Governors as a body, for our audit work, for this report, or for the opinions we have formed.

*Moore Kingston Smith LLP*

**Moore Kingston Smith LLP, Statutory Auditor**

**Date: 30 June 2021**

Devonshire House  
60 Goswell Road  
London  
EC1M 7AD

Moore Kingston Smith LLP is eligible to act as auditor in terms of Section 1212 of the Companies Act 2006.

# CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 2020

	Note	Unrestricted Funds (Note 13) £000	Restricted Funds (Note 13) £000	Permanent Endowment (Note 13) £000	Total Funds 2020 £000	Total Funds 2019 £000
<b>Income and endowments from:</b>						
Charitable activities	2c	9,988	-	-	9,988	8,659
Donations and gifts	2c	917	1,010	-	1,927	1,332
Legacies	2c	4,304	55	-	4,359	5,127
Investments		2,417	-	3	2,420	2,791
Other trading activities		81	-	-	81	109
Other income		8	449	-	457	10
<b>TOTAL</b>		<b>17,715</b>	<b>1,514</b>	<b>3</b>	<b>19,232</b>	<b>18,028</b>
<b>Expenditure on:</b>						
Charitable activities	3	21,242	767	3	22,012	18,984
Raising funds	3	1,530	-	-	1,530	1,496
<b>TOTAL</b>	<b>3</b>	<b>22,772</b>	<b>767</b>	<b>3</b>	<b>23,542</b>	<b>20,480</b>
<b>NET (DEFICIT)/ INCOME BEFORE INVESTMENT GAIN</b>		<b>(5,057)</b>	<b>747</b>	<b>-</b>	<b>(4,310)</b>	<b>(2,452)</b>
Net gain on investments	10	5,077	-	2	5,079	10,879
<b>NET INCOME</b>		<b>20</b>	<b>747</b>	<b>2</b>	<b>769</b>	<b>8,427</b>
Transfers between funds	13a	183	(183)	-	-	-
<b>OTHER RECOGNISED GAINS/ (LOSSES)</b>						
Actuarial gain/(loss) on defined benefit pension scheme	15e	1,254	-	-	1,254	(951)
<b>NET MOVEMENT IN FUNDS</b>		<b>1,457</b>	<b>564</b>	<b>2</b>	<b>2,023</b>	<b>7,476</b>
Total funds brought forward		152,364	43	59	152,466	144,990
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>153,821</b>	<b>607</b>	<b>61</b>	<b>154,489</b>	<b>152,466</b>

A comparative statement of financial activities has not been prepared on the basis that all comparative amounts relate to unrestricted funds, with the exception of £360k of Donations and £143k expenditure on Charitable Activities.



## BALANCE SHEETS

At 31 December 2020

		Group		Charity	
	Note	2020	2019	2020	2019
		£000	£000	£000	£000
<b>FIXED ASSETS</b>					
Tangible fixed assets	8	52,083	52,215	53,173	53,251
Investments	9, 10	97,439	94,317	97,439	94,317
		149,522	146,532	150,612	147,568
<b>CURRENT ASSETS</b>					
Stocks		1	3	1	3
Debtors: amounts receivable within one year	11	777	977	800	1,050
Cash at bank and in hand		7,498	8,122	7,384	8,056
		8,276	9,102	8,185	9,109
<b>LIABILITIES</b>					
Creditors: amounts falling due within one year	12	(3,309)	(1,716)	(3,264)	(1,723)
		4,967	7,386	4,921	7,386
<b>NET CURRENT ASSETS</b>					
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>					
Defined benefit pension scheme liability	15	-	(1,452)	-	(1,452)
<b>TOTAL NET ASSETS</b>					
<b>THE FUNDS OF THE CHARITY:</b>					
<b>Unrestricted funds:</b>					
General fund		17,400	18,852	17,400	18,852
Less: Pension reserve	15	-	(1,452)	-	(1,452)
	13	17,400	17,400	17,400	17,400
Fixed asset funds	13	52,083	52,215	53,173	53,251
Designated funds		84,338	82,749	84,292	82,749
<b>Total unrestricted funds</b>	13	153,821	152,364	154,865	153,400
<b>Permanent endowment fund</b>	13	61	59	61	59
<b>Restricted funds</b>	13	607	43	607	43
<b>TOTAL CHARITY FUNDS</b>					
	13	154,489	152,466	155,533	153,502

Approved and authorised for issue by the Governors on 30 June 2021 and signed on their behalf by



**Amanda Francis DSS BSc ACA**  
Treasurer

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the year ended 31 December 2020**

	Note	2020 £000	2019 £000
<b>Cash flows from operating activities:</b>			
Net cash used in operating activities	A	(3,080)	(4,079)
<b>Cash flows from investing activities:</b>			
Investment income and interest received		2,420	2,791
Purchase of tangible fixed assets	8	(1,924)	(3,509)
Proceeds from the sale of fixed assets		3	-
Sale of investments		1,957	5,782
<b>Net cash provided by investing activities</b>		<b>2,456</b>	<b>5,064</b>
<b>Change in cash and cash equivalents during the year</b>	B	<b>(624)</b>	<b>985</b>

