

**CRANLEIGH VILLAGE HOSPITAL TRUST
(LIMITED BY GUARANTEE)**

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 AUGUST 2006

CHARITY NO 1089861

COMPANY NO 4253074

BREWERS

Chartered Accountants & Registered Auditors
Bourne House
Queen Street
Gomshall
Surrey GU5 9LY

TUESDAY



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CRANLEIGH VILLAGE HOSPITAL TRUST

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CRANLEIGH VILLAGE HOSPITAL TRUST

LEGAL AND ADMINISTRATIVE INFORMATION

CONSTITUTION

Cranleigh Village Hospital Trust is a company limited by guarantee and a registered charity governed by its Memorandum and Articles of Association. Charity number: 1089861. Company number 4253074.

DIRECTORS AND TRUSTEES

The Trustees of the company are also directors under company law and the Trustees report is also a directors' report as required by S234 of the Companies Act. Throughout this report the directors are referred to as Trustees. In accordance with the Articles of Association, one third of the Trustees will resign at the AGM. Trustees are elected at a meeting of the Board of Trustees based on nominations received from the Trustees or members. Nominations are made based on personal competence and specialist skills. Any nomination must be proposed and seconded. New appointments are ratified at the AGM. Candidates must show knowledge of and an interest in the Hospital and the community it serves and be willing to give the time necessary. Trustees are also selected to give the Charity a good mix of appropriate professional skills e.g. Finance, Investment and Fund-raising.

Although all the Trustees are highly skilled business professionals the Trust recognises the special requirements of a Charitable Company. The Trust therefore encourages the Trustees to make themselves aware of the needs of a charity by studying relevant guidance, undertaking appropriate reading and attending suitable courses, especially those issued or organised by the Charity Commission. The Trust also stresses in its governance documentation the need to operate under Charity Commission guidelines. All Trustees are appointed for a fixed term of not more than three years. The Trustees retire by rotation and put themselves forward for re-election at the AGM.

The Trust has purchased indemnity insurance at a cost of £583. This policy, which has been formally approved by the Trust Board, is reviewed no less frequently than annually. The Trustees are not paid for their time although they can claim expenses. They are responsible for deciding policy and ensuring that it is implemented.

The Trustees serving during the year and since the year-end were as follows:

Peter Nutting (appointed chairman 23 January 2006)
Dr Robin Fawkner-Corbett
Dianne Davies
Richard Green
John McGuffog
Kay Newnham

Michael Newnham
Poppity Nutting
Nick Vrijland
Colin Wood
Brian Cheesman (appointed November 2006 for ratification at AGM)

Secretary

Michael Newnham

CRANLEIGH VILLAGE HOSPITAL TRUST

REGISTERED OFFICE AND BUSINESS ADDRESS

Oliver House
High Street
Cranleigh
Surrey
GU6 8AU

AUDITORS

Brewers Chartered Accountants
Bourne House
Queen Street
Gomshall
Surrey
GU5 9LY

BANKERS

HSBC Bank Plc
High Street
Cranleigh
GU6 8AL

SOLICITORS

Messrs Penningtons
Highfield
Brighton Road
Godalming
Surrey
GU7 1NS

CRANLEIGH VILLAGE HOSPITAL TRUST REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2006

The Trustees are pleased to present their report together with the financial statements of the Charity for the year ended 31 August 2006.

Legal and administrative information set out on page 3 forms part of this report. The financial statements comply with the Companies Act, relevant accounting standards, the Memorandum and Articles of Association and the Statement of Recommended Practice – Accounting and Reporting by Charities.

OBJECTS OF THE CHARITY

Cranleigh Village Hospital Trust (company number 4253074) is a company limited by guarantee and is governed by its Memorandum and Articles of Association as amended on 6 December 2001. The liability of the members is limited to £1.

It was established as a charity (registered number 1089861) on 19 December 2001 with the purpose of:

“the relief of sickness in the Waverley Primary Care Group area and any additional areas as the Trustees think fit in particular by providing or assisting in the provision of a hospital in Cranleigh being the Cranleigh Village Hospital”.

