

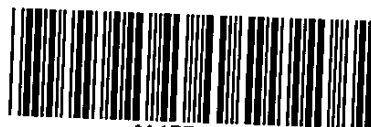
HUGH SEXEY'S HOSPITAL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2011

Company Registration number 6906918

Charity Registration number 1130351

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HUGH SEXEY'S HOSPITAL
(A charitable company limited by guarantee)

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FOR THE YEAR ENDED 31 OCTOBER 2011

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(A charitable company limited by guarantee)

The Visitors present their report together with financial statements of the charitable company for the year ended 31 October 2011

Company registration number	6906918
Charity registration number	1130351
Registered Office	10 Highbury Place, Camden, Bath BA1 6DU
Almshouses	Hugh Sexey's Hospital, Bruton, Somerset, BA10 0AS
Visitors	M Stanley-Smith Esq Chairman His Grace The Duke of Somerset Mrs C G Carter Mrs V M Davies Mrs E F Winkley J A F Buxton Esq AS Durward Esq The Hon A T P Jolliffe E Hobhouse Esq Mrs H C Pomeroy P Hadow Esq Appointed April 2011
The Master	The Right Reverend Neville Chamberlain
Finance Manager	Andrew Mullett FCA, 10 Highbury Place, Camden, Bath BA1 6DU
Land Agents	Savills (L&P) Ltd, Rolles House, 60 Milford St, Salisbury, SP1 2BP Fowler Fortescue, The Old Dairy, Fonthill Bishop, Salisbury SP3 5SH
Investment Advisers	Rathbones, Prince House, Prince Street, Bristol, BS1 4PS Ruffer LLP, 80 Victoria Street, London SW1E 5JL
Bankers	CafCash Ltd, Kings Hill, West Malling, Kent, ME19 4TA
Auditors	Moore Stephens, 30 Gay St Bath BA1 2PA
Solicitors	Burges Salmon, Narrow Quay House, Narrow Quay, Bristol, BS1 4AA

The Trustees of the charity, who are known as the Visitors, are also all directors of the charitable company. Up to twelve Visitors are appointed in accordance with the provisions of the charitable company's Articles.

HUGH SEXEY'S HOSPITAL

(A charitable company limited by guarantee)

REPORT OF THE VISITORS (continued)

FOR THE YEAR ENDED 31 OCTOBER 2011

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Visitor induction and training

As part of the induction process, new Visitors are briefed on the background and history of the Hospital. This briefing takes the form of meetings with the Chairman and other Visitors, and the provision of a file of relevant documents. Thereafter, Visitors are circularised with the publications of the Almshouse Association.

Organisation

The Visitors meet four times a year, there are also four sub-committees covering House, Buildings, Finance and the Investment Properties (Blackford Committee). The Visitors receive reports from the Finance Manager, the Land Agents, the Investment Advisers and the Master, and make all policy decisions.

During the year, a tender process was undertaken to ensure that best value was being obtained from the Land Agents and Investment Advisers, as a result of which exercise Fowler Fortescue and Ruffer LLP were appointed, and the Finance Manager took over responsibility for general charity and company administration.

A Master, Matron, assistant Matron and cleaner are employed in the Hospital. The Master has expressed his intention to retire and a recruitment process has been undertaken - the new incumbent takes office in April 2012.

Risk management

The Visitors have conducted a detailed risk assessment to identify the major risks to which the Hospital is exposed, review the relative significance of the risks that were identified, and satisfy themselves as to the adequacy of the systems established to mitigate these risks. This assessment is regularly reviewed by the Visitors.

OBJECTIVES AND ACTIVITIES

The main objects of the charitable company are:

- The provision of housing accommodation in the almshouses known as Hugh Sexey's Hospital, Bruton, for elderly people (the 'residents') who are in need, hardship or distress
- Such charitable purposes for the benefit of the residents as the Visitors decide
- Such other charitable purposes as the Visitors decide

The Visitors fulfil these objectives by administering the Almshouses, which provide subsidised accommodation for around 30 residents: 25 separate flats within the Hospital buildings, fostering the schools formerly started by the founder of the Hospital, and making donations mainly for the well-being of the young and of the elderly, including donations to other charities with similar objectives.