**(A) Reconciliation of cash flows from operating activities**

	2020 £000	2019 £000
Net (deficit) for the year	(4,310)	(2,452)
<b>Adjustments for:</b>		
Investment income and interest receivable	(2,420)	(2,791)
Depreciation	2,055	1,728
(Gain) on disposal of fixed assets	(2)	-
Decrease/(Increase) in stocks	2	(1)
Decrease/(Increase) in debtors receivable within one year	200	(258)
Increase/(Decrease) in creditors	1,593	(42)
Pension expense	(198)	(263)
<b>Net cash used in operating activities</b>	<b>(3,080)</b>	<b>(4,079)</b>

**(B) Analysis of changes in cash and cash equivalents during the year**

	2019 £000	Change In Year £000	2020 £000
Cash at bank and in hand	8,122	(624)	7,498
Cash on deposit held as investments	8,000	-	8,000
<b>Total cash and cash equivalents</b>	<b>16,122</b>	<b>(624)</b>	<b>15,498</b>

## 1. Charity Information

The Royal Star & Garter Homes (trading as Royal Star & Garter) is a company incorporated by Royal Charter (Company No. RC000713) and registered with the Charity Commission in England and Wales (Charity No. 210119). The registered office is 15 Castle Mews, Hampton, Middlesex TW12 2NP.

## 2. Principal Accounting Policies

### 2a *Basis of Preparation*

The financial statements have been prepared in accordance with the Charities SORP (Financial Reporting Standard 102 ('FRS 102')), the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2016. The consolidated accounts include the trading activities, assets and liabilities of Star & Garter Property Limited consolidated on a line-by-line basis.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014.

The charity constitutes a public benefit entity as defined by FRS 102. In the view of the Governors, there are no material uncertainties casting doubt on the ability of the charity to continue providing care for beneficiaries in the foreseeable future.

### 2b *Going Concern*

Governors have prepared these accounts on the going concern basis having reviewed forecasts for a period of at least twelve months from the date the accounts were approved for the group and parent charity and made enquiries of management.

While Covid-19 has impacted the charity's operations and investments, it is expected that performance will recover and the charity is planning to increase the range of activities to support beneficiaries in the near future. The charity incurred costs totalling £1.2m in order to protect residents from the impact of Covid-19 during 2020.

### 2c *Income*

Fee income represents charges for accommodation, nursing and care of residents and is accounted for in the year care was provided.

Donations are accounted for on receipt. Grant income is recognised when receivable. Legacies are accounted for at the earlier of receipt of the legacy, authorisation by the executors of an interim distribution or the point at which the final accounts of the estate are agreed by the charity.

### 2d *Expenditure and the Allocation of Costs*

The costs of the charity are allocated to the activity to which they relate as follows:

- Care                      - nursing and care costs together with catering, domestic, facilities and support costs relating to the provision of care for residents.
- Raising funds        - direct and support costs associated with generating donations, grants and legacies.
- Governance         - costs incurred in compliance with constitutional and statutory requirements.

The charity allocates support costs, which relate to central services including human resources, information technology and the finance team, based on an estimate of the costs incurred in supporting each activity, generally by reference to headcount. Depreciation is allocated on the basis of the use of the assets concerned.

All expenses are accounted for on an accruals basis and the irrecoverable element of VAT is included with the item of expense to which it relates.



**2e Fixed Assets – Valuation and Depreciation**

Depreciation is provided to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life as follows:

Freehold land	-	Not depreciated
Leasehold land	-	0.4% (250 year lease)
Buildings	-	2% - 5%
Temporary buildings	-	25% - 33%
Plant and equipment	-	4% - 20%
Motor vehicles	-	20%

The carrying values of tangible fixed assets are reviewed for impairment periodically when events or changes in circumstances indicate that the carrying value may not be recoverable.

Items costing less than £5,000, and expenditure on buildings where the cost is below £10,000 are written off as an expense when incurred.

**2f Financial instruments**

The charity has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method. At the balance sheet date the charity held the following financial assets at amortised cost:

	Note	2020 £000	2019 £000
Bank deposits	10	8,000	8,000
Fees receivable	11	141	267
Accrued income	11	145	241
Legacies receivable	11	185	132
Other debtors	11	126	146
Cash at bank and in hand		7,498	8,122
<b>Total</b>		<b>16,095</b>	<b>16,908</b>

Financial liabilities which comprise trade creditors, accruals and other creditors are held at the Balance Sheet date at amortised cost of £1.76m (2019: £1.47m) (Note 12).

Investments which form part of an investment portfolio are held at the Balance Sheet date at fair value of £89.4m (2019: £86.3m) (Note 10), with gains and losses recognised within income and expenditure.

**2g Stock**

Stock is valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less cost of disposal.

**2h Pensions**

The charity operates two defined contribution pension schemes. Contributions are charged to the Statement of Financial Activities ('SOFA') as they become payable in accordance with the rules of the schemes.

The charity also operates a defined benefit pension scheme which closed to future accrual on 30 April 2007. The defined benefit pension scheme current service costs together with the scheme interest cost less the expected return on the scheme assets for the year are charged to the SOFA within expenditure. The scheme actuarial gains and losses are recognised immediately as other recognised gains and losses.

The defined benefit scheme assets are measured at fair value at the balance sheet date. Scheme liabilities are measured on an actuarial basis at the balance sheet date using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term to the scheme liabilities. The resulting defined benefit asset or liability is presented separately after other net assets on the face of the balance sheet.