The abbreviated title of the Charity is CVHT and it has the following mission statement:

CVHT is committed to the development of a new hospital and Health Centre in Cranleigh to provide the village and the surrounding area with the best primary health care. CVHT will remain the ground landlord in perpetuity on behalf of the community but will liaise with others to build, maintain, run and possibly develop further.

Grants are made in accordance with Charity law, its constitution and the wishes of donors. During the year ended 31 August 2006 a grant of £92,000 was made to Guildford and Waverley PCT to help keep Cranleigh Village Hospital open from November 2005 until the end of April 2006.

ORGANISATION

The Charity has a subsidiary CVHT Enterprises Limited which was set up to manage major fundraising events. In the year ended 31 August 2006 CVHT Enterprises Limited helped organise another Wings & Wheels event in August at Dunsfold. This is discussed in more detail in the review of activities.

The Charity is managed by a Board of Trustees. The Board met 16 times during the year. Decisions are made on a majority basis unless perceived by the Trustees as fundamental to the objects of the Charity when a unanimous vote is required.

The day to day management of the Charity is delegated to Christina Pearce – the project co-ordinator.

CRANLEIGH VILLAGE HOSPITAL TRUST REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2006 – CONT'D

ORGANISATION – CONT'D

Dr Robin Fawkner-Corbett, Dianne Davies, Kay Newnham and Brian Cheesman are also Trustees of the League of Friends of Cranleigh Village Hospital, a charity with which Cranleigh Village Hospital Trust co-operates in pursuit of the objective of providing a new hospital for the local community.

INVESTMENT POLICY

The Board is responsible for the company's investment policy. The Trustees review the deposits held and the funds available at their regular board meetings. The Trustees consider the Charity's income requirements, the risk profile and market prospects and invest in low risk investments to ensure the appreciation of the Trust's funds. During the year the return was in line with the benchmark of 4.5%. The emphasis is on maintaining a high level of liquidity and a low to moderate investment risk.

RESERVES

The reserves have been accumulated to finance the proposed new hospital.

ACHIEVEMENTS AND ACTIVITIES IN THE YEAR

The last financial year and the four months following have been challenging and frustrating despite progress on the planning front. Several issues have dominated – the GPs' decision to leave the project; the consultation on and the subsequent closure, for urgent financial reasons, of Cranleigh Hospital and Day Hospital; the conditional offer to keep beds open during the consultation over local healthcare and the subsequent legal dispute; further Government initiatives, consultations, cost saving measures and reorganisation and, on the positive side, successful progress with design, planning and building regulations issues, development of closer relationships with MPF (now Assura), the Trust's development partner and all other supporters.

The GPs' decision came "out of the blue". The Trust knew of certain negotiation difficulties and had offered helpful suggestions on several occasions. However, despite these offers, and full involvement in the choice of financial partner and architect and in design issues, the GPs decided to pursue an alternative development on their current site.

The decision caused a considerable hiatus with the project because it meant there were uncertainties over the tenancies for all three floors – the beds were the subject of an on-going consultation over local healthcare and their future was doubtful; the GPs had made their decision known and the future of PCT services in Cranleigh was the subject of further reviews. Naturally Assura was left in a quandary and not willing to immediately expend considerable extra sums of money whilst wishing to remain with the project.

**CRANLEIGH VILLAGE HOSPITAL TRUST
REPORT OF THE TRUSTEES
REVIEW OF THE ACTIVITIES AND FUTURE DEVELOPMENTS – CONT'D**

Beds, as mentioned in last year's report, had become a problematical issue along with community hospitals in general. The PCT therefore initiated a review aimed at 'Improving your local healthcare'. Options were provided which set community hospitals against each other with weightings and costings biased in favour of the preferred solution, which excluded Cranleigh. The PCT refused to use comparisons against the new Cranleigh Hospital.

