REGISTERED COMPANY NUMBER: SC539138 (Scotland)
REGISTERED CHARITY NUMBER: SC010314

Report of the Trustees and

Audited Consolidated Financial Statements

for the Year Ended 31st December 2025

for

Queen's House (Kelso) Limited

Queen's House (Kelso) Limited

Contents of the Consolidated Financial Statements for the year ended 31st December 2025

Queen's House (Kelso) Limited

Reference and Administrative Details
for the year ended 31st December 2025

Trustees:	Miss D A Dobson (resigned 1/4/26) Mrs R J Jackson A G Wemyss (resigned 18/12/25) Mrs V S Yonge Dr I A Sutherland W J Windram F Calder Dr G M Arbuckle A S W Armstrong (Chairman) M C R Baird (appointed 13/4/26)
Registered Office:	Rennie Welch Academy House Shedden Park Road Kelso Roxburghshire TD5 7AL
Principal Address:	Angraflat Road Kelso Roxburghshire TD5 7NS
Registered Company Number:	SC539138 (Scotland)
Registered Charity Number:	SC010314
Auditors:	Thomson Cooper 3 Castle Court Dunfermline Fife KY11 8PB
Chief Executive:	Mrs K Brown RN, BSc, Dip

Report of the Trustees
for the year ended 31st December 2025

The Trustees who are also Directors of the Charity for the purposes of the Companies Act 2006, present their report with the financial statements of the Charity for the year ended 31st December 2025. The Trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

Objectives and activities

Objectives and aims

Throughout the year the Home has been able to achieve excellent average occupancy levels at 99.6% which is in line with the 2024 figure of 99.9%.

Place and Space has been fully functional during the year and the service continues to grow.

Under the experienced leadership of the Chief Executive, Mrs Kelly Brown RN, MSc, BSc, Dip a robust management structure has continued to be developed with the aim of providing a high level of quality care for the residents.

The Charitable Company continues to place emphasis on the participation of residents, relatives and staff in forming key policies on the running of the Home and the Trustees are very receptive to ideas and suggestions received from these groups.

As a result the Home has been able to provide a wide range of activities for residents to participate in and enjoy with great emphasis on encouraging residents to develop personal outcomes. This has been delivered, in particular, by the Place and Space and the Wellbeing teams. With the availability of the minibus, residents have been able to take trips away from the Home throughout the year.

In the past the Home has built up a close relationship with the pupils of Kelso High School and the local primary schools and it is hoped that visits by pupils can be encouraged.

The Home continues to work closely with the local G.P. Practice and Scottish Borders Council and is grateful for the support and encouragement which these organisations give. The Trustees continue to be very active in these difficult times of the health needs of the Scottish Borders and aim to assist in meeting these needs particularly of the elderly and those suffering from dementia.

Ongoing development and future plans

The Charitable Company has a structure of management with a Registered Care Home Manager and Assistants taking forward the organisational delivery of care over all 3 Houses. They are supported by a team of senior staff in the specialist fields of care, nursing, business management and psychological wellbeing with the oversight of all areas by the Chief Executive, allowing her to focus on high level quality assurances, monitoring, strategic development, innovative practice and strong leadership.

A draft strategic 5 year plan has been prepared to assist Trustees, the Management Team and staff to continue to provide exceptional care in the future.

The Trustees have continued the programme of upgrading the facilities of Queen's House to bring them up to the same standards as the purpose built dementia units. This work is ongoing.

A programme of further capital improvements and refurbishment to the buildings, furnishings and equipment has been prepared with work likely to take place over the next couple of years.

Place and Space has been open for the whole year for residents and the community providing a focal point with activities and also a café for people in the community living with dementia and for their relatives.

Report of the Trustees
for the year ended 31st December 2025

Objectives and activities
Volunteers
The Trustees of the Charitable Company consist entirely of volunteers. As well as dealing with governance and strategic issues the Trustees continue a programme of visits to the Home to meet residents and staff to monitor and discuss with them various aspects of the running of the Home. Volunteers also regularly visit the Home to provide entertainment, religious services and recreational activities. The Home is in the process of developing a more structured model of involving volunteers to interact with residents.

The Trustees are indebted to the donors and grant funders who have been so generous in providing support for the various capital and development programmes.

The Trustees are also very grateful to the local community for the continued support and assistance which it gives to the Home.

Financial review
Financial position
During the year the Charitable Company produced a surplus of £418,985 in its general fund (2024 - £425,942).

The results are considered to be satisfactory. High levels of occupancy throughout the year and strong controls over expenditure have been key factors in achieving this result.

