

HUGH SEXEY'S HOSPITAL

FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 OCTOBER 2010

Company Registration number 6906918

Charity Registration number 1130351



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

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FOR THE PERIOD ENDED 31 OCTOBER 2010

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(A charitable company limited by guarantee)

FOR THE PERIOD ENDED 31 OCTOBER 2010

REFERENCE AND ADMINISTRATIVE DETAILS

Company registration number	6906918
Charity registration number	1130351
Principal address	Hugh Sexey's Hospital, Bruton, Somerset, BA10 0AS
Visitors	<div>M Stanley-Smith Esq</div> <div>Chairman</div> <div>His Grace The Duke of Somerset</div> <div>Sir J Keegan OBE</div> <div>Mrs C G Carter</div> <div>Mrs V M Davies</div> <div>Mrs E F Winkley</div> <div>J A F Buxton Esq</div> <div>S R V Pomeroy Esq</div> <div>(Retired 9 April 2010)</div> <div>AS Durward Esq</div> <div>The Hon A T P Jolliffe</div> <div>E Hobhouse Esq</div> <div>Mrs H C Pomeroy</div> <div>(Appointed 15 January 2010)</div>
The Master	The Right Reverend Neville Chamberlain
Stewards and Land Agents	Savills (L&P) Ltd, Rolfes House, 60 Milford St, Salisbury, SP1 2BP
Investment Advisers	Rathbones, Prince House, Prince Street, Bristol, BS1 4PS
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 4AH

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 Steward and other Visitors, and the provision of a file of relevant documents. Thereafter, Visitors are circulated with the publications of the Almshouse Association.

HUGH SEXEY'S HOSPITAL

(A charitable company limited by guarantee)

REPORT OF THE VISITORS (continued)

FOR THE PERIOD ENDED 31 OCTOBER 2010

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Organisation

The Visitors meet four times a year, there are also four sub-committees covering House, Buildings, Finance and the Investment Properties. The Visitors receive reports from the Steward and the Master and make all policy decisions. Savills act as the Steward, carrying out administrative work as well as acting as land agents, for which they charge normal professional fees.

A Master, Matron and assistant Matron are employed in the Hospital, as well as a cleaner.

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, most recently in October 2010.

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 provides 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.

ACHIEVEMENTS AND PERFORMANCE

During the period 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.

HUGH SEXEY'S HOSPITAL

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REPORT OF THE VISITORS (continued) FOR THE PERIOD ENDED 31 OCTOBER 2010

FINANCIAL REVIEW

Financial results

The investment properties and listed investment portfolio produced a gross income of £325,392, the increase of £39,451 over the previous year being all attributable to the receipt of a lease surrender payment amounting to £38,500

The Hospital again remained almost fully occupied (98% occupancy), contributions from residents increasing by 3% to £127,363. As a result of the surrender payment, total incoming resources rose by £44,201 to £455,100

The costs of managing and maintaining the investment properties fell again, this year by £14,338 to £104,283, mainly because of expenditure on replacement farm buildings in previous years. £8,055 was charged by the Hospital's investment managers, so costs of generating funds amounted to £112,338, a decrease of £13,336 (10.6%) over the previous year

Hospital operating costs have fallen by £20,960 or 9.8%, to £192,249, running costs are unchanged, employment costs have increased by £4,000 following staffing changes, and in the previous year there was a one-off reclaim of almost £12,500 of VAT previously overpaid on fuel bills. Hospital repair costs, which by their nature can fluctuate significantly from year to year, have halved, from £76,319 to £38,069, as a result of expenditure in the previous year on quinquennial repairs and an upgrading of the alarm systems

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

	2009-10 £	2008-09 £	2007-08 £	2006-07 £	2005-06 £
Contributions from residents	127,363	123,833	120,467	107,715	96,876
Day-to-day operating costs	(151,444)	(147,303)	(145,127)	(155,089)	(154,456)
Shortfall on day-to-day operations	(24,081)	(23,470)	(24,660)	(47,374)	(57,580)
Property repairs and improvements	(38,069)	(76,319)	(55,818)	(33,799)	(52,737)
Overall shortfall on almshouse provision subsidised from investment income	(62,150)	(99,789)	(80,478)	(81,173)	(110,317)
Contributions as a % of day-to-day costs	84.1%	84.1%	83.0%	69.5%	62.7%
Contributions as a % of total costs	67.2%	55.4%	60.0%	57.0%	46.8%