Following the review, the PCT decided, amongst other things, to close Cranleigh and Milford hospitals. However, this decision was subject to further review and Cranleigh Hospital therefore remained open but with the beds closed for urgent, temporary, financial reasons and with the staff dispersed.

The Trust along with the Parish Council and the League of Friends of Cranleigh Village Hospital agreed on a conditional basis to provide £219,000 to keep Cranleigh Hospital open from November 2005 to April 2006. The Trust's maximum share was £184,000. To date £40,000 has been paid by the Trust with a further £50,000 being paid into a separate account under Keep Cranleigh Hospital Open and a further £2,000 being accrued. Due to the uncertainty over the extent to which the conditions applied the Trust together with its partners has offered to settle with payment of 50% of the original £219,000.

The £92,000 has been shown as a payment in the accounts as the Trustees are resisting demands for further payment and believe that following recent discussions with the Guildford and Waverley PCT settlement will be in this region. A contingent liability note has been included in the accounts for the balance of £92,000.

The reorganisation and merger of five PCT's in Surrey and government initiatives to save money has hampered the Trust's progress in gaining permission from the PCT to forge ahead with the development of the hospital. The new Surrey PCT began operations on 1 October 2006. Although the Trust is seeking an urgent meeting with the PCT and is hopeful of a positive outcome it realises decisions are unlikely to be immediately forthcoming.

CONSTRUCTION OF HOSPITAL

During the year Hunters, on the recommendation of Assura and with the approval of the GPs and the Trust, were chosen as architects. Hunters had several meetings with potential tenants – hospital staff, GPs and the PCT – before developing a draft design. Following comments from the public and the Trust Board a detailed planning application was submitted in January 2006.

Waverley Borough Planning Committee members granted planning approval in March 2006 subject to the addition of certain conditions. The main one of these related to flood protection and meant a potential significant increase in costs. Subsequently, documentation for building regulations approval was submitted and agreed within a time-scale that potentially saves considerable extra costs.

**CRANLEIGH VILLAGE HOSPITAL TRUST
REPORT OF THE TRUSTEES
REVIEW OF THE ACTIVITIES AND FUTURE DEVELOPMENTS – CONT'D**

In November 2006 the work to "improve" Cranleigh High Street was completed and this included traffic calming at the junction of the High Street and Knowle Lane paid for by the Trust as a condition of the planning permission.

Therefore, from a technical construction point of view, all is ready for the off.

On the legal side, discussions which had been progressing well stalled pending more certainty regarding possible tenant(s).

In an attempt to expedite matters the Trust decided to pursue two possible alternative options – the first involved further discussions with the GPs and the second a possible alternative approach with a change of user on the GP floor.

As far as the first option is concerned, there have been further discussions and some progress has been made. As far as the second is concerned, Assura is in discussion with possible providers.

Following several months delay to enable these further discussions to progress and for the new PCT to be in place, Assura and the Trust sent a Business Case to the PCT for consideration. The initial response was unsatisfactory and further dialogue is being sought as the key to any real progress remains the attitude of the PCT.

FUNDRAISING

Fundraising proved difficult although the shop at Oliver House continued to trade, and hold its own, thanks to the efforts of Christina Pearce and the team of volunteers. The Trust also participated in the second Wings and Wheels event held at Dunsfold in August 2006.

As an event and as a PR opportunity this was more successful than last year but, from a profit point of view, it was disappointing. The reasons are being studied closely before a decision is made on a possible 2007 Wings and Wheels event.

Fundraising has been low key in the year due to the inertia with the project for the reasons mentioned above.

PR has proved difficult. Throughout the year a tightrope has had to be walked so that only the most positive interpretation was given to all negative developments. The Trust, during discussions with the GPs, promised press silence, as far as was possible, but development proposals at the Health Centre, the public reaction to them and the clamour for the Trust's view necessitated a formal Trust response. This was provided in newsletter form and was circulated to as many of the local population as was possible. The Newsletter stimulated a large response with over 75% totally supportive and with the remainder mostly requesting further clarification. Subsequent to the Newsletter the Trust has continued to pursue a low key policy.