Reserves policy
The Trustees' long term aims are to operate the Home at a level to generate sufficient surplus to cover its borrowing commitment, unexpected contingencies, provision for future maintenance sufficient to keep the fabric of the Home at a high standard and generate resources necessary to explore ways of improving facilities for the care of the elderly in the Scottish Borders and endeavour to develop these. To cover all this the Trustees estimate that the unrestricted reserves target should be £1,794,464. The actual unrestricted reserves balance at 31st December 2025 was £2,874,630 so therefore the Charitable Company has met this target.

The Trustees' also feel that it is prudent to have enough unrestricted reserves to cover four months gross wages together with a contingency fund of £250,000. Based on salary costs for the four months to 31st December 2025 the unrestricted reserves target would be £1,566,012. The actual unrestricted reserves balance at 31st December 2025 was £2,874,630 so therefore the Charitable Company has met this target.

The Trustees have considered the Charitable Company financial position for a period of 12 months from the date of signing these financial statements and have reasonable expectation that the Charitable Company have adequate resources to continue in operational existence for the next 12 months. Accordingly, they continue to adopt the going concern basis in preparing these financial statements.

Structure, governance and management
Governing document
Queen's House (Kelso) Limited is a Company limited by guarantee registered with the Office of Scottish Charity Regulator.

The Trustees operate a Company, a wholly owned subsidiary of Queens House (Kelso) Limited, Angraflat Development Company Limited (SC550891) (Scotland), which has undertaken the building of the Dementia Unit and Central Hub and which lease these facilities to Queen's House (Kelso) Limited.

Report of the Trustees
for the year ended 31st December 2025

Structure, governance and management

Organisational structure

The Trustees who meet frequently consist of members with a wide variety of experience in the main fields of operation of the Charitable Company. New members are chosen because they have knowledge of some particular aspect of the operation and new members will be fully briefed about the working of the operation. Various members of the Committee are earmarked to consult with the managers on particular issues. A Finance Committee, Clinical Governance Committee and a Staffing Committee also meet as and when appropriate.

In December 2025 Mr A G Wemyss stepped down as Trustee and Chairman. He had served as a Trustee for 9 years and had been Chairman for three years. His leadership and guidance has been greatly appreciated by the Trustees and the management team. Mr A S W Armstrong has taken over as Chairman.

The Trustees delegated responsibility of the overall strategic management of the Home to Mrs Kelly Brown, the Chief Executive. Mrs Brown manages an operational team of managers to run the day-to-day operations of the Home which include the Registered Care Home Manager and two Assistant Managers. Mrs Brown's Business Manager and Finance Manager also support the Home with management matters of a non-clinical nature.

In February 2025 the Trustees organised and attended a Trustees away day. The day included, amongst other things, discussions with employees from Scottish Borders Council about future care needs.

Risk management

The Trustees have a duty to identify and review the risks to which the Charitable Company is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error.

The key business risks affecting the Charitable Company are:
- Inflation
- Interest rates
- Occupancy
- Staffing
- Cyber security

The Trustees regularly review risk strategy and make arrangements to reduce exposure using appropriate financial instruments.

The Charitable Company manage its cash and borrowing in order to minimise interest expense whilst ensuring the Charitable Company has sufficient liquid resources to meet the operating needs of the organisation.

The Charitable Company co-operates fully with the regulatory services of the Care Inspectorate who monitor the services provided by Queen's House (Kelso) Limited.

Principal activity

The principal activity of the Charitable Company in the year under review was that of residential and nursing care for the elderly in the Borders. In addition to providing long term care the Charitable Company could also provide respite care. From December 2018 the Charitable Company was also able to provide specialist dementia care and now also provides a Café and Activity Centre aimed at providing a facility for people living with dementia and their carers to meet.

Statement of Trustees' responsibilities

The Trustees (who are also the directors of Queen's House (Kelso) Limited for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Statement of Trustees' responsibilities - continued
Company law requires the Trustees to prepare financial statements for each financial year. Under that law, the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charitable Company as to the incoming resources and application of resources, including the income and expenditure, of the Charitable Company for that period. In preparing those financial statements, the Trustees are required to:
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities Statement of Recommended Practice;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Charitable Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charitable Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:
- there is no relevant audit information of which the Charitable Company's auditors are unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditors
In November 2025 Thomson Cooper were appointed auditors of Queen's House (Kelso) Limited. The auditors, Thomson Cooper, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Approved by order of the board of Trustees on 30th July 2026 and signed on its behalf by:

A S W Armstrong - Trustee

Report of the Independent Auditors to the Trustees and Members of Queen's House (Kelso) Limited (Registered number: SC539138)

Opinion
We have audited the group and parent financial statements of Queen's House (Kelso) Limited (the 'Charitable Company') for the year ended 31st December 2025 which comprise the consolidated Statement of Financial Activities, the consolidated Statement of Financial Position, the consolidated Statement of Cash Flows and notes to the consolidated 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 Parent Charitable Company's affairs as at 31st December 2025 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Parent Charitable Company 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 consolidated financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Other information
The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our Report of the Independent Auditors thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 this gives rise to a material misstatement in the consolidated financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Report of the Independent Auditors to the Trustees and Members of Queen's House (Kelso) Limited (Registered number: SC539138)