**2i Operating Leases**

Rentals payable under operating leases are charged to the SOFA on a straight line basis over the lease term.

**2j Funds**

**Endowment funds** comprise investment assets which are held as capital by the charity and whose income is applied for charitable purposes.

**Restricted funds** are accounted for in accordance with the particular terms of trust arising from the express or implied wishes of donors in so far as these are intended to be binding on the Governors.

**Designated funds** are set aside by the Governors out of unrestricted funds.

**General funds** are available for use by the charity in accordance with its charitable objects.

**2k Critical accounting judgements and key sources of estimation uncertainty**

In the application of the charity's accounting policies, which are described in Note 2, Governors are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. In the view of the Governors no assumptions concerning the future or estimation uncertainty affecting assets and liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year, other than in respect of the following:

- The actuarial valuation of the defined benefit pension scheme – further details are set out in Note 15.2.

**3. Analysis of Total Expenditure**

	<i>Staff costs</i>	<i>Depreciation</i>	<i>Other</i>	<b>Total 2020</b>	<i>Total 2019</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<b>£000</b>	<i>£000</i>
Charitable activities: care costs	13,813	1,978	6,221	<b>22,012</b>	18,984
Raising funds	618	77	835	<b>1,530</b>	1,496
<b>TOTAL EXPENDITURE</b>	<b>14,431</b>	<b>2,055</b>	<b>7,056</b>	<b>23,542</b>	<b>20,480</b>

Care costs include support costs £2.7m (2019: £2.3m) and development costs £0.1m (2019: £0.1m). Support costs include staff costs £1.5m (2019: £1.1m), depreciation £0.1m (2019: £0.1m) and other costs £1.1m (2019: £1.1m) relating to the human resources, finance, information technology, pension administration and other central service teams. Other support costs include building maintenance for the administration office together with pension administration, computer services and other central service costs.

The cost of raising funds includes support costs totalling £193k (2019: £154k) and investment management fees totalling £401k (2019: £340k). Support costs include staff costs £69k (2019: £71k) and other costs £124k (2019: £83k).

Support costs include governance costs totalling £117k (2019: £108k).

Total expenditure in 2020 includes £1.2m in respect of measures to protect residents and staff during the Covid-19 pandemic.

#### 4. Auditor's Remuneration

The amount of remuneration payable to the auditor was as follows:

	2020 £000	2019 £000
In respect of audit services:		
Charity	22	25
Group companies	3	3
In respect of taxation and other advice and services	14	2
	<b>39</b>	<b>30</b>

#### 5. Legacies

The charity has received notification of a number of residuary legacies which have not been included in these accounts because they did not meet the criteria for recognition of income. The estimated total value of this potential income is £5.2m at 31 December 2020 (2019: £2.7m).

#### 6. Governors' Remuneration

No Governor received any remuneration during the years ended 31 December 2020 or 2019. During the year, five Governors (2019: four) received reimbursement of personal travel and subsistence expenditure amounting to £776 (2019: £1,176).

There were no other related party transactions that require disclosure in the year (2019: None).

#### 7. Emoluments & Numbers of Employees

The total emoluments of employees for the year comprised:

	2020 £000	2019 £000
Wages and salaries	11,388	9,064
Employer National Insurance costs	1,086	849
Contributions to defined contribution pension scheme	695	587
	13,169	10,500
Other staff costs	1,262	1,620
<b>Total staff costs</b>	<b>14,431</b>	<b>12,120</b>

During the year, staff from commercial agencies provided cover for nurses, health care assistants and clerical services at a total cost of £1.2m (2019: £1.6m). This is included within other staff costs above.

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

	2020	2019
Nursing and care	275	240
Domestic, catering and other Home based staff	53	44
Fundraising	19	18
Management and administration	20	19
	<b>367</b>	<b>321</b>

The number of employees who received more than £60,000 in the year was as follows:

Emoluments :	2020	2019
£60,001 - £70,000	2	2
£70,001 - £80,000	-	4
£80,001 - £90,000	6	-
£90,001 - £100,000	1	1
£100,001 - £110,000	1	1
£120,001 - £130,000	-	1
£130,001 - £140,000	1	-

The total employment benefits (including employers' national insurance contributions) of the above employees, who are our senior management team (SMT), amounted to £1.2m in 2020 (11 employees). In 2019, our SMT included 9 members who received employment benefits totalling £0.9m.

During the year the charity paid £23k in connection with termination agreements (2019: £Nil).

The salary of our Chief Executive during 2020 was £138,502 (2019: £127,345).

