



HUGH SEXEY'S HOSPITAL

REPORT OF THE VISITORS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2015

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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(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 2015.

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 E F Winkley J A F Buxton Esq. The Hon. A T P Jolliffe E Hobhouse Esq. Mrs H C Pomeroy P Hadow Esq The Hon. P Douglas-Pennant General Sir Alex Harley Mrs L Sunnucks Mrs H Feilding Appointed Jan 2015
The Master	The Reverend Canon Paul Jenkins MA B.Ed.
Finance Manager	Andrew Mullett FCA, 10 Highbury Place, Camden, Bath
Land Agents	Fowler Fortescue, The Old Dairy, Fonthill Bishop, Salisbury
Investment Advisers	Ruffer LLP, 80 Victoria Street, London
Bankers	CafCash Ltd, Kings Hill, West Malling, Kent
Auditors	Moore Stephens, 30 Gay St Bath
Solicitors	Loxleys, Langford Mill, Wotton-Under-Edge, Glos

Governing document

Hugh Sexey's Hospital is a charitable company limited by guarantee, incorporated on 15 May 2009 and registered as a charity on 25 June 2009. The guarantors are the members to the extent of £1 each.

Appointment of Trustees / Visitors

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

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, other Visitors, the Master and the Finance Manager, and the provision of a file of relevant documents. Thereafter, Visitors are circularised with the publications of the Almshouse Association and encouraged to attend their Seminars.

HUGH SEXEY'S HOSPITAL

(A charitable company limited by guarantee)

REPORT OF THE VISITORS FOR THE YEAR ENDED 31 OCTOBER 2015

STRUCTURE, GOVERNANCE AND MANAGEMENT

Organisation

The Visitors meet four times a year; there are five sub-committees covering House, Buildings, Finance, Investment Properties (the Blackford Committee) and Giving. The Visitors receive regular reports from the Master, Finance Manager, Land Agents, and Investment Advisers, and make all policy decisions. A Master, Matron, Assistant Matron and cleaner are employed in the Hospital.

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 and updated 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 thirty residents in twenty-five 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 FOR THE YEAR ENDED 31 OCTOBER 2015

ACHIEVEMENTS AND PERFORMANCE

During the year occupancy within the Almshouses has remained very high – there were only six months when flats were unoccupied, whilst being refurbished before new residents moved in, an occupancy rate of 98.3%, (increased from 94.7% the previous year). At the end of the year there was only one vacant flat, which was being refurbished prior to a new resident moving in during November; a waiting list is now maintained.

A quinquennial repairs review was carried out at the start of the previous year, indicating that the fabric of the Hospital (which is a Grade-One listed building) is generally well-maintained but indicating areas where work is required, which is being attended to as part of a programme of continual repairs and maintenance. The opportunity is taken when flats become vacant to refurbish and upgrade them to modern standards.

In January 2015 the Visitors set up a Giving Committee, to agree the Hospital's policy for external donations, in compliance with the third of the Hospital's objects, and then distribute funds accordingly. £40,000 was allocated from the 2013-14 surplus to a designated Giving Fund, which was distributed in December 2015 to a variety of local schools (£20,000) and other regional and local charitable causes (£20,000). A further £10,000 has been allocated from the surplus for the year to 31 October 2015, and this will also be distributed during the current financial year.

A good community spirit amongst the residents of the Hospital has been maintained by the hard work of the Master and Matrons.

FINANCIAL REVIEW

Financial results

The investment properties and listed investment portfolio produced a gross income of £263,902, a small decrease on the previous year due to reduced investment income arising from the investment portfolio.

Contribution rates were increased by 2% from 1 September 2015; as a result of the continuing high occupancy, contributions from residents increased by £11,927 (8.2%) to £156,750 – contributions foregone as a result of voids amounted to just £3,300.

After receipt of donations amounting to £23,400, including a legacy of £20,000 which has been added to the Former Residents Bequest Fund, total incoming resources rose by £15,256 to £444,052.

The cost of generating funds, being the costs of managing and maintaining the investment properties and managing the investment portfolio, amounted to £152,356, an increase of £36,372; this is mainly the result of expenditure on legal and professional fees, including £25,807 incurred in respect of a proposed development by the Hospital of a site at Paradise Barton, Blackford.