The Hospital has a permanent endowment comprising the Blackford Estate (an agricultural estate on the Somerset levels), properties at Bruton, and listed investments. The income from the endowment is used to subsidise the running costs of the Hospital, provide for its continuing upkeep and fund the other charitable activities.

Public Benefit

The Visitors have reviewed the Charity Commission's guidance on the requirement to report on public benefit. They are satisfied that the work of the Hospital, as described below, accords with its stated objects and provides tangible public benefit to an appropriate section of those who reside within the charitable company's area of benefit; they believe that the criteria used to assess those who may benefit are not unreasonably restrictive.

The Visitors have also taken notice of the Charity Commission guidance on the charging of fees. They have undertaken an exercise to assess the levels of residents' contributions, which shows that on average residents pay only two thirds of a comparable open market rental. Residents who face financial difficulties are encouraged to apply for Housing and Council Tax Benefits – if any still faced hardship, the Visitors would consider waiving some or all contributions due.

HUGH SEXEY'S HOSPITAL

(A charitable company limited by guarantee)

REPORT OF THE VISITORS (continued) FOR THE YEAR ENDED 31 OCTOBER 2011

ACHIEVEMENTS AND PERFORMANCE

During the year the Almshouse accommodation has continued to be fully occupied, a good community spirit has been maintained by the hard work of the Master and Matrons, and the fabric of the Hospital has been kept up, following the completion of a quinquennial repairs review

As has been mentioned, the advisers to the Hospital have been reviewed, and a new Master recruited

FINANCIAL REVIEW

Financial results

The investment properties and listed investment portfolio produced a gross income of £321,050, a small reduction from the previous year being attributable to a property being empty for a considerable period, and receipt of lease surrender and dilapidations payments

The Hospital again remained almost fully occupied (98% occupancy), contributions from residents increasing by 3.5% to £131,998. Total incoming resources fell by just £788 to £454,312

The costs of managing and maintaining the investment properties rose considerably this year, the increase of £66,088 being due solely to expenditure in respect of making good dilapidations to one of the let properties. £9,078 was charged by the Hospital's investment managers, so costs of generating funds amounted to £179,449, an increase of £67,111 over the previous year

Hospital operating costs have increased by £6,153 or 3.2%, to £198,402, day-to-day running costs have fallen by £2,633 but Hospital repair costs, which by their nature can fluctuate significantly from year to year, have risen by £9,036, including installation of a new heating and hot water boiler

The contributions received from residents of the Hospital are considerably less than the costs of providing the accommodation, as can be seen from the summary below, the subsidy being covered by the investment income

	2010-11 £	2009-10 £	2008-09 £	2007-08 £	2006-07 £
Contributions from residents	131,998	127,363	123,833	120,467	107,715
Day-to-day operating costs	(148,811)	(151,444)	(147,303)	(145,127)	(155,089)
Shortfall on day-to-day operations	(16,813)	(24,081)	(23,470)	(24,660)	(47,374)
Property repairs and improvements	(47,105)	(38,069)	(76,319)	(55,818)	(33,799)
Overall shortfall on almshouse provision subsidised from investment income	(63,918)	(62,150)	(99,789)	(80,478)	(81,173)
Contributions as a % of day-to-day costs	88.7%	84.1%	84.1%	83.0%	69.5%
Contributions as a % of total costs	67.4%	67.2%	55.4%	60.0%	57.0%

Administration costs have increased by £10,635, mainly the result of the expenditure of £8,530 in recruiting the new Master. Governance costs, which mainly comprise professional fees, amounted to £8,000, a decrease of £3,169 on the previous year as a result of legal fees incurred in the incorporation of the Hospital, whilst external grants to local schools and charities amounted to £932 (2009-10 £5,932)

After inclusion of all expenditure, there was an overall surplus for the year, before inclusion of gains or losses on investments, of £34,974 (2009-10 £111,492 surplus), the decrease being solely attributable to the expenditure incurred in respect of dilapidations