FINANCIAL REVIEW

Donations and fundraising have fallen considerably compared to the prior year. This reflects the overall subdued attitude of the public towards the project and a lack of determined fundraising on the Trust's part. However there is every likelihood of a re-launch in 2007.

CRANLEIGH VILLAGE HOSPITAL TRUST REPORT OF THE TRUSTEES

REVIEW OF THE ACTIVITIES AND FUTURE DEVELOPMENTS – CONT'D

The main contributions to income in 2006 are bank interest, individual donations, gift aid and the shop.

As expected the new owner of Oliver House, from where the Shop and Charity operates, charged a rental payment of £1,000 a month which in the year totalled £11,000. This was offset to some extent by a gift aided donation of £4,000, received from N. Vrijland, a Trustee, to cover the first few months. Taking this and the other trading costs into account the shop continued to break even in 2006. Other significant costs were the Project Co-ordinator's salary and the contribution of £92,000 to Keep Cranleigh Hospital Open.

The result of this activity and that of previous years is that since incorporation the appeal has raised £1,176,000 in donations, pledges, and general fundraising.

In the last financial year expenses exceeded income by £8,829 (2005: net income of £150,782) principally due to the £92,000 contribution to Keep Cranleigh Hospital Open, the lack of a major event and the reduced activity on fundraising.

FUTURE PLANS

The Trust intends to continue dialogue with the GPs and with the new Surrey PCT.

RISK MANAGEMENT

The Board considered the major risks to which the trust is exposed. The major risks identified by the Board were lack of support from the PCT; possible inability to develop suitable alternatives; gradual reduction in public support and the difficulty in returning money to donors if necessary. The Board has mitigated these risks by keeping dialogue open with the PCT and with the GPs; continuing consideration of possible alternatives; making sure the public are kept fully aware of developments and keeping a detailed analysis of all individual donations in case the money needs to be returned.

SUPPORTERS

The Board wishes to thank all its supporters – Patrons, Appeal Patrons, Members, Fundraisers, Volunteers and many others – for their continuing support and flow of ideas throughout another challenging year.

VOLUNTEERS

Cranleigh Village Hospital Trust is very fortunate to have a pool in excess of 60 supportive and dedicated volunteers. The Trustees are extremely grateful for the way in which they ensure the smooth running of the Oliver House shop and also volunteer to support other fundraising activities. All their time is freely given and amounts to a total equivalent of in excess of 600 man days throughout the year. The shop and the goodwill engendered by their contribution is a vital source of encouragement to us all.

RELATED PARTIES

The relationship with the League of Friends is excellent and the Trust wishes to thank the League of Friends and Cranleigh Parish Council for their financial support in helping to keep Cranleigh Hospital open for six extra months.

**CRANLEIGH VILLAGE HOSPITAL TRUST
REPORT OF THE TRUSTEES
TRUSTEES' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS**

Charity law requires the Trustees to prepare financial statements that give a true and fair view of the state of affairs of the Charity at the end of the financial year and of its surplus or deficit for the financial year. In doing so the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Follow applicable accounting standards 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 in business.

The Trustees are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Charity and enables them to ensure that the financial statements comply with the Companies Act 1985. The Trustees are also responsible for safeguarding the assets of the Charity 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 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

This report has been prepared in accordance with the special provisions for small companies under part VII of the Companies Act 1985.

A resolution will be proposed at the Annual General Meeting that Brewers be re-appointed as auditors to the Charity for the ensuing year.

By order of the Trustees:



Michael Newnham

23 January 2007

**INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF
CRANLEIGH VILLAGE HOSPITAL TRUST
(Limited by Guarantee)**

YEAR ENDED 31 AUGUST 2006

We have audited the accounts of the Charity which comprise the financial statement of financial activities, the Charity Balance Sheet and the related notes set out on pages 13 to 22. These accounts have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005) under the historical cost convention and the accounting policies set out therein.