## 8. Tangible Fixed Assets - Group

	Freehold Land & Buildings £000	Leasehold Land & Buildings £000	Plant & Equipment £000	Motor Vehicles £000	Total £000
<b>Cost :</b>					
At 1 January 2020	36,670	15,064	10,420	435	62,589
Additions	1,585	140	199	-	1,924
Disposals	-	-	(2)	(64)	(66)
<b>At 31 December 2020</b>	<b>38,255</b>	<b>15,204</b>	<b>10,617</b>	<b>371</b>	<b>64,447</b>
<b>Accumulated depreciation :</b>					
At 1 January 2020	2,913	2,472	4,909	80	10,374
Charge for year	862	287	832	74	2,055
Disposals	-	-	(1)	(64)	(65)
<b>At 31 December 2020</b>	<b>3,775</b>	<b>2,759</b>	<b>5,740</b>	<b>90</b>	<b>12,364</b>
<b>Net book value at 31 December 2020</b>	<b>34,480</b>	<b>12,445</b>	<b>4,877</b>	<b>281</b>	<b>52,083</b>
Net book value at 31 December 2019	33,757	12,592	5,511	355	52,215

The net book value of tangible fixed assets owned by the charity is as follows:

<b>Net book value at 31 December 2020</b>	<b>35,570(*)</b>	<b>12,445</b>	<b>4,877</b>	<b>281</b>	<b>53,173</b>
Net book value at 31 December 2019	34,793(*)	12,592	5,511	355	53,251

(\*) These figures include cumulative profit earned by Star & Garter Property Limited on the provision of construction services to the charity in connection with:

- the Surbiton Home amounting to £360k at 31 December 2020 and 2019; and
- the High Wycombe Home amounting to £730k at 31 December 2020 (2019: £676k).

The High Wycombe Home was completed in March 2019 and agreement as to the full cost of construction was reached in June 2021. The costs outstanding at 31 December 2020 and associated professional fees were accrued at 31 December 2020 (total: £1.5m). The charity had no other contracted capital commitments at 31 December 2020 (2019: £1.6m).



## 9. Investments: Subsidiary Undertakings

The charity holds 100% of the share capital in the following subsidiary companies, whose results are included in the consolidation:

- Star & Garter Property Limited (Registered in England No. 7393425) whose principal activity is to undertake the design and build of new care homes which will be supplied to The Royal Star & Garter Homes. At the balance sheet date the charity held one £1 ordinary share (100% of voting rights) in the company. The company makes Gift Aid payments to the charity to cover its taxable profits.
- Star & Garter Promotions Limited (Registered in England No. 1990808) which ceased trading on 31 December 2011 and is now dormant. At the balance sheet date the charity held two £1 ordinary shares (100% of voting rights) in the company.
- The registered office for the above companies is: 15 Castle Mews, Hampton, Middlesex TW12 2NP.

**The value attributed to the investment in subsidiaries in the charity's balance sheet comprises:**

	2020	2019
	£	£
Shares in Star & Garter Promotions Limited	2	2
Shares in Star & Garter Property Limited	1	1
Total	3	3

**Net income from the trading activities of Star & Garter Property Limited was as follows:**

	2020	2019
	£000	£000
Turnover	267	1,687
Operating costs	(259)	(1,638)
	8	49
Contribution to The Royal Star & Garter Homes: Gift aid payment	(8)	(49)
Net profit before taxation	-	-
Corporation tax	-	-
Retained in subsidiary	-	-

Turnover represents charges for construction services relating to the provision of Care Homes to the charity. Apart from this, and the payment of Gift Aid, there were no other related party transactions with subsidiaries.

**The Net Assets of Star & Garter Property Limited at 31 December 2020 were as follows:**

	2020	2019
	£000	£000
Total Assets	1,725	396
Total Liabilities	(1,725)	(396)
Net Assets	-	-

**10. Investments: Other Investments**

	2020 £000	2019 £000
Market value at 1 January	94,317	94,439
Net withdrawal of capital	(1,957)	(11,001)
Net realised and unrealised gain during the year	5,079	10,879
<b>Market value at 31 December</b>	<b>97,439</b>	<b>94,317</b>
Historic cost at 31 December	78,689	79,476
<b>Analysis of Investments:</b>	<b>2020 £000</b>	<b>2019 £000</b>
Bank deposits	8,000	8,000
Investment portfolio managed by Smith & Williamson Investment Management LLP	37,110	36,170
Ruffer LLP: Ruffer Absolute Return Fund	5,574	5,090
Investment portfolio managed by Sarasin & Partners LLP: The Alpha Common Investment Fund for Endowments	46,755	45,057
	<b>97,439</b>	<b>94,317</b>

The investment portfolio managed by Smith & Williamson included listed investments £35.5m (2019: £35.0m) and cash or cash equivalents £1.6m at 31 December 2020 (2019: £1.2m).

**11. Debtors****Amounts falling due within one year:**

	Group 2020 £000	Group 2019 £000	Charity 2020 £000	Charity 2019 £000
Fees receivable	141	267	141	267
Amounts due from subsidiary companies	-	-	53	86
Accrued income	145	241	145	241
Prepayments	180	191	180	191
Legacies receivable	185	132	185	132
Other debtors	126	146	96	133
	<b>777</b>	<b>977</b>	<b>800</b>	<b>1,050</b>

**12. Creditors**

	Group 2020 £000	Group 2019 £000	Charity 2020 £000	Charity 2019 £000
Trade creditors	509	479	389	452
Accruals (*)	2,327	829	2,337	825
Amounts due to subsidiary companies	-	-	65	38
Other taxation and social security	309	241	309	241
Other creditors	164	167	164	167
	<b>3,309</b>	<b>1,716</b>	<b>3,264</b>	<b>1,723</b>

(\*) Includes accrual at 31 December 2020 for completion of High Wycombe Home (£1.5m, Note 8) (2019: £0.3m).