This year there was a further increase of £73,867 in the valuation of the investment portfolio (2009-10 £191,926 increase) so overall funds rose by £108,841 (2009-10 £304,288 increase) to stand at £11,953,421 at the year-end

HUGH SEXEY'S HOSPITAL

(A charitable company limited by guarantee)

REPORT OF THE VISITORS (continued)

FOR THE YEAR ENDED 31 OCTOBER 2011

FINANCIAL REVIEW (continued)

As a result of the investment gains the Endowment Fund increased by £66,247 and the Restricted Funds rose by £26,040. There was an overall unrestricted surplus of £16,554 arising in the year, £15,931 of which arose in the Building Fund and £623 in the Income Fund - the Hospital's Building Fund had a closing balance of £148,797 (2009-10 £132,866), whilst the Income Account had a closing deficit of £2,150 (2009-10 £2,773 deficit).

It is the view of the Visitors that the Hospital must aim to achieve a surplus to enable it to meet the unexpected costs of maintaining its historic buildings.

Heritage Assets - Hospital properties

The Hospital's former Stewards, Cluttons, prepared a desktop valuation of the Hospital at October 2004, based on existing use values, which attributed a value of £1,100,000 to the Hospital, there have been no subsequent additions to or sales of Hospital buildings. In view of the historic nature of the buildings and their central place within the overall activities of the Hospital, the Visitors do not believe that the cost of a revaluation can be justified.

In order to ensure that the Hospital properties are kept fully maintained, the Visitors have a policy of undertaking a quinquennial review of the state of the buildings, which was last carried out during 2008.

Investment policy

The Visitors regularly review the constituent parts of the Hospital's endowment, to monitor the balance between the values of the investment properties and the Stock Exchange investments, but realise that with fluctuations in values the ratio will change.

The Visitors employ agents to manage their investment properties, known as the Blackford & Bruton Estate - during the year the agents changed from Savills to Fowler Fortescue. A long term strategy for the management of the Estate is being implemented. Savills carried out a full valuation of the Estate on an Open Market Value basis which was reflected in the financial statements for the year ended 31 October 2008, an unrealised surplus of £3,719,803 arose on the revaluation which was credited to the Permanent Endowment Fund.

The Hospital's investment brokers manage the Stock Exchange portfolio with the intention of producing a balanced mix of income and investment gains - during the year the advisers changed from Rathbones to Ruffer LLP. During the year the income remained unchanged, while the capital values have again increased.

Reserves policy

Due to large Hospital repair costs incurred in recent years, the unrestricted income funds of the Hospital were in deficit, however as a result of the generally increased rental income and reduced repair costs for the last couple of years, at 31 October 2011 they were in surplus by £146,647 (2010 £130,093 surplus). The Visitors are satisfied that the Hospital's assets are adequate to fulfil its obligations.

Since, under the terms of the Hospital's governing documents, they are obliged to maintain the Hospital, which is a Grade I listed building and inalienable, the Visitors believe it prudent to maintain higher levels of reserves.

The Visitors prepare budgets every year and aim to retain funds to fund future capital and revenue projects, as well as covering unexpected charitable expenditure and donations.

PLANS FOR FUTURE YEARS

The Visitors recognise the need to be flexible, and to change with the times, particularly having regard to social and demographic trends. Their overall plans are to keep the Almshouse accommodation fully occupied by eligible pensioners, to maintain a good community spirit within the Hospital by, inter alia, continuing to employ suitable staff, to keep the fabric of the Hospital in good order, and to maintain the value of the Hospital's endowment, with a view to passing the Hospital on to future generations.