Governance costs, which mainly comprise professional fees, amounted to £11,169, a decrease of £6,525 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 £5,932 (2008-9 £3,507)

After inclusion of all expenditure, there was an overall surplus for the period, before inclusion of gains or losses on investments, of £111,492 (2008-9 £28,465 surplus), the increase being chiefly attributable to the surrender payment received and reduced repair costs for the Estate and Hospital. This year there was a further increase of £191,926 in the valuation of the investment portfolio (2008-9 £188,348 increase) so overall funds rose by £304,288 (2008-9 £216,813) to stand at £11,844,580 at the period-end

As a result of the investment gains the Endowment Fund increased by £132,872 and the Restricted Funds rose by 71,912. There was an overall unrestricted surplus of £99,504 arising in the period, £86,480 of which arose in the Building Fund and £13,024 in the Income Fund - the Hospital's Building Fund had a closing balance of £132,866 (2008-9 £46,386), whilst the Income Account had a closing deficit of £2,773 (2008-9 £15,797 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. The manner in which these costs are budgeted is set out in note 13 to the accounts

HUGH SEXEY'S HOSPITAL

(A charitable company limited by guarantee)

REPORT OF THE VISITORS (continued) FOR THE PERIOD ENDED 31 OCTOBER 2010

FINANCIAL REVIEW (continued)

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 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 Savills (L&P) Ltd to manage their investment properties, known as the Blackford & Bruton Estate. 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. In the opinion of the Visitors there has been no significant change in values since this revaluation was carried out.

The Hospital's investment brokers, Rathbones, manage the Stock Exchange portfolio with the intention of producing a balanced mix of income and investment gains. During the current period the income has remained unchanged, while the capital values have again increased, resulting in an overall revaluation surplus of £191,296 or approximately 9% of the opening portfolio values (2008-9 £188,348 surplus). The brokers regularly meet with the Finance Committee to review investment performance.

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 2010 they were in surplus by £130,093 (2009 £30,589 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 PERIODS

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
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REPORT OF THE VISITORS (continued)
FOR THE PERIOD ENDED 31 OCTOBER 2010

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 period, 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 period. 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 8 April 2011 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 PERIOD ENDED 31 OCTOBER 2010

We have audited the financial statements of Hugh Sexey's Hospital for the period ended 31 October 2010 on pages 9 to 17, which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008), and on the basis of the accounting policies set out on page 11

This report is made solely to the Visitors, as a body, in accordance with chapter 3 of section 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Visitors 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, and the Visitors as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF VISITORS AND AUDITORS

The responsibilities of the Visitors (who also act as directors of Hugh Sexey's Hospital for the purposes of company law) for preparing the Visitors' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Responsibilities of the Visitors on page 6.

Our responsibility is to audit the financial statements in accordance with 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, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and have been prepared in accordance with the Companies Act 2006. We also report to you whether in our opinion the information given in the Visitors' Annual Report is consistent with those financial statements.

In addition we report to you if, in our opinion, the charitable company has not kept adequate accounting records, if the charitable company's financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of Visitors' remuneration specified by law are not made.

We read the Visitors' Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT 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 Visitors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

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 or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in 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 PERIOD ENDED 31 OCTOBER 2010

OPINION

In our opinion

- the financial statements give a true and fair view of the state of the charitable company's affairs as at 31 December 2010 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended,
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- the financial statements have been prepared in accordance with the Companies Act 2006, and
- the information given in the Visitors' Annual Report is consistent with the financial statements



SUSAN CARTER

(Senior Statutory Auditor)

For and on behalf of

MOORE STEPHENS

Chartered Accountants & Statutory Auditor

30 Gay Street
Bath
BA1 2PA

12 April 2011

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

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE PERIOD ENDED 31 OCTOBER 2010**