## 13a. Statement of Funds - 2020

	At 1 Jan 20 £000	Income £000	Expenditure £000	Capital expenditure £000	Other transfers £000	Other gains/ (losses) £000	At 31 Dec 20 £000
<b>UNRESTRICTED FUNDS:</b>							
<b>Fixed Asset Funds:</b>							
Solihull Home Fund	12,887	-	(380)	255	-	-	12,762
Surbiton Home Fund	13,047	-	(498)	101	-	-	12,650
High Wycombe Home Fund	23,547	-	(937)	1,521	(1)	-	24,130
Administration Office Fund	2,379	-	(166)	47	-	-	2,260
Coaches Fund	355	-	(74)	-	-	-	281
	52,215	-	(2,055)	1,924	(1)	-	52,083
<b>Designated and General Funds:</b>							
High Wycombe Designated Fund	2,750	-	-	(1,521)	(737)	-	492
Building Replacement Fund	12,500	-	-	-	1,000	-	13,500
Property Refurbishment Fund	9,588	288	-	(220)	-	-	9,656
Strategic Development Fund	12,000	-	-	-	-	-	12,000
Transitional Support Fund	2,480	-	-	-	(1,240)	-	1,240
Care Support Fund	41,431	-	-	-	4,963	-	46,394
Pension Deficit Fund	2,000	-	-	-	(944)	-	1,056
General Fund	17,400	17,427	(20,717)	-	(3,041)	6,331	17,400
<b>Total Unrestricted Funds</b>	<b>152,364</b>	<b>17,715</b>	<b>(22,772)</b>	<b>183</b>	<b>-</b>	<b>6,331</b>	<b>153,821</b>
<b>Permanent Endowment Fund</b>	59	3	(3)	-	-	2	61
<b>Restricted Funds</b>	43	1,514	(767)	(183)	-	-	607
<b>TOTAL FUNDS</b>	<b>152,466</b>	<b>19,232</b>	<b>(23,542)</b>	<b>-</b>	<b>-</b>	<b>6,333</b>	<b>154,489</b>

**Unrestricted Funds:**

The *Solihull*, *Surbiton*, *High Wycombe* and *Administration Office Fixed Asset Funds* represent the book value of the charity's properties. The *Coaches Fund* represents the book value of the charity's coaches. The *High Wycombe Designated Fund* is held to cover the expected cost to complete the Home.

The *Building Replacement Fund* is being built up gradually to finance the replacement of the charity's Homes and administration office when they reach the end of their expected useful lives. The value of the fund takes account of the investment the charity makes to ensure the buildings are maintained to the highest level.

The income from the *Property Refurbishment Fund* (estimated at 3% pa) is used to finance the refurbishment of the charity's Homes and administration office to ensure they continue to provide the outstanding environment which our residents deserve.

The *Strategic Development Fund* provides capital to develop our new day care service, homecare and younger veterans' homes where we can provide much needed support for a significant number of beneficiaries. As explained in the Governors' Report, the charity's plans for developing these new services have been delayed as a result of the Covid-19 pandemic.

The *Transitional Support Fund* covers the cost of opening the High Wycombe Home until 31 December 2021.

The *Care Support Fund* provides income and capital to secure the future of dependent beneficiaries in case income from legacies and individuals declines. It also provides resources to enable the charity to continue providing the highest quality of care during the Covid-19 pandemic. The charity expects income to reduce, investments to suffer losses and costs to increase significantly during the Covid-19 pandemic. In the medium term, the charity's income is likely to remain unpredictable and we consider it likely that fundraising income will fall significantly from historic levels. We do not know when we will need to make use of this fund, but believe it is necessary because of our commitment to providing high quality long-term care for residents.

The *Pension Deficit Fund* represents the contributions required to eliminate the estimated deficit on the charity's defined benefit pension scheme assessed at the most recent triennial actuarial valuation (31 December 2019).

The *General Fund* is designed to enable the charity to cope with unforeseen expenditure or loss of income.

**Permanent Endowment Fund:**

The income from the *Central Regimental Institutes Fund* is available for the charity's general purposes.

**Restricted Funds:**

The movements on the *Restricted Funds* during the year have been as follows:

	At 1 Jan 20 £000	Income £000	Capital expenditure £000	Other Expenditure/ Transfers £000	At 31 Dec 20 £000
High Wycombe Home	-	26	(26)	-	-
Resident transport	-	40	(40)	-	-
Covid-19 emergency support	-	751(*)	(111)	(640)	-
Care services and development	43	697	(6)	(127)	607
<b>RESTRICTED FUNDS</b>	<b>43</b>	<b>1,514</b>	<b>(183)</b>	<b>(767)</b>	<b>607</b>

(\*) The total grants received from government for Covid-19 emergency support was as follows:

- Coronavirus Job Retention Scheme (£126k) to support furloughed staff (2019: £Nil).
- Infection Control Fund (£306k) to assist with the additional cost of infection control measures (2019: £Nil).

We expect to spend the *Restricted Funds* on care services in 2021 and 2022.