HUGH SEXEY'S HOSPITAL

(A charitable company limited by guarantee)

REPORT OF THE VISITORS (continued) FOR THE YEAR ENDED 31 OCTOBER 2011

VISITORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Visitors (who are also directors of Hugh Sexey's Hospital for the purposes of company law) are responsible for preparing the Report of the Visitors and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Company law requires the Visitors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for the year. In preparing these financial statements, the Visitors are required to

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation

The Visitors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and 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 Visitors are aware

- there is no relevant audit information of which the charitable company's auditor is unaware, and
- the Visitors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

AUDITORS

Moore Stephens have indicated their willingness to offer themselves for reappointment

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Section 415a of the Companies Act 2006

Approved by the Visitors on 13 April 2012 and signed on their behalf by -



Mr M Stanley-Smith Chairman of Visitors

HUGH SEXEY'S HOSPITAL
(A charitable company limited by guarantee)

**INDEPENDENT AUDITOR'S REPORT TO THE
VISITORS OF HUGH SEXEY'S HOSPITAL
FOR THE YEAR ENDED 31 OCTOBER 2011**

We have audited the financial statements of Hugh Sexey's Hospital for the year ended 31 October 2011 which are set out on pages 9 to 17. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (Effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the charitable company's members, as a body, in accordance with chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Visitors and auditor

As explained more fully in the Visitors' Responsibilities Statement set out on page 6, the Visitors (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Visitors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Visitors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the charitable company's affairs as at 31 October 2011 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Visitors' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

HUGH SEXEY'S HOSPITAL

(A charitable company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE VISITORS OF HUGH SEXEY'S HOSPITAL FOR THE YEAR ENDED 31 OCTOBER 2011

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- we have not received all the information and explanations we require for our audit, or
- the Visitors were not entitled to prepare the financial statements in accordance with the small companies regime



SUSAN CARTER
(Senior Statutory Auditor)

For and on behalf of
MOORE STEPHENS
Chartered Accountants and Statutory Auditor

1 May 2012
30 Gay Street
Bath
BA1 2PA

HUGH SEXEY'S HOSPITAL
(A charitable company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 OCTOBER 2011

	Note	Endowment Funds £	Restricted Funds £	Unrestricted Funds £	Total 2011 £	Total 2010 £
Incoming resources						
From generated funds:						
Investment property income	1	-	-	236,881	236,881	243,165
Dividends and bank interest		-	9,791	74,378	84,169	82,227
		-	9,791	311,259	321,050	325,392
From charitable activities						
Contributions from Hospital residents		-	-	131,998	131,998	127,363
Donations and sundry income		-	-	1,264	1,264	2,345
Total incoming resources		-	9,791	444,521	454,312	455,100
Resources expended						
Costs of generating funds						
Investment property costs	2	-	-	170,371	170,371	104,283
Brokers management charges	8b	6,971	2,000	107	9,078	8,055
		6,971	2,000	170,478	179,449	112,338
Charitable expenditure.						
Hospital operating costs	3a	-	2,486	195,916	198,402	192,249
Administration costs	3b	-	-	32,555	32,555	21,920
External grants	3c	-	-	932	932	5,932
		-	2,486	229,403	231,889	220,101
Governance costs	4	-	-	8,000	8,000	11,169
Total resources expended	5	6,971	4,486	407,881	419,338	343,608
Net incoming / (outgoing) resources before transfers		(6,971)	5,305	36,640	34,974	111,492
Transfers between funds	12 & 13	-	21,751	(21,751)	-	-
Net incoming / (outgoing) resources for the year		(6,971)	27,056	14,889	34,974	111,492
Other recognised gains/(losses):						
Gains/(losses) on investment assets.						
Investment properties - realised	8a			-	-	1,500
Investment portfolio	8b	73,218	(1,016)	1,665	73,867	191,296
Net increase in funds		66,247	26,040	16,554	108,841	304,288
Fund balances brought forward		11,208,488	505,999	130,093	11,844,580	11,540,292
Fund balances carried forward		11,274,735	532,039	146,647	11,953,421	11,844,580

All incoming and outgoing resources were in respect of continuing activities, there were no other recognised gains or losses in the year

The accompanying accounting policies and notes form an integral part of these financial statements


HUGH SEXEY'S HOSPITAL
(A charitable company limited by guarantee)