	Note	Endowment Funds	Restricted Funds	Unrestricted Funds	Total 2010	Unincorporated charity figures 2009
		£	£	£	£	£
Incoming resources						
From generated funds:						
Investment property income	1	-	-	243,165	243,165	203,539
Dividends and bank interest		-	9,603	72,624	82,227	82,402
		-	9,603	315,789	325,392	285,941
From charitable activities						
Contributions from Hospital residents		-	-	127,363	127,363	123,833
Donations and sundry income		-	-	2,345	2,345	1,125
Total incoming resources		-	9,603	445,497	455,100	410,899
Resources expended						
Costs of generating funds						
Investment property costs	2	-	-	104,283	104,283	118,621
Brokers management charges	8b	6,320	1,622	113	8,055	7,053
		6,320	1,622	104,396	112,338	125,674
Charitable expenditure						
Hospital operating costs	3a	-	2,736	189,513	192,249	213,209
Administration costs	3b	-	-	21,920	21,920	22,350
External grants	3c	-	-	5,932	5,932	3,507
		-	2,736	217,365	220,101	239,066
Governance costs	4	3,605	-	7,564	11,169	17,694
Total resources expended	5	9,925	4,358	329,325	343,608	382,434
Net incoming / (outgoing) resources before transfers		(9,925)	5,245	116,172	111,492	28,465
Transfers between funds	12 & 13	-	21,751	(21,751)	-	-
Net incoming / (outgoing) resources for the period		(9,925)	26,996	94,421	111,492	28,465
Other recognised gains:						
Gains on investment assets:						
Investment properties - realised	8a	1,500	-	-	1,500	-
Investment portfolio	8b	141,297	44,916	5,083	191,296	188,348
Net increase in funds		132,872	71,912	99,504	304,288	216,813
Fund balances brought forward		11,075,616	434,087	30,589	11,540,292	11,323,479
Fund balances carried forward		11,208,488	505,999	130,093	11,844,580	11,540,292

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

The comparative figures shown are those for the previous unincorporated charity

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 2010

	Note	Endowment Funds	Restricted Funds	Unrestricted Funds	Total 2010	Unincorporated charity figures 2009
		£	£	£	£	£
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	1,839,519	491,568	-	2,331,087	2,123,457
		<u>10,950,519</u>	<u>491,568</u>	<u>-</u>	<u>11,442,087</u>	<u>11,234,457</u>
Current assets						
Investment portfolio	8b	-	-	33,950	33,950	28,980
Debtors	9	-	-	71,829	71,829	62,735
Cash at bank and in hand		257,969	14,431	70,628	343,028	276,225
		<u>257,969</u>	<u>14,431</u>	<u>176,407</u>	<u>448,807</u>	<u>367,940</u>
Creditors amounts falling due within one year	10	-	-	(46,314)	(46,314)	(62,105)
Net current assets		<u>257,969</u>	<u>14,431</u>	<u>130,093</u>	<u>402,493</u>	<u>305,835</u>
Total assets less current liabilities		<u>11,208,488</u>	<u>505,999</u>	<u>130,093</u>	<u>11,844,580</u>	<u>11,540,292</u>
Capital funds						
Permanent Endowment Fund	11	11,208,488	-	-	11,208,488	11,075,616
Income funds						
Restricted	12	-	505,999	-	505,999	434,087
Unrestricted	13	-	-	130,093	130,093	30,589
		<u>11,208,488</u>	<u>505,999</u>	<u>130,093</u>	<u>11,844,580</u>	<u>11,540,292</u>

The comparative figures shown are those for the previous unincorporated charity

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 8 April 2011 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 PERIOD ENDED 31 OCTOBER 2010

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 (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 FRS15 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 SSAP 19 "Accounting for Investment Properties", 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 period

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
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 OCTOBER 2010**