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:
- the information given in the Report of the Trustees for the financial year for which the consolidated financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the Group and Parent Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

We have nothing to report in respect of the following matters where the Companies Act 2006, the Charities Accounts (Scotland) Regulations 2006 (as amended) and Charities and Trustees Investment (Scotland) Act 2005 requires us to report to you if, in our opinion:
- adequate and proper accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the consolidated financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees
As explained more fully in the Statement of Trustees' Responsibilities, the Trustees, who are also the directors of the Charitable Company for the purpose of company law, are responsible for the preparation of the consolidated financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Trustees are responsible for assessing the Group's and Parent Charitable Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Charitable Company or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements
We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee (Scotland) Act 2005 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: existence and timing of recognition of grant income and the posting of transactions to the correct funds. We discussed these risks with management, designed audit procedures to test the timing and existence of donations and grant income, including reviewing of grant paperwork and terms and conditions, reviewing the allocation of costs against the correct funding and reviewed areas of judgement for indicators of management bias.

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the consolidated financial statements from our sector experience through discussion with the officers and other management (as required by the auditing standards). We focused on specific laws and regulations which may have a direct material effect on the consolidated financial statements or operation of the Charitable Company, including the Charities and Trustees Investment (Scotland) Act 2005, regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended), and the Care Inspectorate.

Our responsibilities for the audit of the financial statements - continued
We assessed the extent of compliance of the laws and regulations identified above by inspecting any legal correspondence, the Care Inspectorate report and making enquiries of management.

We reviewed the laws and regulations in areas that directly affect the consolidated financial statements including financial and taxation legislation and considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statement items.

With the exception of any known or possible non-compliance with relevant and significant laws and regulations, and as required by the auditing standards, our work in respect of these was limited to enquiry of the officers and management of the Charitable Company.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. However, the primary responsibility for the prevention and detection of fraud rests with the Trustees. To address the risk of fraud we identified internal controls established to identify risk, performed analytical procedures to identify unusual movements, assessed any judgements and assumptions made in determining accounting estimates, reviewed journal entries for unusual transactions and identified related parties

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the consolidated financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

A further description of our responsibilities for the audit of the consolidated financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Independent Auditors.

Other matters which we are required to address
We were engaged to audit the financial statements of Queen's House (Kelso) Limited for the year ended 31 December 2025. We were not engaged to audit, nor did we audit, the financial statements of Queen's House (Kelso) Limited for the year ended 31 December 2024. Those financial statements were audited by Sumer Auditco Limited who's report, dated 29 July 2025, expressed an unqualified opinion on those financial statements.

Use of our report
This report is made solely to the Charitable Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the Charitable Company's Trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006 and section 44(1)(c) of the Charities and Trustees Investment (Scotland) Act. Our audit work has been undertaken so that we might state to the Charitable Company's members and the Trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charitable Company, the Trustee's and the Charitable Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Fiona Haro

Fiona E Haro CA (Senior Statutory Auditor)
for and on behalf of Thomson Cooper
Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006
3 Castle Court
Dunfermline
Fife
KY11 8PB

30th July 2026

Queen's House (Kelso) Limited

Consolidated Statement of Financial Activities for the year ended 31st December 2025

	Notes	Unrestricted funds £	Restricted funds £	2025 Total funds £	2024 Total funds £
Income and endowments from					
Donations and legacies	4	9,208	2,000	11,208	219,887
Charitable activities					
Residential care	7	5,287,990	-	5,287,990	4,820,095
Other trading activities	5	1,582	-	1,582	545
Investment income	6	12,586	-	12,586	12,127
Total		5,311,366	2,000	5,313,366	5,052,654
Expenditure on					
Charitable activities					
Residential care	8	4,860,386	110,151	4,970,537	4,623,252
Other		37,387	-	37,387	40,312
Total		4,897,773	110,151	5,007,924	4,663,564
Net income/(expenditure)		413,593	(108,151)	305,442	389,090
Transfers between funds	23	5,392	(5,392)	-	-
Net movement in funds		418,985	(113,543)	305,442	389,090
Reconciliation of funds					
Total funds brought forward		2,455,645	3,281,678	5,737,323	5,348,233
Total funds carried forward		2,874,630	3,168,135	6,042,765	5,737,323

Continuing operations
All income and expenditure has arisen from continuing activities.