Hospital operating costs have increased by £38,922 to £298,626. Day-to-day running costs have increased by £11,659 while Hospital repair costs, which by their nature can fluctuate significantly from year to year, have risen by £26,211 to £107,788, as considerable expenditure was incurred on refurbishing flats and carrying out quinquennial repairs. Administration and governance costs are little changed.

External grants to local schools and charities amounted to £932 (last year £4,932, as the Visitors donated £4,000 to the relief fund to help Somerset farmers facing hardship after the severe Winter flooding). As already explained, £40,000 was transferred into a Giving Fund in 2013-14, and a further £10,000 has been added from the current year's surplus, which will be distributed during the current financial year.

HUGH SEXEY'S HOSPITAL

(A charitable company limited by guarantee)

REPORT OF THE VISITORS FOR THE YEAR ENDED 31 OCTOBER 2015

FINANCIAL REVIEW (continued)

After inclusion of all expenditure, there was an overall deficit for the year, before inclusion of gains or losses on investments, of £35,980 (2013-14 £21,686 surplus), the decrease being mostly attributable to the increased expenditure on Hospital repairs and the fees incurred for the proposed development.

There was a further increase of £172,309 in the value of the investment portfolio (2013-14 £78,011 increase) so overall funds rose by £136,329 (2013-14 £114,795 increase) and amounted to £14,503,748 at the year-end. The Endowment Fund increased by £81,019 while there was an overall unrestricted surplus of £55,310 arising in the year - the Restricted Fund balance at the start of the year of £78,879 in respect of Former Residents Bequests has been reclassified as being a Designated unrestricted fund.

The contributions received from Hospital residents are considerably less than the costs of providing their accommodation, the subsidy being covered from the income generated by the Hospital's investment properties and portfolio. The shortfall on day-to-day operations (residents' contributions less salaries and Hospital running costs) amounted to £28,338 (2013-14 £28,606) – when Hospital repair and refurbishment costs are included the shortfall amounted to £136,126 (2013-14 £110,183).

Heritage Assets - Hospital properties

The Hospital's former Agents prepared a desktop valuation of the Hospital in 2004, based on existing use values, which attributed a value of £1,100,000 to the Hospital; there have been no subsequent additions or sales. 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 further revaluations can be justified. In order to ensure that the Hospital properties are kept fully maintained, the Visitors have a policy of undertaking quinquennial reviews of the state of the buildings – a review was carried out in October 2013 and a costing programme of works is being implemented to cover matters identified.

Investments

Hugh Sexey's Hospital is a permanent endowment, with assets held in perpetuity. The investments comprise agricultural and residential properties, which comprise approximately 75% of the value of the investments, and an investment portfolio. 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 over time.

Investment policy

The Visitors have adopted a Total Return approach in respect of the quoted investment portfolio, which means that all investment returns, whether income or realised and unrealised gains and losses, are brought into the Permanent Endowment Fund. The Visitors then agree an annual transfer from the accumulated unapplied total return to the Income Fund, to subsidise the running costs of the Hospital. This approach has not been adopted for the investment properties, as the illiquid nature of the assets means it is impossible to withdraw any unrealised gains without disposing of properties.

Investment Properties

The Visitors employ agents, Fowler Fortescue, to manage their investment properties, known as the Blackford & Bruton Estate; a long term management strategy is being implemented. Fowler Fortescue carried out a desktop valuation of the Estate on an Open Market Value basis at 31 October 2013, which resulted in an unrealised surplus of £1,845,000 being credited to the Permanent Endowment Fund.

HUGH SEXEY'S HOSPITAL

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REPORT OF THE VISITORS FOR THE YEAR ENDED 31 OCTOBER 2015

FINANCIAL REVIEW (continued)

Quoted Investment Portfolio

The Hospital's portfolio has been managed on a Total Return basis since August 2011, when Ruffers LLP took over management of the portfolio. At this date the Permanent Endowment investments were valued at £2,271,405; a further £565,000 has been subsequently invested. After discussions with Ruffers, the annual transfer to the Income Fund has been set at a rate of 3% of the opening value of the portfolio, which the Visitors believe gives a fair balance between the interests of the current and the future beneficiaries. Total investment returns in the year amount to £179,519 (5.5% of invested funds) - £98,500 has been allocated to income in the year and the balance is carried forward as unapplied total return, which cumulatively amounts to £550,344 since the policy was adopted.