	Endowment Funds	Restricted Funds	Unrestricted Funds	Total 2010	Unincorporated charity figures 2009
	£	£	£	£	£
1 INVESTMENT PROPERTY INCOME					
Rental income receivable for the period	-	-	203,078	203,078	200,992
Wayleaves and grants	-	-	1,587	1,587	2,547
Surrender payment received			38,500	38,500	-
	-	-	243,165	243,165	203,539
2 INVESTMENT PROPERTY COSTS					
Repairs and improvements	-	-	44,150	44,150	62,174
Managing agents' fees	-	-	27,634	27,634	36,644
Legal and professional fees	-	-	22,565	22,565	12,192
Insurance	-	-	8,260	8,260	6,665
Other direct costs	-	-	1,674	1,674	946
	-	-	104,283	104,283	118,621
3 CHARITABLE EXPENDITURE					
a) Hospital operating costs					
Heating, lighting and running costs	-	-	97,270	97,270	97,148
Employment costs	Note 6	-	54,174	54,174	50,155
Day-to-day running costs		-	151,444	151,444	147,303
Almshouse repairs and improvements		-	38,069	38,069	76,319
VAT recovered on fuel bills		-	-	-	(12,476)
Expenditure from Former Residents' Bequest Fund	Note 12	-	2,736	2,736	2,063
		-	2,736	189,513	192,249
b) Administration costs					
Accountancy fees		-	10,500	10,500	10,500
Managing agents' fees - general matters		-	8,614	8,614	9,129
Other administration expenses		-	2,806	2,806	2,721
		-	21,920	21,920	22,350
c) External grants					
Unrestricted grants made to institutions		-	5,932	5,932	3,507
One material grant (£5,000 to Blackford Village Hall) was made during the period (2009 - £2,500 to Holy Trinity Church, Blackford)					

HUGH SEXEY'S HOSPITAL

(A charitable company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE PERIOD ENDED 31 OCTOBER 2010

	Endowment Funds	Restricted Funds	Unrestricted Funds	Total 2010	Unincorporated charity figures 2009
	£	£	£	£	£
4 GOVERNANCE COSTS					
Audit fees	-	-	6,095	6,095	6,000
Legal fees - general matters	-	-	1,469	1,469	1,976
Legal fees - incorporation of charity	3,605	-	-	3,605	9,718
	3,605	-	7,564	11,169	17,694
Audit and accountancy fees (all inclusive of VAT)	Audit services Non-audit services - payroll preparation			£6,095 £529	£6,000 £504

5 TOTAL RESOURCES EXPENDED

		Staff costs	Other	2010	Unincorporated charity figures 2009
		£	£	£	£
Investment property costs	Note 2	-	104,283	104,283	118,621
Hospital operating costs	Note 3a	54,174	138,075	192,249	213,209
Administration costs	Note 3b	-	21,920	21,920	22,350
External grants	Note 3c	-	5,932	5,932	3,507
Governance costs	Note 4	-	11,169	11,169	40,044
Investment management costs	Note 8b	-	8,055	8,055	7,053
Total resources expended		54,174	289,434	343,608	382,434

6 STAFF COSTS

Staff costs during the period were	£	£
Wages and salaries	49,258	45,274
Employers National Insurance contributions	3,475	3,475
Pension contributions	1,441	1,406
	54,174	50,155

Average number of employees for the period - 4 (2008-9 4) None earned in excess of £60,000 (2008-9 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 PERIOD ENDED 31 OCTOBER 2010

8 INVESTMENTS

a) Freehold investment properties

	2010	Unincorporated charity figures 2009
	£	£
Transfer from unincorporated charity 1 November 2009	8,011,000	8,000,000
Movement in period		
Additions	-	11,000
Disposals - proceeds of easement granted	(1,500)	-
Surplus recognised on disposal	1,500	-
At end of the period	<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 2010	Unincorporated charity figures 2009
		£	£	£	£
Funds invested					
Capital Recoupment transfer	Note 12	21,751	-	21,751	21,751
Income reinvested		7,608	-	7,608	12,141
Management fees charged		(7,942)	(113)	(8,055)	(7,053)
Realised and unrealised gains					
Permanent Endowment	Note 11	141,297	-	141,297	160,518
Restricted Funds	Note 12	44,916	-	44,916	24,886
Income Funds		-	5,083	5,083	2,944
Net increase in portfolio value		<u>207,630</u>	<u>4,970</u>	<u>212,600</u>	<u>215,187</u>
Transfer from unincorporated charity 1 November 2009		2,123,457	28,980	2,152,437	1,937,250
Closing valuation		<u>2,331,087</u>	<u>33,950</u>	<u>2,365,037</u>	<u>2,152,437</u>
Historical cost of listed investments		<u>2,167,942</u>	<u>26,341</u>	<u>2,194,283</u>	<u>2,208,205</u>