The notes form part of these financial statements

Queen's House (Kelso) Limited

Statement of Financial Activities
for the year ended 31st December 2025

	Notes	Unrestricted funds £	Restricted funds £	2025 Total funds £	2024 Total funds £
Income and endowments from					
Donations and legacies	4	9,208	2,000	11,208	219,887
Charitable activities					
Residential care	7	5,287,990	-	5,287,990	4,820,095
Other trading activities	5	1,582	-	1,582	545
Investment income	6	12,586	-	12,586	12,127
Total		5,311,366	2,000	5,313,366	5,052,654
Expenditure on					
Charitable activities					
Residential care		5,004,892	57,991	5,062,883	4,677,888
Net income/(expenditure)		306,474	(55,991)	250,483	374,766
Transfers between funds	23	5,392	(5,392)	-	-
Net movement in funds		311,866	(61,383)	250,483	374,766
Reconciliation of funds					
Total funds brought forward		2,327,593	3,556,522	5,884,115	5,509,349
Total funds carried forward		2,639,459	3,495,139	6,134,598	5,884,115

Continuing operations
All income and expenditure has arisen from continuing activities.

The notes form part of these financial statements

Queen's House (Kelso) Limited (Registered number: SC539138)

Consolidated Statement of Financial Position
31st December 2025

	Notes	Group 2025 £	Group 2024 £	Charity 2025 £	Charity 2024 £
Fixed assets					
Tangible assets	15	6,798,512	6,983,741	1,249,871	1,321,489
Investments		-	-	1	1
		6,798,512	6,983,741	1,249,872	1,321,490
Current assets					
Stocks	16	6,000	8,000	6,000	8,000
Debtors: amounts falling due within one year	17	230,243	177,196	4,587,675	4,416,112
Cash at bank		902,861	720,289	874,408	682,523
		1,139,104	905,485	5,468,083	5,106,635
Creditors					
Amounts falling due within one year	18	(801,641)	(891,454)	(583,357)	(544,010)
Net current assets		337,463	14,031	4,884,726	4,562,625
Total assets less current liabilities		7,135,975	6,997,772	6,134,598	5,884,115
Creditors					
Amounts falling due after more than one year	19	(1,093,210)	(1,260,449)	-	-
Net assets		6,042,765	5,737,323	6,134,598	5,884,115
Funds	23				
Unrestricted funds		2,874,630	2,455,645	2,639,459	2,327,593
Restricted funds		3,168,135	3,281,678	3,495,139	3,556,522
		6,042,765	5,737,323	6,134,598	5,884,115

The Trustees have prepared group accounts in accordance with Section 398 of the Companies Act 2006 and Section 44 of the Trustees Investment (Scotland) Act 2005. These consolidated financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to charitable small companies.

The consolidated financial statements were approved by the Board of Trustees and authorised for issue on 30th July 2026 and were signed on its behalf by:

A S W Armstrong - Trustee

I A Sutherland - Trustee

The notes form part of these financial statements

Queen's House (Kelso) Limited

Consolidated Statement of Cash Flows for the year ended 31st December 2025

	Notes	2025 £	2024 £
Cash flows from operating activities			
Cash generated from operations	1	621,757	839,594
Interest paid		(83,303)	(122,341)
Finance costs paid		(2,940)	(2,953)
Net cash provided by operating activities		535,514	714,300
Cash flows from investing activities			
Purchase of tangible fixed assets		(22,403)	(178,262)
Sale of tangible fixed assets		-	4,943
Interest received		12,586	12,127
Net cash used in investing activities		(9,817)	(161,192)
Cash flows from financing activities			
Loan repayments in year		(343,125)	(448,424)
Net cash used in financing activities		(343,125)	(448,424)
Change in cash and cash equivalents in the reporting period		182,572	104,684
Cash and cash equivalents at the beginning of the reporting period		720,289	615,605
Cash and cash equivalents at the end of the reporting period		902,861	720,289

The notes form part of these financial statements

Queen's House (Kelso) Limited

Notes to the Consolidated Statement of Cash Flows for the year ended 31st December 2025

1. Reconciliation of net income to net cash flow from operating activities

	2025	2024
	£	£
Net income for the reporting period (as per the Statement of Financial Activities)	305,442	389,090
Adjustments for:		
Depreciation charges	207,632	211,535
Profit on disposal of fixed assets	-	(4,943)
Interest received	(12,586)	(12,127)
Interest paid	83,303	122,341
Finance costs	2,940	2,953
Decrease/(increase) in stocks	2,000	(4,000)
Increase in debtors	(53,047)	(27,244)
Increase in creditors	86,073	161,989
Net cash provided by operations	621,757	839,594

2. Analysis of changes in net debt

	At 1.1.25	Cash flow	At 31.12.25
	£	£	£
Net cash			
Cash at bank and in hand	720,289	182,572	902,861
	720,289	182,572	902,861
Debt			
Debts falling due within 1 year	(267,140)	175,886	(91,254)
Debts falling due after 1 year	(1,260,449)	167,239	(1,093,210)
	(1,527,589)	343,125	(1,184,464)
Total	(807,300)	525,697	(281,603)

1. **Accounting policies**

Basis of preparing the consolidated financial statements

The financial statements of the Charitable Company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Group financial statements

The financial statements consolidate the results of the Charitable Company and its wholly owned subsidiary, Angraflat Development Company Limited, on a line by line basis.