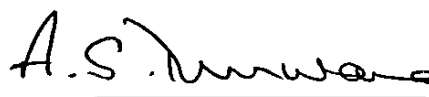
BALANCE SHEET AT 31 OCTOBER 2011

	Note	Endowment Funds £	Restricted Funds £	Unrestricted Funds £	Total 2011 £	Total 2010 £
Fixed assets						
Heritage assets						
The Hospital	7	1,100,000	-	-	1,100,000	1,100,000
Investments						
Freehold properties	8a	8,011,000	-	-	8,011,000	8,011,000
Investment portfolio	8b	1,899,542	513,158	-	2,412,700	2,331,087
		11,010,542	513,158	-	11,523,700	11,442,087
Current assets						
Investment portfolio	8b	-	-	35,817	35,817	33,950
Debtors	9	-	-	38,931	38,931	71,829
Cash at bank and in hand		264,193	18,881	91,572	374,646	343,028
		264,193	18,881	166,320	449,394	448,807
Creditors amounts falling due within one year	10	-	-	(19,673)	(19,673)	(46,314)
Net current assets		264,193	18,881	146,647	429,721	402,493
Total assets less current liabilities		11,274,735	532,039	146,647	11,953,421	11,844,580
Capital funds						
Permanent Endowment Fund	11	11,274,735	-	-	11,274,735	11,208,488
Income funds						
Restricted	12	-	532,039	-	532,039	505,999
Unrestricted	13	-	-	146,647	146,647	130,093
		11,274,735	532,039	146,647	11,953,421	11,844,580

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The financial statements were approved by the Visitors at their meeting on 13 April 2012 and were signed on their behalf by


Mr M Stanley-Smith
Chairman of Visitors


Mr A S Durward
Chairman of Finance Sub-committee

The accompanying accounting policies and notes form an integral part of these financial statements

HUGH SEXEY'S HOSPITAL

(A charitable company limited by guarantee)

PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31 OCTOBER 2011

The financial statements have been prepared in accordance with the historical cost convention, as modified by the revaluation of certain fixed assets and investments, generally accepted accounting principles in the United Kingdom, Financial Reporting Standard for Smaller Entities (FRSSE - effective April 2008), the Companies Act 2006, and the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005)

The principal accounting policies are set out below

Fund accounting

- **Permanent endowment** The Hospital has a permanent endowment which it is legally prevented from spending and which must remain intact as part of the Hospital's capital. It has invested the endowment to provide income for its charitable activities.
- **Restricted funds** these are held to be used for specified purposes as laid down by the governing documents or by the donors.
- **Unrestricted funds** these are other incoming resources received or generated for expenditure on the general objectives of the Hospital. The Visitors have designated certain of the unrestricted funds as a Buildings Fund, they have decided that setting aside funds in this way is a useful financial discipline which will help the Hospital to make the best use of its resources, even though there is no legal force to the designations.

Income and expenditure

All income is recognised in full in the statement of financial activities when receivable.

Expenditure is charged on an accruals basis, inclusive of VAT where charged, and is allocated between expenditure incurred on management of the investments, expenditure in fulfilment of the Hospital's objectives (direct charitable expenditure) and expenditure incurred in the governance of the Hospital.

Heritage Assets- The Hospital

The Hospital is a listed building of historical importance and as its preservation and conservation is one of the Hospital's objectives, it is regarded as a heritage asset and the Visitors take steps to ensure it is properly maintained. As a result of the age of the Hospital there is no record of any original costs.

No depreciation is charged on the Hospital buildings which contravenes the FRSSE with regard to depreciation of buildings, the trustees consider that this policy is appropriate given the historic nature of the buildings and the nature of the Hospital's activities which ensure that the buildings are maintained in an excellent state of repair.

Investments

Investment properties are included in the balance sheet at their estimated market value. Investment properties are formally revalued at least every five years by relevant professional valuers, and are reviewed annually to ensure that the most recent formal valuation is still reasonable. In accordance with the FRSSE, no depreciation is provided in respect of investment properties as these are held for investment and the Visitors consider that this policy is necessary to give a true and fair view.

Listed investments held for investment purposes are stated at market value at the balance sheet date, gains and losses arising on revaluation are credited or debited to the appropriate fund through the SOFA.

Retirement benefits

The Hospital operates a defined contribution pension scheme. The pension costs charged against operating income are the contributions payable to the scheme in respect of the accounting year.