This report is made solely to the Charity's members, as a body, in accordance with S235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Charity's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charity and the Charity's members as a body for our audit work for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE TRUSTEES AND REPORTING ACCOUNTANT

As described on page 10 the Trustees, who are also Directors of the company, are responsible for the preparation of the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards and the Charities Statement of Recommended Practice (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with the relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Trustees' Annual Report is not consistent with the financial statements, if the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if the information specified by law regarding Trustees' remuneration and transactions with the charity is not disclosed.

We read the other information contained in the Trustees' report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

BASIS OF OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland), issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Charity's circumstances, consistently applied and adequately disclosed.

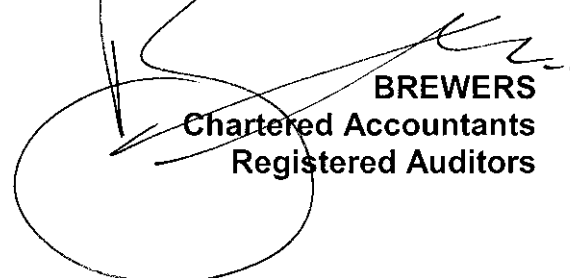
**INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF
CRANLEIGH VILLAGE HOSPITAL TRUST
(Limited by Guarantee)**

YEAR ENDED 31 AUGUST 2006

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud, other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. However, the evidence available to us was limited in respect of amounts payable to Guildford and Waverley PCT to keep Cranleigh Hospital open. The Trust entered into an agreement with Guildford and Waverley PCT to pay £184,000 to keep Cranleigh Hospital open from November to April. Because it is the Trust's view Guildford and Waverley PCT failed to comply with the Agreement the Trust is refusing to settle in full and has offered a 50% settlement. This has been provided in the financial statements. As negotiations are ongoing we are unable to ascertain whether this settlement will be accepted.

OPINION

Except for any amendments to the financial statements that might have been found to be necessary in relation to the amounts paid to Guildford and Waverley PCT for keeping Cranleigh Hospital open, in our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Charitable company as at 31 August 2006 and of its' incoming resources and application of resources for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



BREWERS
Chartered Accountants
Registered Auditors

Bourne House
Queen Street
Gomshall
Surrey
GU5 9LY

23 January 2007

CRANLEIGH VILLAGE HOSPITAL TRUST
STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING INCOME AND EXPENDITURE
ACCOUNT) FOR THE YEAR ENDED 31 AUGUST 2006

	Notes	Unrestricted Funds 2006 £	Unrestricted Funds 2005 £
INCOMING RESOURCES			
Incoming resources from generated funds			
Intangible Income	1	-	14,800
Donations	1	100,040	149,718
Activities for generating funds:			
Fundraising Income	1	-	21,244
Shop Income	1	26,805	32,475
Interest receivable	1	24,870	26,784
Profit covenanted from subsidiary	3	1,307	5,265
TOTAL INCOMING RESOURCES		<u>153,022</u>	<u>250,286</u>
Cost of generating funds:			
Fund raising Costs	1	-	2,507
Shop Expenditure (cost of goods sold and other costs)	4,5	27,351	29,831
Charitable activities:			
Keep Cranleigh Hospital Open	6	92,000	-
Project Co-ordinator	6	30,304	46,518
Support cost for the charity	6	5,660	7,243
Governance Costs	7	<u>6,536</u>	<u>13,405</u>
TOTAL RESOURCES EXPENDED		<u>161,851</u>	<u>99,504</u>
Net (expenditure)/income for year		(8,829)	150,782
FUNDS BROUGHT FORWARD		<u>782,744</u>	<u>631,962</u>
FUNDS CARRIED FORWARD		<u>773,915</u>	<u>782,744</u>


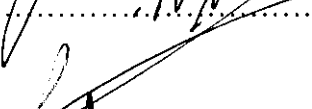
The statement of financial activities includes all gains and losses recognised in the year.
All incoming resources and resources expended derive from continuing activities.