Income

All income is recognised in the consolidated statement of financial activities once the Charitable Company has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognized when the Charitable Company has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

Donations are recognised when the Charitable Company has been notified in writing of both the amount and settlement date. In the event that a donation is subject to conditions that require a level of performance before the Charitable Company is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the Charitable Company and it is probable that those conditions will be fulfilled In the reporting period.

Legacy gifts are recognised on a case by case basis following the granting of probate when the administrator/executor for the estate has communicated in writing both the amount and settlement date. In the event that the gift is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title to the asset having been transferred to the Charitable Company.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the Charitable Company to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.
Grants offered subject to conditions which have not been met at the year end date are noted as a commitment but not accrued as expenditure.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Freehold property	-	15% on cost, 10% on cost and 2% on cost
Fixtures, fittings and equipment	-	50% on cost, 25% on cost, 20% on cost, 10% on cost and 5% on cost
Motor vehicles	-	25% on reducing balance

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

continued...

1. **Accounting policies - continued**

Tangible fixed assets

A review for impairment of a tangible fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable, whether through the economic benefits of use or through disposal.

Stocks

Stock is valued at cost and represents food and consumables that have not been used by the year end.

Taxation

The Charitable Company is exempt from corporation tax on its charitable activities. The Charitable Company's subsidiary, Angraflat Development Company Limited, is not exempt from corporation tax.

Taxation for the year comprises current and deferred tax. Tax is recognised in the consolidated statement of financial activities, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the Trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the Charitable Company. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Leasing commitments

Rentals paid under operating leases are charged to the consolidated statement of financial activities on a straight line basis over the period of the lease.

Donated goods and services

The cost of any donated goods and services are estimated with a corresponding entry grossing up donations received.

Financial instruments

The following assets and liabilities are classified as financial instruments - trade debtors, trade creditors, accruals, bank loans and other loans.

continued...

1. **Accounting policies - continued**

Financial instruments - continued

Bank loans and other loans are recognised at transaction price and subsequently measured at amortised cost using the effective interest rate.

Trade debtors, trade creditors and accruals are measured at the undiscounted amount of the cash or other consideration expected to be paid or received.

Financial assets that are measured at amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the consolidated statement of financial activities.

Pension costs and other post-retirement benefits

The Charitable Company operates a defined contribution pension scheme. Contributions payable to the Charitable Company's pension scheme are charged to the consolidated statement of financial activities in the period to which they relate.

Investments

Investments are stated at cost less accumulated impairment losses.

Going concern

The Trustees have considered the Charitable Company's financial position for a period of 12 months from the date of signing these consolidated financial statements and have reasonable expectation that the Charitable Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing these consolidated financial statements.

Employee benefits

Short term employee benefits, including holiday pay, are recognised as an expense in the consolidated statement of financial activities in the period in which they relate.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and money held in bank accounts.

2. **Financial performance of the Charitable Company**

The consolidated statement of financial activities includes the results of the Charitable Company's wholly owned subsidiary which was established to develop the new Dementia Unit and now leases this to the Charitable Company.

The summary financial performance of the Charitable Company alone is:

	2025 £	2024 £
Incoming resources	5,313,366	5,052,654
Expenditure on charitable activities	5,062,883	4,677,888
Net income	250,483	374,766
Total funds brought forward	5,884,115	5,509,349
Total funds carried forward	6,134,598	5,884,115

continued...

2. Financial performance of the Charitable Company - continued

Represented by:		
Unrestricted funds	2,639,459	2,327,593
Restricted funds	3,495,139	3,556,522
	6,134,598	5,884,115

3. Angraflat Development Company Limited

The wholly owned trading subsidiary, Angraflat Development Company Limited, is incorporated in the United Kingdom (company number SC550891). Angraflat Development Company Limited is developing the new Dementia Unit. The Charitable Company owns the entire share capital of 1 ordinary share of £1 each. A summary of the trading results is shown below.

The summary financial performance of the subsidiary alone is:

	2025 £	2024 £
Income	300,000	300,000
Total expenditure	207,653	245,364
Profit before taxation	92,347	54,636
Tax on profit	(37,387)	(40,312)
Net profit for the period	54,960	14,324
Retained earnings at beginning of year	(96,792)	(111,116)
Retained earnings at end of year	(41,832)	(96,792)

The assets and liabilities of Angraflat Development Company Limited were:

	2025 £	2024 £
Assets	5,642,042	5,750,208
Liabilities	(5,683,873)	(5,846,999)
	(41,831)	(96,791)

4. Donations and legacies

	2025 £	2024 £
Donations	6,302	197,334
Grants	4,906	22,553
	11,208	219,887

Donations totalled £6,302 (2024 - £197,334) of which £6,302 (2024 - £154,587) was unrestricted and £Nil (2024 - £42,747) was restricted.