The listed investments are held as follows

Investment portfolio (all UK)	2,309,664	2,057,519
Cash balances held by brokers	55,373	94,918
	<u>2,365,037</u>	<u>2,152,437</u>

At 31 October 2010 the following individual holdings comprised more than 5% of the value of the portfolio

2 5% UK Treasury Stock 2020	£191,221	8 1%
2 5% UK Treasury Stock 2016	£135,161	5 7%

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NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE PERIOD ENDED 31 OCTOBER 2010

9 DEBTORS

	Total 2010 £	Unincorporated charity figures 2009 £
Investment properties - rental debtors	51,283	38,565
Contributions due from residents	67	10
Prepayments and other debtors	20,479	24,160
	71,829	62,735

10 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	£	£
Trade creditors	30,757	30,616
Provision for costs of building work	-	20,000
Accruals and other creditors	15,557	11,489
	46,314	62,105

11 PERMANENT ENDOWMENT FUND

		£	£
Profit on sale of investment property	Note 8a	1,500	-
Gains / (losses) in value of investments	Note 8b	141,297	160,518
Legal fees - re incorporation		(3,605)	(9,718)
Brokers Management charges		(6,320)	(5,584)
Net increase in fund during the period		132,872	145,216
Transfer from unincorporated charity 1 November 2009		11,075,616	10,930,400
Fund balance carried forward at end of period		11,208,488	11,075,616

12 RESTRICTED FUNDS

		Capital Recoupment £	Former Residents Bequest £	Total 2010 £	Unincorporated charity figures 2009 £
Annual transfer from income account	Note 13	21,751	-	21,751	21,751
Interest and dividends receivable		7,608	1,995	9,603	13,142
Expenditure during the period		-	(2,736)	(2,736)	(2,063)
Brokers fees charged on fund investments		(1,407)	(215)	(1,622)	(1,373)
Net incoming / (outgoing) resources		27,952	(956)	26,996	31,457
Gains in value of investments	Note 8b	36,348	8,568	44,916	24,886
Net increase in funds during the period		64,300	7,612	71,912	56,343
Transfer from unincorporated charity 1 November 2009		373,925	60,162	434,087	377,744
Fund balances carried forward at end of period		438,225	67,774	505,999	434,087

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NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE PERIOD ENDED 31 OCTOBER 2010

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 2010	Unincorporated charity figures 2009
	£	£	£	£
Income Fund surplus - before transfers	181,675	-	181,675	169,878
Transfers				
To Building Fund	(146,900)	146,900	-	-
To Capital Recoupment - Note 12	(21,751)	-	(21,751)	(21,751)
Repair expenditure				
Hospital property	-	(38,069)	(38,069)	(76,319)
Investment properties	-	(44,150)	(44,150)	(62,174)
Bank interest and investment income received	-	1,054	1,054	2,771
Investment brokers charges	-	(112)	(112)	(95)
Surrender payment - amount received	-	38,500	38,500	-
Surrender payment - legal and professional fees incurred	-	(9,031)	(9,031)	-
Surrender payment - grant paid out	-	(5,000)	(5,000)	-
Dilapidations claim - legal and professional fees incurred	-	(8,695)	(8,695)	-
Net incoming resources for the period	13,024	81,397	94,421	12,310
Investment gains in the period	-	5,083	5,083	2,944
Net increase in funds	13,024	86,480	99,504	15,254
Transfer from unincorporated charity 1 November 2009	(15,797)	46,386	30,589	15,335
Fund balances carried forward at end of period	(2,773)	132,866	130,093	30,589

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.

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NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE PERIOD ENDED 31 OCTOBER 2010

14 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

There were no capital commitments or contingent liabilities (2008-9 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 period to any of the Visitors

The charitable company has purchased trustees' liability insurance costing £1,202 (2008-9 £883) 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 period of membership and within one year afterwards