Reserves policy

As a result of increasing investment income during the last few years, at 31 October 2015 unrestricted income funds were in surplus by £451,885 (2014 £317,696), an increase of £134,189 during the year.

Under the terms of the Hospital's governing documents, the Visitors are obliged to maintain the Hospital, which is a Grade I listed building and inalienable, and they therefore believe it prudent to maintain a level of reserves in a designated Building Fund to allow them to cover anticipated repair costs. The Visitors considered the amount that should be held at 31 October 2013, in light of the works revealed in the quinquennial survey of the buildings, and decided that a balance of £240,000 was appropriate at that time. This year a transfer of £130,000 has been made into the Fund, but expenditure on repairs has exceeded this by £18,560 so the closing Fund balance amounts to £231,838.

The restricted Former Residents Bequest Fund has been reclassified as a designated unrestricted fund. The balance at the start of the year was £78,879 which has been transferred into Unrestricted Funds – after receipt of a legacy of £20,000 there was a net increase of £18,194 in the Fund during the year so the closing balance at 31 October 2015 amounted to £97,073.

The designated Giving Fund amounted to £50,000 at the end of the year – as has been mentioned, £40,000 has been paid out in grants since the year-end.

The unrestricted Income Fund, being amounts that have not been designated by the Visitors, as described above, has increased by £45,676 during the year to stand at £72,974 at the year-end.

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.

The Visitors are in the early stages of looking at a scheme to develop a part-derelict site at Blackford, with the intention of preserving some historic buildings and providing a number of new homes. A meeting has been held with local residents to present the plans, and it is hoped a planning application will be made during the course of the current year.

HUGH SEXEY'S HOSPITAL

(A charitable company limited by guarantee)

REPORT OF THE VISITORS FOR THE YEAR ENDED 31 OCTOBER 2015

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
- they 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 2016 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 2015

We have audited the financial statements of Hugh Sexey's Hospital for the year ended 31 October 2015 which are set out on pages 10 to 18. 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 7, 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 Boards (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 company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2015 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

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 2015

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

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.



MARK BURNETT

(Senior Statutory Auditor)

For and on behalf of

MOORE STEPHENS

Chartered Accountants and Statutory Auditor

30 Gay Street Bath BA1 2PA

13 April 2016

HUGH SEXEY'S HOSPITAL

(A charitable company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 OCTOBER 2015

	Note	Endowment Funds £	Restricted Funds £	Unrestricted Funds £	Total 2015 £	Total 2014 £
Incoming resources						
From generated funds:						
Investment property income	1	-	-	215,776	215,776	209,537
Dividends and bank interest		45,274	-	2,852	48,126	61,586
		45,274	-	218,628	263,902	271,123
From charitable activities						
Contributions from residents		-	-	156,750	156,750	144,823
Donations and sundry income		-	-	23,400	23,400	12,850
Total incoming resources		45,274	-	398,778	444,052	428,796
Resources expended						
Costs of generating funds						
Investment property costs	2	-	-	118,822	118,822	85,419
Brokers management fees	8b	33,534	-	-	33,534	30,565
		33,534	-	118,822	152,356	115,984
Charitable expenditure:						
Hospital operating costs	3a	-	12,300	286,326	298,626	259,704
Administration costs	3b	-	-	18,878	18,878	18,075
External grants	3c	-	-	932	932	4,932
		-	12,300	306,136	318,436	282,711
Governance costs	4	-	-	9,240	9,240	8,415
Total resources expended	5	33,534	12,300	434,198	480,032	407,110
Net incoming / (outgoing) resources before transfers		11,740	(12,300)	(35,420)	(35,980)	21,686
Transfers between funds	12 & 13	(98,500)	(66,579)	165,079	-	-
Net incoming / (outgoing) resources after transfers		(86,760)	(78,879)	129,659	(35,980)	21,686
Other recognised gains:						
Gains on investment assets:						
Investment properties	8a	-	-	-	-	15,098
Investment portfolio	8b	167,779	-	4,530	172,309	78,011
Net increase in funds		81,019	(78,879)	134,189	136,329	114,795
Fund balances brought forward		13,970,844	78,879	317,696	14,367,419	14,252,624
Fund balances carried forward		14,051,863	-	451,885	14,503,748	14,367,419

The above results relate wholly to continuing activities; there were no recognised gains or losses other than those included above. The Statement of Financial Activities also complies with the requirement to prepare an income and expenditure account contained in the Companies Act 2006.