Grants totalled £4,906 (2024 - £22,553) of which £2,906 (2024 - £7,053) was unrestricted and £2,000 (2024 - £15,500) was restricted.

continued...

4. Donations and legacies - continued

Grants received, included in the above, are as follows:

	2025	2024
	£	£
Student Awards Agency Scotland	2,906	7,053
SBC	-	5,000
St James' Place	2,000	2,500
Borders Community Action	-	8,000
	4,906	22,553

5. Other trading activities

	2025	2024
	£	£
Fundraising events	1,582	545

All fundraising events relate to the unrestricted fund.

6. Investment income

	2025	2024
	£	£
Deposit account interest	12,586	12,127

All investment income relates to the unrestricted fund.

7. Income from charitable activities

	Activity	2025	2024
		£	£
Residents fees	Residential care	5,261,101	4,786,486
Sundry income	Residential care	26,889	33,609
		5,287,990	4,820,095

All income from charitable activities relate to the unrestricted fund.

8. Charitable activities costs

	Direct Costs (see note 9)	Support costs (see note 10)	Totals
	£	£	£
Residential care	4,906,226	64,311	4,970,537

Charitable activities costs totalled £4,970,537 of which £4,860,386 was unrestricted and £110,151 was restricted.

continued...

9. Direct costs of charitable activities

	2025	2024
	£	£
Staff costs	3,847,257	3,478,099
Other operating leases	2,688	2,160
Rates and water	18,005	14,998
Insurance	42,362	38,478
Light and heat	99,956	125,858
Telephone	9,389	9,801
Repairs and renewals	152,625	170,811
Advertising, postage and stationery	17,889	10,926
Sundries	15,146	4,669
Staff training	7,776	15,977
Garden upkeep	18,731	13,305
Laundry	21,652	19,378
Annual registration fee	9,310	9,299
Professional fees	54,008	33,800
Food supplies	198,319	182,023
Resident activities	3,974	4,489
Computer costs	28,537	25,061
Travel and subsistence	1,489	779
Consumable supplies	60,711	61,202
Motor vehicle expenses	2,527	2,639
Depreciation	207,632	211,535
Interest payable and similar charges	86,243	125,294
	4,906,226	4,560,581

Direct costs of charitable activities totalled £4,906,226 (2024 - £4,560,581) of which £4,796,075 (2024 - £4,465,252) was unrestricted and £110,151 (2024 - £95,329) was restricted.

10. Support costs

Support costs, included in the above, are as follows:

	2025	2024
	£	£
Auditors' remuneration	17,856	13,172
Secretarial fees	46,455	49,499
	64,311	62,671

All support costs relate to the unrestricted fund.

11. Net income/(expenditure)

Net income/(expenditure) is stated after charging/(crediting):

	2025	2024
	£	£
Auditors' remuneration	17,856	13,172
Depreciation - owned assets	207,632	211,535
Other operating leases	2,688	2,160

continued...

12. Trustees' remuneration and benefits

There were no Trustees' remuneration or other benefits for the year ended 31st December 2025 nor for the year ended 31st December 2024.

Trustees' expenses

During the year expenses of £104 (2024 - £NIL) were paid to the Trustees.

13. Staff costs

	2025	2024
	£	£
Gross salaries	3,322,704	3,074,619
Social security costs	347,166	249,018
Pension costs	177,387	154,462
	3,847,257	3,478,099

	2025	2024
The average number of employees during the year was as follows:	136	135

The company contributes to personal pension plans of employees. Contributions are charged to the statement of financial activities as they fall due. The cost during the year amounted to £177,387 (2024 - £154,462).

The aggregate employee benefits for three key management personnel for the year ended 31st December 2025 amounted to £184,298 (2024 - £166,679).

14. Comparatives for the statement of financial activities

	Unrestricted funds	Restricted funds	Total funds
	£	£	£
Income and endowments from			
Donations and legacies	161,640	58,247	219,887
Charitable activities			
Residential care	4,820,095	-	4,820,095
Other trading activities	315	230	545
Investment income	12,127	-	12,127
Total	4,994,177	58,477	5,052,654
Expenditure on			
Charitable activities			
Residential care	4,527,923	95,329	4,623,252
Other	40,312	-	40,312
Total	4,568,235	95,329	4,663,564
Net income/(expenditure)	425,942	(36,852)	389,090

continued...