CHARITY BALANCE SHEETS AS AT 31 AUGUST 2006

These financial statements have been prepared in accordance with the special provisions for small companies under part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective January 2005).

These accounts were approved by the Trustees on 23 January 2007 and signed on its behalf by:-

behalf by:-


.....)
Peter Nutting)
)

.....)
Colin Wood)

Trustees

**CRANLEIGH VILLAGE HOSPITAL TRUST
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2006**

1. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005) the Statement of Recommended Practice, Accounting and Reporting by Charities (the Charities SORP 2005), applicable accounting standards and the Companies Act 1985. The principal accounting policies adopted in the preparation of the financial statements are as follows:

GROUP FINANCIAL STATEMENTS

Consolidated Financial Statements have not been prepared as the group qualifies as a small group. The results of the trading subsidiary CVHT Enterprises Limited are given in note 3.

INCOMING RESOURCES

Fundraising Events

Income from fund raising events is included in incoming resources in which the relevant event takes place.

Shop Income

Income from commercial activities relates to sales made by the shop at Oliver House, Cranleigh. Income is included in the period in which the Group is entitled to receipt.

Donations And Grants

Income from donations and grants, is included in incoming resources when these are receivable, except when donors impose conditions which have to be fulfilled before the Charity becomes entitled to use such income, the income is deferred and not included in incoming resources until the pre-conditions for use have been met.

Intangible Income

Intangible income, which comprises donated services, is included in income at a valuation which is an estimate of the financial cost borne by the donor where such a cost is quantifiable and measurable. No income is recognised when there is no financial cost borne by a third party.

CRANLEIGH VILLAGE HOSPITAL TRUST
NOTES FORMING PART OF THE FINANCIAL STATEMENTS – CONT'D
FOR THE YEAR ENDED 31 AUGUST 2006

Interest Receivable

Interest is included when receivable by the Charity.

Resources Expended

Resources expended are included in the Statement of Financial Activities on an accruals basis.

Cost of generating funds includes shop expenditure and other fundraising appeal costs.

Charitable costs include the operating costs of running the Charity.

Support costs include the cost of directly administering and supporting the Charity's operations.

Governance costs comprise the costs of running the Charity, including external audit and any legal advice.

Tangible Fixed Assets

Individual fixed assets costing £100 or more are capitalised at cost.

Tangible fixed assets are depreciated on a reducing balance basis over their estimated useful lives as follows:

Fixtures, fittings and equipment	25%
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Depreciation has not been charged on assets under the course of construction which are costs attributable to the proposed construction of the new hospital. Depreciation will be charged once the construction is complete and a useful economic life can be determined.

Stock

Stock is included at the lower of cost or net realisable value.

Fund Accounting

Funds held by the Charity are all unrestricted general funds – these are funds which can be used in accordance with the charitable objects at the discretion of the Trustees.

Cashflow Statement

The Charity has taken advantage of the exemption conferred by Financial Reporting Standards from presenting a cashflow as it qualifies as a small company.

2. LEGAL STATUS OF THE CHARITY

The Charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding-up is limited to £1.

CRANLEIGH VILLAGE HOSPITAL TRUST
NOTES FORMING PART OF THE FINANCIAL STATEMENTS – CONT'D
FOR THE YEAR ENDED 31 AUGUST 2006

3. COMMERCIAL TRADING OPERATIONS AND INVESTMENT IN TRADING SUBSIDIARY

The wholly-owned trading subsidiary, CVHT Enterprises Limited, which is incorporated in the United Kingdom, pays all its profits to the Charity by gift aid. The company was set up to run fundraising events. In the year, together with Chase and Brooklands Museum, CVHT Enterprises Limited helped run a 'Wings & Wheels' event at Dunsfold on Saturday 21 August 2006. A summary of the trading results is shown below.