Cashflow statement

The company is a small company as defined by the Companies Act and has taken the exemption from preparing a cashflow statement under the terms of Financial Reporting Standard No 1.

HUGH SEXEY'S HOSPITAL
(A charitable company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2011**

	Endowment Funds £	Restricted Funds £	Unrestricted Funds £	Total 2011 £	Total 2010 £
1 INVESTMENT PROPERTY INCOME					
Rental income receivable for the year	-	-	201,272	201,272	203,078
Wayleaves and grants	-	-	1,609	1,609	1,587
Surrender/dilapidation payments	-	-	34,000	34,000	38,500
	-	-	236,881	236,881	243,165
2 INVESTMENT PROPERTY COSTS					
Day-to-day repairs and maintenance	-	-	29,747	29,747	44,150
Managing agents' fees	-	-	28,881	28,881	27,634
Legal and professional fees	-	-	10,000	10,000	4,840
Insurance	-	-	8,926	8,926	8,260
Other direct costs	-	-	1,942	1,942	1,674
Recurring investment property costs	-	-	79,496	79,496	86,558
Dilapidations and lease surrenders	-	-	90,875	90,875	17,725
	-	-	170,371	170,371	104,283
3 CHARITABLE EXPENDITURE					
a) Hospital operating costs					
Heating, lighting and running costs	-	-	93,424	93,424	97,270
Employment costs Note 6	-	-	55,387	55,387	54,174
Day-to-day running costs	-	-	148,811	148,811	151,444
Almshouse repairs and improvements	-	-	47,105	47,105	38,069
Expenditure from Former Residents' Bequest Fund Note 12	-	2,486	-	2,486	2,736
	-	2,486	195,916	198,402	192,249
b) Administration costs					
Accountancy fees	-	-	13,876	13,876	10,500
Recruitment costs - new Master	-	-	8,530	8,530	-
General charity administration costs	-	-	5,484	5,484	8,614
Other administration expenses	-	-	4,665	4,665	2,806
	-	-	32,555	32,555	21,920
c) External grants					
Unrestricted grants made to institutions	-	-	932	932	5,932

One material grant (£5,000 to Blackford Village Hall) was made during the previous year

HUGH SEXEY'S HOSPITAL

(A charitable company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 OCTOBER 2011

	Endowment Funds £	Restricted Funds £	Unrestricted Funds £	Total 2011 £	Total 2010 £
4 GOVERNANCE COSTS					
Audit fees	-	-	6,245	6,245	6,095
Legal fees - general matters	-	-	1,755	1,755	1,469
Legal fees - incorporation of charity	-	-	-	-	3,605
	-	-	8,000	8,000	11,169
Audit and accountancy fees (all inclusive of VAT)	Audit services			£6,245	£6,095
	Non-audit services - payroll preparation			£521	£529

5 TOTAL RESOURCES EXPENDED

		Staff costs £	Other £	2011 £	2010 £
Investment property costs	Note 2	-	170,371	170,371	104,283
Hospital operating costs	Note 3a	55,387	143,015	198,402	192,249
Administration costs	Note 3b	-	32,555	32,555	21,920
External grants	Note 3c	-	932	932	5,932
Governance costs	Note 4	-	8,000	8,000	11,169
Investment management costs	Note 8b	-	9,078	9,078	8,055
Total resources expended		55,387	363,951	419,338	343,608

6 STAFF COSTS

Staff costs during the year were	£	£
Wages and salaries	49,949	49,258
Employers National Insurance contributions	3,431	3,475
Pension contributions	2,007	1,441
	55,387	54,174

Average number of employees for the year - 4 (2009-10 4) None earned in excess of £60,000 (2009-10 none)

7 HERITAGE ASSETS

	£	£
At valuation	1,100,000	1,100,000

The Visitors, after receiving professional advice, have determined that the Hospital is a heritage asset. As a result of the age of the Hospital there are no records of the original cost and no value is attributed thereto.

The Hospital buildings are included at a desktop valuation provided by Cluttons at 31 October 2004, based on existing use values. There have been no material changes to the Hospital buildings since the date of the last valuation. As there are no plans to alter the use of the Hospital buildings, the Visitors do not believe that the costs of carrying out a full revaluation of the Hospital buildings can be justified.