## 13b. Statement of Funds – 2019

	At 1 Jan 19 £000	Income £000	Expenditure £000	Capital expenditure £000	Other transfers £000	Other gains/ (losses) £000	At 31 Dec 19 £000
<b>UNRESTRICTED FUNDS:</b>							
<b>Fixed Asset Funds:</b>							
Solihull Home Fund	12,300	-	(295)	882	-	-	12,887
Surbiton Home Fund	13,365	-	(498)	180	-	-	13,047
High Wycombe Home Fund	22,258	-	(757)	2,046	-	-	23,547
Administration Office Fund	2,511	-	(162)	30	-	-	2,379
Coaches Fund	-	-	(16)	371	-	-	355
	50,434	-	(1,728)	3,509	-	-	52,215
<b>Designated and General Funds:</b>							
High Wycombe Designated Fund	4,667	-	-	(1,917)	-	-	2,750
Building Replacement Fund	11,500	-	-	-	1,000	-	12,500
Property Refurbishment Fund	10,000	300	-	(712)	-	-	9,588
Strategic Development Fund	12,000	-	-	-	-	-	12,000
Transitional Support Fund	5,000	-	(2,520)	-	-	-	2,480
Care Support Fund	31,418	-	-	-	10,013	-	41,431
Pension Deficit Fund	2,000	-	-	-	-	-	2,000
General Fund	17,400	17,368	(16,232)	(186)	(10,870)	9,920	17,400
<b>Total Unrestricted Funds</b>	<b>144,419</b>	<b>17,668</b>	<b>(20,480)</b>	<b>694</b>	<b>143</b>	<b>9,920</b>	<b>152,364</b>
<b>Permanent Endowment Fund</b>	51	-	-	-	-	8	59
<b>Restricted Funds</b>	520	360	-	(694)	(143)	-	43
<b>TOTAL FUNDS</b>	<b>144,990</b>	<b>18,028</b>	<b>(20,480)</b>	<b>-</b>	<b>-</b>	<b>9,928</b>	<b>152,466</b>



**Restricted Funds:**

The movements on the *Restricted Funds* during 2019 were as follows:

	At 1 Jan 19 £000	Income £000	Capital expenditure £000	Other Expenditure/ Transfers £000	At 31 Dec 19 £000
Solihull Home	379	1	(380)	-	-
High Wycombe Home	75	54	(129)	-	-
Resident transport	-	185	(185)	-	-
Care services and development	66	120	-	(143)	43
<b>RESTRICTED FUNDS</b>	<b>520</b>	<b>360</b>	<b>(694)</b>	<b>(143)</b>	<b>43</b>

**14a. Analysis of Group Net Assets between Funds - 2020**

	Tangible Fixed Assets £000	Investments £000	Current Assets £000	Current Liabilities £000	Total £000
<b>Unrestricted Funds:</b>					
<b>Fixed Asset Funds:</b>					
Solihull Home Fund	12,762	-	-	-	12,762
Surbiton Home Fund	12,650	-	-	-	12,650
High Wycombe Home Fund	24,130	-	-	-	24,130
Administration Office Fund	2,260	-	-	-	2,260
Coaches Fund	281	-	-	-	281
	52,083	-	-	-	52,083
<b>Designated and General Funds:</b>					
High Wycombe Designated Fund	-	-	2,008	(1,516)	492
Building Replacement Fund	-	13,500	-	-	13,500
Property Refurbishment Fund	-	9,000	656	-	9,656
Strategic Development Fund	-	10,000	2,000	-	12,000
Transitional Support Fund	-	-	1,240	-	1,240
Care Support Fund	-	46,394	-	-	46,394
Pension Deficit Fund	-	1,056	-	-	1,056
General Fund	-	17,428	1,765	(1,793)	17,400
<b>Total Unrestricted Funds</b>	<b>52,083</b>	<b>97,378</b>	<b>7,669</b>	<b>(3,309)</b>	<b>153,821</b>
<b>Permanent Endowment Fund</b>	<b>-</b>	<b>61</b>	<b>-</b>	<b>-</b>	<b>61</b>
<b>Restricted Funds</b>	<b>-</b>	<b>-</b>	<b>607</b>	<b>-</b>	<b>607</b>
<b>Total Net Assets</b>	<b>52,083</b>	<b>97,439</b>	<b>8,276</b>	<b>(3,309)</b>	<b>154,489</b>

**14b. Analysis of Group Net Assets between Funds – 2019**

	<i>Tangible Fixed Assets £000</i>	<i>Investments £000</i>	<i>Current Assets £000</i>	<i>Current Liabilities £000</i>	<i>Pension Liabilities £000</i>	<i>Total £000</i>
<b>Unrestricted Funds:</b>						
<b>Fixed Asset Funds:</b>						
Solihull Home Fund	12,887	-	-	-	-	12,887
Surbiton Home Fund	13,047	-	-	-	-	13,047
High Wycombe Home Fund	23,547	-	-	-	-	23,547
Administration Office Fund	2,379	-	-	-	-	2,379
Coaches Fund	355	-	-	-	-	355
	52,215	-	-	-	-	52,215
<b>Designated and General Funds:</b>						
High Wycombe Designated Fund	-	-	2,750	-	-	2,750
Building Replacement Fund	-	12,500	-	-	-	12,500
Property Refurbishment Fund	-	9,000	588	-	-	9,588
Strategic Development Fund	-	10,000	2,000	-	-	12,000
Transitional Support Fund	-	-	2,480	-	-	2,480
Care Support Fund	-	41,431	-	-	-	41,431
Pension Deficit Fund	-	2,000	-	-	-	2,000
General Fund	-	19,327	1,241	(1,716)	(1,452)	17,400
<b>Total Unrestricted Funds</b>	52,215	94,258	9,059	(1,716)	(1,452)	152,364
<b>Permanent Endowment Fund</b>	-	59	-	-	-	59
<b>Restricted Funds</b>	-	-	43	-	-	43
<b>Total Net Assets</b>	<b>52,215</b>	<b>94,317</b>	<b>9,102</b>	<b>(1,716)</b>	<b>(1,452)</b>	<b>152,466</b>