14. Comparatives for the statement of financial activities – continued

	Unrestricted funds £	Restricted funds £	Total funds £
Net income/(expenditure) – from previous page	425,942	(36,852)	389,090
Reconciliation of funds			
Total funds brought forward	2,029,703	3,318,530	5,348,233
Total funds carried forward	2,455,645	3,281,678	5,737,323

15. Tangible fixed assets
Group

	Freehold property £	Fixtures, fittings and equipment £	Motor vehicles £	Totals £
Cost				
At 1st January 2025	7,876,761	641,157	42,234	8,560,152
Additions	9,112	13,291	-	22,403
At 31st December 2025	7,885,873	654,448	42,234	8,582,555
Depreciation				
At 1st January 2025	1,209,210	361,042	6,159	1,576,411
Charge for year	146,737	51,876	9,019	207,632
At 31st December 2025	1,355,947	412,918	15,178	1,784,043
Net book value				
At 31st December 2025	6,529,926	241,530	27,056	6,798,512
At 31st December 2024	6,667,551	280,115	36,075	6,983,741

Included in freehold property is freehold land of £233,913 (2024 - £233,913) which is not depreciated.

The aggregate amount of finance costs capitalised in freehold property is £43,068 (2024 - £43,068).

continued...

15. Tangible fixed assets – continued
Charity

	Freehold property £	Fixtures, fittings and equipment £	Motor vehicles £	Totals £
Cost				
At 1st January 2025	1,724,915	465,429	42,234	2,232,578
Additions	9,112	13,291	-	22,403
At 31st December 2025	1,734,027	478,720	42,234	2,254,981
Depreciation				
At 1st January 2025	647,017	257,913	6,159	911,089
Charge for year	50,700	34,302	9,019	94,021
At 31st December 2025	697,717	292,215	15,178	1,005,110
Net book value				
At 31st December 2025	1,036,310	186,505	27,056	1,249,871
At 31st December 2024	1,077,898	207,516	36,075	1,321,489

16. Stocks

	Group 2025 £	Group 2024 £	Charity 2025 £	Charity 2024 £
Stocks	6,000	8,000	6,000	8,000

17. Debtors: amounts falling due within one year

	Group 2025 £	Group 2024 £	Charity 2025 £	Charity 2024 £
Amounts falling due within one year:				
Trade debtors	171,125	128,568	171,125	128,568
Amounts owed by group undertakings	-	-	4,182,762	4,049,489
Other debtors	3,884	6,432	3,884	6,432
Due by Communities Connected (Scotland) Ltd	-	5,235	-	5,235
VAT	220	190	-	-
Prepayments	55,014	36,771	229,904	226,388
	230,243	177,196	4,587,675	4,416,112

continued...

18. Creditors: amounts falling due within one year

	Group 2025 £	Group 2024 £	Charity 2025 £	Charity 2024 £
Bank loans and overdrafts (see note 20)	91,254	267,140	-	8,550
Trade creditors	89,270	66,872	87,949	65,731
Deferred tax	116,811	79,424	-	-
Social security and other taxes	70,976	61,677	70,976	61,677
Pension contributions	22,450	21,498	22,450	21,498
Accrued expenses	410,880	394,843	401,982	386,554
	801,641	891,454	583,357	544,010

19. Creditors: amounts falling due after more than one year

	Group 2025 £	Group 2024 £	Charity 2025 £	Charity 2024 £
Bank loans (see note 20)	1,093,210	1,260,449	-	-

20. Loans

An analysis of the maturity of loans is given below:

	Group 2025 £	Group 2024 £	Charity 2025 £	Charity 2024 £
Amounts falling due within one year on demand:				
Bank loans	91,254	267,140	-	8,550
Amounts falling due between two and five years:				
Bank loans - 2-5 years	422,170	394,362	-	-
Amounts falling due in more than five years:				
Repayable by instalments:				
Bank loans more 5 yr by instal	671,040	866,087	-	-

continued...

21. Leasing agreements

Minimum lease payments under non-cancellable operating leases fall due as follows:-

	Group 2025 £	Group 2024 £	Charity 2025 £	Charity 2024 £
Within one year	2,880	-	302,880	300,000
Between one and five years	10,800	-	1,210,800	1,200,000
In more than five years	-	-	3,900,000	4,200,000
	13,680	-	5,413,680	5,700,000

22. Secured debts

The following secured debts are included within creditors:

	Group 2025 £	Group 2024 £	Charity 2025 £	Charity 2024 £
Bank loans	1,184,464	1,527,589	-	8,550

One bank loan is secured by a standard security over the property together with a bond and floating charge over the Charitable Company assets generally.

The Royal Bank of Scotland Plc holds security over an area of land owned by the Charitable Company and by way of a floating charge over the property.