HUGH SEXEY'S HOSPITAL

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NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 OCTOBER 2011

8 INVESTMENTS

a) Freehold investment properties

	2011 £	2010 £
At beginning of the year	8,011,000	8,011,000
Movement in year		
Additions	-	-
Disposals - proceeds of easement granted	-	(1,500)
Surplus recognised on disposal	-	1,500
At end of the year	<u>8,011,000</u>	<u>8,011,000</u>

Savills (L&P) Ltd valued the investment properties on an Open Market Value basis at 31 October 2008 which was included in the accounts. A surplus of £3,719,803 arose on the revaluation which was credited to the Permanent Endowment Fund.

b) Investment portfolio

		Fixed asset investments £	Current asset investments £	Total 2011 £	Total 2010 £
Funds invested					
Capital Recoupment transfer	Note 12	21,751	-	21,751	21,751
Income reinvested / (withdrawn)		(3,369)	309	(3,060)	7,608
Management fees charged		(8,971)	(107)	(9,078)	(8,055)
Realised and unrealised gains					
Permanent Endowment	Note 11	73,218	-	73,218	141,297
Restricted Funds	Note 12	(1,016)	-	(1,016)	44,916
Income Funds		-	1,665	1,665	5,083
Net increase in portfolio value		81,613	1,867	83,480	212,600
Opening valuation		2,331,087	33,950	2,365,037	2,152,437
Closing valuation		<u>2,412,700</u>	<u>35,817</u>	<u>2,448,517</u>	<u>2,365,037</u>
Historical cost of listed investments		<u>2,188,112</u>	<u>37,405</u>	<u>2,225,517</u>	<u>2,194,283</u>

The listed investments are held as follows

Investment portfolio (all UK)	2,312,947	2,309,664
Cash balances held by brokers	135,570	55,373
	<u>2,448,517</u>	<u>2,365,037</u>

At 31 October 2011 the following individual holdings comprised more than 5% of the value of the portfolio

2 5% UK Treasury Stock 2020	£210,560	8.6%
2 5% UK Treasury Stock 2016	£145,800	6.0%

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NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 OCTOBER 2011

9 DEBTORS

	2011 £	2010 £
Investment income - rental debtors	17,734	51,283
Investment income - amounts held by brokers	8,654	7,030
Contributions due from residents	27	67
Prepayments and other debtors	12,516	13,449
	<u>38,931</u>	<u>71,829</u>

10 CREDITORS. AMOUNTS FALLING DUE WITHIN ONE YEAR

	£	£
Trade creditors	7,471	30,757
Accruals and other creditors	12,202	15,557
	<u>19,673</u>	<u>46,314</u>

11 PERMANENT ENDOWMENT FUND

	£	£
Legal fees - re incorporation	-	(3,605)
Brokers Management charges	(6,971)	(6,320)
Outgoing resources for the year after transfers	<u>(6,971)</u>	<u>(9,925)</u>
Profit on sale of investment property	-	1,500
Gains in value of investments	73,218	141,297
Net increase in funds during the year	<u>66,247</u>	<u>132,872</u>
Fund balances brought forward at start of year	11,208,488	11,075,616
Fund balance carried forward at end of year	<u>11,274,735</u>	<u>11,208,488</u>

12 RESTRICTED FUNDS

	Capital Recoupment £	Former Residents Bequest £	Total 2011 £	Total 2,010 £
Interest and dividends receivable	8,163	1,628	9,791	9,603
Expenditure during the year	-	(2,486)	(2,486)	(2,736)
Brokers fees charged on fund investments	(1,783)	(217)	(2,000)	(1,622)
Incoming resources for the year before transfers	6,380	(1,075)	5,305	5,245
Annual transfer from income account	21,751	-	21,751	21,751
Incoming resources for the year after transfers	28,131	(1,075)	27,056	26,996
Gains in value of investments	(3,329)	2,313	(1,016)	44,916
Net increase in funds during the year	24,802	1,238	26,040	71,912
Fund balances brought forward at start of year	438,225	67,774	505,999	434,087
Fund balances carried forward at end of year	<u>463,027</u>	<u>69,012</u>	<u>532,039</u>	<u>505,999</u>