Summary Profit and Loss Account

	2006	2005
	Unaudited	Unaudited
	£	£
Turnover	14,437	20,967
Profit from Wings & Wheels event	2,500	3,839
Cost of sales and administrative expenses	(15,662)	(19,626)
Interest receivable	<u>32</u>	<u>85</u>
Net profit	1,307	5,265
Amount gifted to the charity	<u>(1,307)</u>	<u>(5,265)</u>
Retained in the subsidiary	<u>-</u>	<u>-</u>
The assets and liabilities of the subsidiary were:		
Current assets	18,612	5,187
Creditors: amounts falling due within one year	<u>(17,612)</u>	<u>(4,187)</u>
Total net assets	<u>1,000</u>	<u>1,000</u>
Aggregate share capital and reserves	<u>1,000</u>	<u>1,000</u>

4. COST OF GENERATING FUNDS

TRADING – COSTS OF GOODS SOLD

	2006	2005
	£	£
Opening Stock	3,833	5,966
Purchases	9,669	8,463
Closing Stock	<u>(2,494)</u>	<u>(3,833)</u>
Cost of Goods sold	<u>11,008</u>	<u>10,596</u>

CRANLEIGH VILLAGE HOSPITAL TRUST
NOTES FORMING PART OF THE FINANCIAL STATEMENTS – CONT'D
FOR THE YEAR ENDED 31 AUGUST 2006

5. OTHER SHOP COSTS

	2006	2005
	£	£
Insurance	340	855
Rent	11,000	14,000
Rates	97	408
Repairs and renewals	1,471	1,305
Cleaning	841	719
Bank charges	377	488
Utilities	<u>2,217</u>	<u>1,460</u>
	<u>16,343</u>	<u>19,235</u>

6. CHARITABLE ACTIVITIES

	2006	2005
	£	£
Keep Cranleigh Hospital Open	<u>92,000</u>	<u>-</u>
Project Co-ordinator	<u>30,304</u>	<u>46,518</u>
<i>Support costs for the Charity:</i>		
Telephone	1,148	1,074
Stationery, postage and office supplies	2,235	1,888
Sundry expenses	497	2,117
Depreciation	1,570	2,164
Loss on disposal	<u>210</u>	<u>-</u>
	<u>5,660</u>	<u>7,243</u>

STAFF COSTS

	2006	2005
	£	£
Wages & salaries	27,422	41,401
Social Security costs	<u>2,882</u>	<u>5,117</u>
	<u>30,304</u>	<u>46,518</u>

During the period the Charity employed 1 employee. The Trust reimbursed Cranleigh School who operate the payroll on behalf of the Trust.

The Trustees were not paid during the year. Expenses which were reimbursed during the year are given in Note 14.

CRANLEIGH VILLAGE HOSPITAL TRUST
NOTES FORMING PART OF THE FINANCIAL STATEMENTS – CONT'D
FOR THE YEAR ENDED 31 AUGUST 2006

7. GOVERNANCE COSTS

	2006	2005
	£	£
Audit	4,113	4,113
Professional fees	1,000	7,092
Accountancy	840	1,623
Trustee Indemnity Insurance	<u>583</u>	<u>577</u>
	<u>6,536</u>	<u>13,405</u>

8. MOVEMENT IN FUNDS

	2006	2005
	£	£
This is stated after charging:		
Depreciation	1,570	2,164
Auditors' remuneration		
External audit	4,113	4,113
Other services	840	1,623