23. Movement in funds

	At 1.1.25 £	Net movement in funds £	Transfers between funds £	At 31.12.25 £
Unrestricted funds				
General fund	2,267,802	419,430	5,392	2,692,624
Development project fund	150,000	-	-	150,000
Donations for specific spends fund	37,843	(5,837)	-	32,006
	2,455,645	413,593	5,392	2,874,630
Restricted funds				
Staff fund	7,342	(2,724)	-	4,618
Property fund	3,173,809	(76,291)	-	3,097,518
Equipment fund	76,160	(13,391)	-	62,769
Community support fund	4,802	(4,802)	-	-
Care fund	19,565	(10,943)	(5,392)	3,230
	3,281,678	(108,151)	(5,392)	3,168,135
Total funds	5,737,323	305,442	-	6,042,765

continued...

23. Movement in funds - continued

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	5,309,619	(4,890,189)	419,430
Donations for specific spends fund	1,747	(7,584)	(5,837)
	5,311,366	(4,897,773)	413,593
Restricted funds			
Staff fund	-	(2,724)	(2,724)
Property fund	2,000	(78,291)	(76,291)
Equipment fund	-	(13,391)	(13,391)
Community support fund	-	(4,802)	(4,802)
Care fund	-	(10,943)	(10,943)
	2,000	(110,151)	(108,151)
Total funds	5,313,366	(5,007,924)	305,442

Comparatives for movement in funds

	At 1.1.24 £	Net movement in funds £	At 31.12.24 £
Unrestricted funds			
General fund	1,963,282	304,520	2,267,802
Development project fund	-	150,000	150,000
Donations for specific spends fund	66,421	(28,578)	37,843
	2,029,703	425,942	2,455,645
Restricted funds			
Staff fund	11,032	(3,690)	7,342
Property fund	3,247,864	(74,055)	3,173,809
Equipment fund	45,200	30,960	76,160
Community support fund	2,250	2,552	4,802
Care fund	12,184	7,381	19,565
	3,318,530	(36,852)	3,281,678
Total funds	5,348,233	389,090	5,737,323

continued...

23. Movement in funds - continued

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	4,843,574	(4,539,054)	304,520
Development project fund	150,000	-	150,000
Donations for specific spends fund	603	(29,181)	(28,578)
	4,994,177	(4,568,235)	425,942
Restricted funds			
Staff fund	40	(3,730)	(3,690)
Property fund	2,500	(76,555)	(74,055)
Equipment fund	42,937	(11,977)	30,960
Community support fund	5,000	(2,448)	2,552
Care fund	8,000	(619)	7,381
	58,477	(95,329)	(36,852)
Total funds	5,052,654	(4,663,564)	389,090

The balance on restricted funds at 31st December 2025 is made up as follows:

Development project fund – this fund is an unrestricted designated fund which arose from a donation received. The fund balance has been designated to a capital project that is hoped will commence in 2026. The fund is represented by cash at the bank.

Donations for specific spends fund – this fund arose from fundraising events which has been designated for activities, small equipment and capital expenditure. The fund is represented by tangible fixed assets.

Staff fund - This fund arose from various donations and grants received and is used to purchase treats for staff members. This fund is represented by cash at bank.

Property fund - This fund arose from various donations and grants received from organisations and individuals and is used to fund various improvements to the property and grounds. Some of the depreciation on property held in the subsidiary is restricted on consolidation as it relates to restricted income received to build Murray House and Evanthea House. This fund is represented by cash at the bank and tangible fixed assets.

Equipment fund - This fund arose from various donations and grants from organisations and individuals and is used to fund the purchase of new equipment to be used by the Charitable Company. This fund is represented by cash at the bank, debtors and tangible fixed assets.

Community support fund - This fund arose from grants from Scottish Borders Council. The fund is used to support events and activities for the local community. This fund is represented by cash at the bank.

Care fund - This fund arose from fundraising, donations received and grants received. This fund is used to further support our residents, both existing and new, along with their families and friends. This fund is represented by cash at bank and tangible fixed assets.

continued...

24. Related party disclosures

Transactions with subsidiaries (Charitable Company only):
Angraflat Development Company Limited is a fully owned subsidiary of Queen's House (Kelso) Limited.

During the year Queen's House (Kelso) Limited paid for goods and services totalling £173 (2024 - £11,667) on behalf of Angraflat Development Company Limited.

During the year Queen's House (Kelso) Limited paid rent of £300,000 (2024 - £300,000) to Angraflat Development Company Limited.

At 31st December 2025 Angraflat Development Company Limited were due Queen's House (Kelso) Limited £4,182,762 (2024 - £4,049,489). This loan is unsecured, interest free and is repayable on demand.

Transactions with other related parties (Charitable Company and Group):
During the year unconditional donations received from Trustees and related parties amounted to £30 (2024 - £175).

During the year Queen's House (Kelso) Limited paid for goods and services totalling £348 (2024 - £5,235) on behalf of Communities Connected (Scotland) Ltd. At 31st December 2025 Communities Connected (Scotland) Ltd were due Queen's House (Kelso) Limited £NIL (2024 - £5,235).