**15. Pension Schemes****15.1 Defined Contribution Schemes**

During the year, the charity provided access to two money purchase pension schemes for employees. If an employee makes a contribution of 5% or more of pensionable salary into one of these schemes, then the charity also contributes 7.5% on their behalf (10% for directors). The charity made contributions amounting to £695,202 (2019: £587,049) into the defined contribution pension schemes during the year. The value of outstanding contributions at 31 December 2020 was £101,218 (2019: £85,857).

**15.2 Defined Benefit Pension Scheme**

The charity also contributed to a defined benefit pension scheme for some of the charity's staff during the year. This pension scheme was closed to future accrual on 30 April 2007. The pension scheme's assets are held in a separate Trustee-administered fund to meet long-term pension liabilities to past and present employees. The Trustees of the pension scheme are required to act in the best interests of the scheme's beneficiaries. Trustees include representatives of the Governors and members of the pension scheme. Trustees are appointed in accordance with the scheme's trust documentation.

The pension scheme is administered by an external firm and its financial and other records are kept separately from those of the charity. It operates in compliance with the Pensions Acts of 1995 and 2004 and the regulations of the appropriate pensions and financial sector regulators.

The disclosures set out below are based on calculations carried out as at 31 December 2020 by a qualified independent actuary in accordance with FRS102. The liabilities of the defined benefit pension scheme are measured by discounting the best estimate of future cash flows to be paid out of the scheme using the projected unit method. This amount is reflected in the asset or deficit recorded in the balance sheet.

The actuarial valuation indicated that a surplus of £48k existed at 31 December 2020 (2019: £1.45m deficit). This amount has not been recognised as an asset in these accounts as the charity does not consider that the amount will be realisable in the foreseeable future. In order to reflect the obligations set out in the Schedule of Contributions agreed between the charity and Pension Trustees, the charity has established a *Pension Reserve* with a value of £1.06m to cover the balance of the payments which have been agreed to eliminate the triennial pension deficit.

As at 31 December 2020, contributions are payable to the Scheme by the charity at the rates set out in the Schedule of Contributions dated 16 October 2020, which is based on the results of the most recent full triennial actuarial valuation as at 31 December 2019. The Employer contribution expected to be made in the year commencing 1 January 2021 is £264,000.

#### (A) Principal assumptions

The principal actuarial assumptions at the balance sheet date were:

	2020	2019
Discount rate	1.20%	2.00%
RPI Inflation	3.30%	3.30%
CPI Inflation	2.80%	2.50%
Rate of increase in salaries	N/A	N/A
Rate of increase in pensions in payment (lower of RPI or 5%)	3.00%	3.20%
Pensioner and non-pensioner mortality (pre and post retirement)	Note 1	Note 2
Cash commutation	Note 3	Note 3

1. Based on S3PA table using CMI 2019 projections and an assumed 1.6% long term rate of mortality improvement.
2. Based on S2PA table using CMI 2016 projections and an assumed 1.5% long term rate of mortality improvement.
3. Members assumed to take 50% of maximum cash available.

#### (B) Asset Breakdown

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2020	2019
Gilts/Corporate Bonds	49.4%	48.2%
Investment portfolio	49.0%	50.0%
Cash	1.4%	1.4%
Insured assets	0.2%	0.4%
<b>Total</b>	<b>100%</b>	<b>100%</b>

#### (C) Employee benefit obligations

The amounts recognised in the balance sheet are as follows:

	2020 £000	2019 £000
Present value of funded obligations	(28,298)	(27,098)
Fair value of scheme assets	28,346	25,646
<b>Surplus/ (Deficit)</b>	48	(1,452)
Restriction applied to irrecoverable surplus	(48)	-
<b>Net liability recognised in the balance sheet</b>	-	(1,452)

The impact of deferred taxation has not been calculated as the charity is not chargeable to corporation tax.

**(D) The total expense recognised in the Statement of Financial Activities:**

	2020 £000	2019 £000
Interest on liabilities	532	680
Expected return on pension scheme assets	(506)	(663)
Past service costs	8	-
<b>Total – included within Total Resources Expended</b>	<b>34</b>	<b>17</b>

**(E) Statement of Total Recognised Gains and Losses (STRGL) in Statement of Financial Activities:**

	2020 £000	2019 £000
Impact of adjustments and assumptions on scheme liabilities	(1,617)	(2,621)
Experience adjustments on scheme assets	2,871	1,670
<b>Actuarial gain/ (loss) recognised in Statement of Financial Activities</b>	<b>1,254</b>	<b>(951)</b>
Cumulative amount of actuarial loss recognised in the STRGL	(650)	(1,904)