9. TANGIBLE FIXED ASSETS

	Fixtures & Fittings £	Assets in the course of construction £	Total £
Cost			
At 1 September 2005	14,694	141,365	156,059
Additions	-	48,366	48,366
Disposals	<u>(665)</u>	<u>-</u>	<u>(665)</u>
At 31 August 2006	<u>14,029</u>	<u>189,731</u>	<u>203,760</u>
Depreciation			
At 1 September 2005	8,200	-	8,200
Provided for the year	1,570	-	1,570
Disposals	<u>(455)</u>	<u>-</u>	<u>(455)</u>
At 31 August 2006	<u>9,315</u>	<u>-</u>	<u>9,315</u>
Net book value			
At 31 August 2006	<u>4,714</u>	<u>189,731</u>	<u>194,445</u>
At 31 August 2005	<u>6,494</u>	<u>141,365</u>	<u>147,859</u>

All tangible fixed assets are held for direct Charitable purposes. Assets under the course of construction are costs for the proposed construction of the new hospital. The directors do not consider the assets to be impaired as planning permission was granted during the year.

CRANLEIGH VILLAGE HOSPITAL TRUST
NOTES FORMING PART OF THE FINANCIAL STATEMENTS – CONT'D
FOR THE YEAR ENDED 31 AUGUST 2006

10. STOCK

	2006	2005
	£	£
Finished goods for resale	1,774	3,133
Donated goods	<u>720</u>	<u>700</u>
	<u>2,494</u>	<u>3,833</u>

11. DEBTORS

	2006	2005
	£	£
Other debtors	55,750	27,197
Amounts owed by subsidiary	<u>1,994</u>	<u>4,187</u>
	<u>57,744</u>	<u>31,384</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006	2005
	£	£
Trade creditors	1,823	4,858
Other creditors and accruals	<u>27,841</u>	<u>73,694</u>
	<u>29,664</u>	<u>78,552</u>

13. UNRESTRICTED FUNDS OF THE CHARITY

	General Fund	General Fund
	2006	2005
	£	£
Balance at 1 September 2005	782,744	631,962
Movement in funds for the year	<u>(8,829)</u>	<u>150,782</u>
Balance at 31 August 2006	<u>773,915</u>	<u>782,744</u>

14. RELATED PARTIES

The following expenses were reimbursed to the Trustees:

	2006	2005
	£	£
Michael Newnham	-	58
Colin Wood	60	-

**CRANLEIGH VILLAGE HOSPITAL TRUST
NOTES FORMING PART OF THE FINANCIAL STATEMENTS – CONT'D
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Nick Vrijland, a trustee has made the land available under a land swap agreement for the proposed hospital development. This will be exchanged with the Cranleigh Parish Council.

Nick Vrijland has donated £44,000 in the year. This completes his pledge in the form of land swap and donations. Donations made by other Trustees in the year total £820.

Kay Newnham, Michael Newnham, Colin Wood and Nick Vrijland are also directors of CVHT Enterprises Limited.

Robin Fawkner-Corbett, Dianne Davies, Kay Newnham and Brian Cheesman are also Trustees of The League of Friends of Cranleigh Village Hospital, a Charity with which Cranleigh Village Hospital co-operates in pursuit of the objective of providing a new hospital for the community.

15. CONTINGENT LIABILITY

In September 2005 the PCT announced its intention to temporarily close all beds in Cranleigh Village Hospital from November to the end of March 2006 for urgent financial reasons. Subsequently the consultation was extended to the end of April. Cranleigh Village Hospital Trust together with The League of Friends of Cranleigh Village Hospital and Cranleigh Parish Council agreed to recompense the PCT for the savings that would have been achieved if the closure went ahead. The Trust together with its partners, agreed to contribute £219,000 with the Trust's share totalling £184,000. As there is uncertainty to the extent that the agreement applies, settlement has been offered by the Trust and its partners at 50% of the original commitment. The Trust is disputing all claims for further monies and has recognised £92,000 in the income statement as a payment for keeping Cranleigh Hospital open. £40,000 was paid out to Guildford and Waverley PCT. £50,000 was put into a separate Keep Cranleigh Hospital Open. This account is jointly administered with the League of Friends of Cranleigh Village Hospital. Since the Year end the £50,000 has been paid back into the Trust's bank account until the dispute has been settled. Maximum exposure for the Trust which has not been accrued is £92,000.