HUGH SEXEY'S HOSPITAL

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NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 OCTOBER 2011

12 RESTRICTED FUNDS (continued)

Capital Recoupment fund

It has been necessary from time to time to undertake major improvements to the Hospital and, to a lesser extent, to the Blackford Estate. The annual income of the Hospital has not been sufficient to cover such expenditure, so it has been the practice to realise capital assets in order to fund it. When this was done the Charity Commissioners required the Hospital to "recoup" such expenditure by the capitalisation of level amounts of income year by year. Accordingly, they issued Recoupment Orders in 1995-96, specifying levels of annual transfer amounting to £21,751, with which the Visitors have complied. However, it is the present aim of the Visitors to invest these sums each year so that the recoupment should be completed in fewer than the 44 years envisaged in the Orders.

Former Residents Bequests Fund

From time to time Residents have left bequests to the Hospital. These are kept in a separate fund. The income from the fund is made available for items of expenditure which will be to the benefit of all residents, as recommended by the House Committee and endorsed by the Visitors.

13 UNRESTRICTED FUNDS

	Income Fund £	Buildings Fund £	Total 2011 £	Total 2010 £
Income Fund surplus - before transfers	169,274	-	169,274	181,675
Repair expenditure - Hospital property	-	(47,105)	(47,105)	(38,069)
Investment properties	-	(29,747)	(29,747)	(44,150)
Bank interest and investment income received	-	1,200	1,200	1,054
Investment brokers charges	-	(107)	(107)	(112)
Surrender payment - amount received	-	-	-	38,500
Surrender payment - legal and professional fees incurred	-	-	-	(9,031)
Surrender payment - grant paid out	-	-	-	(5,000)
Dilapidations claim - amount received	-	34,000	34,000	-
Dilapidations claim - legal and professional fees incurred	-	(15,755)	(15,755)	(8,695)
Dilapidations claim - refurbishment costs paid out	-	(75,120)	(75,120)	-
Incoming resources for the year before transfers	169,274	(132,634)	36,640	116,172
Transfers - To Building Fund	(146,900)	146,900	-	-
To Capital Recoupment - Note 12	(21,751)	-	(21,751)	(21,751)
Incoming resources for the year after transfers	623	14,266	14,889	94,421
Investment gains in the year	-	1,665	1,665	5,083
Net increase in funds during the year	623	15,931	16,554	99,504
Fund balances brought forward at start of year	(2,773)	132,866	130,093	30,589
Fund balances carried forward at end of year	(2,150)	148,797	146,647	130,093

HUGH SEXEY'S HOSPITAL

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NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 OCTOBER 2011

13 UNRESTRICTED FUNDS

Buildings Fund

Repairs, maintenance and modernisation costs arise erratically over the years, if charged directly to the Income Fund the amount of surplus in any year can vary greatly. The object of the Buildings Fund is to even out the charge against the Income Fund by debiting a regular annual amount against it and crediting the same to the Buildings Fund against which expenditure on repairs, maintenance and modernisation is then charged.

The Visitors consider that setting aside funds in this way is a useful financial discipline which will help the Hospital to make the best use of its resources, even though there is no legal force to the designations.

14 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

There were no capital commitments or contingent liabilities (2009-10 - None)

15 TAXATION

The charitable company is exempt from taxation on income and gains falling within s505 of the Taxes Act 1988 or s252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objectives.

16 PAYMENTS TO TRUSTEES AND CONNECTED PERSONS

No remuneration or reimbursement of expenses was paid during the year to any of the Visitors.

The charitable company has purchased trustees' liability insurance costing £1,208 (2009-10 £1,202). The Charity Commission has approved this purchase of insurance.

17 LIABILITIES OF MEMBERS

Under paragraph 7 of the Memorandum of Association all members undertake to contribute to the assets of the charitable company such an amount as may be required, not exceeding £1, in the event of it being wound up during the year of membership and within one year afterwards.