**(F) Changes in the present value of the defined benefit obligation:**

	2020 £000	2019 £000
Opening defined benefit obligation	27,098	24,766
Interest cost	532	680
Impact of adjustments and assumptions on scheme liabilities	1,617	2,621
Past service costs	8	-
Benefits paid	(957)	(969)
<b>Closing defined benefit obligation</b>	<b>28,298</b>	<b>27,098</b>

**(G) Changes in the fair value of scheme assets are as follows**

	2020 £000	2019 £000
Opening fair value of scheme assets	25,646	24,002
Actual return on scheme assets (*)	3,377	2,333
Contributions by employer	280	280
Benefits paid	(957)	(969)
<b>Closing fair value of scheme assets</b>	<b>28,346</b>	<b>25,646</b>

**(\*) Calculation of actual return on scheme assets:**

Expected return	506	663
Experience adjustments on scheme assets	2,871	1,670
<b>Actual return on scheme assets</b>	<b>3,377</b>	<b>2,333</b>



**FULL NAME**

The Royal Star & Garter Homes (trading as Royal Star & Garter)

Registered Charity No. 210119

Incorporated by Royal Charter in England: Company No. RC000713

**OFFICE BEARERS****Patron**

Her Majesty The Queen

**President**

HRH Princess Alexandra, the Hon. Lady Ogilvy, KG, GCVO

**Vice Presidents**

Vice Admiral Sir John Dunt KCB

Malcolm Chapple BSc, Barrister at Law, FCI Arb

The Mayor of the London Borough of Richmond upon Thames

The Mayor of the Royal Borough of Kingston upon Thames

The Mayor of Solihull

**Governors**

<sup>2,3,4</sup> Major General Tim Tyler CB MA (Chair)

<sup>1,5</sup> Susan Bush RRC BA MBA

<sup>4,5</sup> Air Vice-Marshal Simon Dougherty MBE MSc MBBS FRCP FFOM DAvMed DObstRCOG FCMI FRAeS

Dr Carolyn Eastwood MBChB MRCPsych

<sup>3</sup> Digby Flower BSc MRICS

<sup>2,3A,4</sup> Amanda Francis DSS BSc ACA (Treasurer)

<sup>5</sup> Edward Goodchild BSocSci Chartered FCSI FRSA

<sup>1,3</sup> Christopher Harrison

Surgeon Commodore Paul Hughes MBBS FRCGP MBA DRCOG DFFP (to 9 October 2020)

<sup>1</sup> Brigadier Alison McCourt CBE ARRC

<sup>2</sup> William Reid BA Chartered FCSI FRSA

Dr David Staples MBiochem MMedSci FRCP

<sup>1,5</sup> Julie Thain-Smith BSc MSc RN FCMI

<sup>2,4</sup> Mark Wills BSc FRGS DipAIBD MInstRE Chartered FCSI CWM (Vice Chair)

**Medical Representative from the Armed Services – Ex Officio Governor**

<sup>2</sup> Air Vice-Marshal Maria Byford QHDS MA BDS MFGDP(UK) FRAeS

**Appointee of The British Red Cross Society**

Professor Suzanna Rose JP DL MA PhD RN (to 31 August 2020)

Amanda Nicholson BA MA (from 1 September 2020)

**Committee membership as at 31 December 2020**

<sup>1</sup> Care Committee

<sup>2</sup> Finance Committee

<sup>3</sup> Property Committee (<sup>3A</sup> Co-opted member)

<sup>4</sup> Remuneration Committee

<sup>5</sup> Governor Recruitment Committee

## EXECUTIVE

Andy Cole OBE MA MBA  
Caley Eldred BA  
Martin Goldman AIOSH  
Malcolm Munro-Faure BSc ACA  
Pauline Shaw OBE BHSc MSc RGN PGDipArts (Nursing)  
Kate Silver BSc FCIPD

Chief Executive  
Director of Supporter Engagement  
Director of Operations  
Director of Finance  
Director of Care  
Director of People

## REGISTERED OFFICE

15 Castle Mews  
Hampton  
Middlesex TW12 2NP  
info@starandgarter.org

## SURBITON HOME

Upper Brighton Road  
Surbiton  
Surrey KT6 6JY

## SOLIHULL HOME

Tudor Coppice  
Solihull  
West Midlands B91 3DE

## HIGH WYCOMBE HOME

Hughenden Avenue  
High Wycombe  
Buckinghamshire HP13 5GG

## BANKS

National Westminster Bank plc  
Lloyds Bank plc  
Barclays Bank PLC

## SOLICITOR

Trowers & Hamlins LLP  
3 Bunhill Row  
London EC1Y 8YZ

## INVESTMENT MANAGERS

Sarasin & Partners LLP  
Juxon House  
100 St Paul's Churchyard  
London EC4M 8BU

Smith & Williamson Investment Management LLP  
25 Moorgate  
London  
EC2R 6AY

Ruffer LLP  
80 Victoria Street  
London SW1E 5JL

## AUDITOR

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Devonshire House  
60 Goswell Road  
London EC1M 7AD



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020 8481 7676

[www.starandgarter.org](http://www.starandgarter.org)

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Cobseo  
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of Service Charities**

**The Royal Star & Garter Homes**  
trading as **Royal Star & Garter**

Registered Charity No. 210119

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Hampton TW12 2NP