HUGH SEXEY'S HOSPITAL

(A charitable company limited by guarantee)

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

BALANCE SHEET AT 31 OCTOBER 2015

	Note	Endowment Funds £	Restricted Funds £	Unrestricted Funds £	Total 2015 £	Total 2014 £
Fixed assets						
Heritage assets: The Hospital	7	1,100,000	-	-	1,100,000	1,100,000
Investments:						
Freehold properties	8a	9,565,853	-	-	9,565,853	9,564,227
Investment portfolio	8b	3,386,749	-	75,059	3,461,808	3,356,880
		14,052,602	-	75,059	14,127,661	14,021,107
Current assets						
Investment portfolio	8b	-	-	41,805	41,805	40,184
Debtors	10	-	-	33,199	33,199	35,138
Cash at bank and in hand		(739)	-	357,595	356,856	315,698
		(739)	-	432,599	431,860	391,020
Creditors: amounts falling due within one year	11	-	-	(55,773)	(55,773)	(44,708)
Net current assets		(739)	-	376,826	376,087	346,312
Total assets less current liabilities		14,051,863	-	451,885	14,503,748	14,367,419
Capital funds						
Permanent Endowment Fund	12	14,051,863	-	-	14,051,863	13,970,844
Income funds						
Restricted	13	-	-	-	-	78,879
Unrestricted	14	-	-	451,885	451,885	317,696
		14,051,863	-	451,885	14,503,748	14,367,419

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 2016 and were signed on their behalf by:


Mr M Stanley-Smith - Chairman of Visitors


Mrs H Feilding - Visitor

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

HUGH SEXEY'S HOSPITAL

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PRINCIPAL ACCOUNTING POLICIES FOR THE YEAR ENDED 31 OCTOBER 2015

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; 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 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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2015

1. INVESTMENT PROPERTY INCOME

Rental income receivable for the year
Wayleaves and licences

Restricted Funds £	Unrestricted Funds £	Total 2015 £	Total 2014 £
-	213,505	213,505	208,787
-	2,271	2,271	750
-	215,776	215,776	209,537

2. INVESTMENT PROPERTY COSTS

Day-to-day repairs and maintenance
Managing agents' fees
Property insurance
Other direct costs

Day-to-day running costs

Legal and professional fees re future developments
Legal and professional fees re properties

-	44,210	44,210	40,739
-	25,598	25,598	23,415
-	13,807	13,807	12,824
-	2,138	2,138	6,381
-	85,753	85,753	83,359
-	25,807	25,807	-
-	7,262	7,262	2,060
-	118,822	118,822	85,419

3. CHARITABLE EXPENDITURE

a) Hospital operating costs

Employment costs Note 6
Heating and lighting
Other running costs

Day-to-day running costs

Almshouse repairs and improvements 12,300
Expenditure from Former Residents' Bequest Fund Note 13 5,750

-	65,751	65,751	64,204
-	33,303	33,303	33,932
-	86,034	86,034	75,293
-	185,088	185,088	173,429
12,300	95,488	107,788	81,577
-	5,750	5,750	4,698
12,300	286,326	298,626	259,704

b) Administration costs

Management fees
Other administration expenses

-	16,293	16,293	15,547
-	2,585	2,585	2,528
-	18,878	18,878	18,075

c) External grants

Unrestricted grants made to institutions

-	932	932	4,932
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4 GOVERNANCE COSTS

Audit fees
Legal and professional fees

-	6,840	6,840	7,140
-	2,400	2,400	1,275
-	9,240	9,240	8,415

Audit and accountancy fees:
(all inclusive of VAT)

Audit services
Non-audit services - payroll preparation

£6,840 £7,140
£557 £557

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2015

5. TOTAL RESOURCES EXPENDED

		Staff costs	Other	2015	2014
		£	£	£	£
Investment property costs	Note 2	-	118,822	118,822	85,419
Hospital operating costs	Note 3a	65,751	232,875	298,626	259,704
Administration costs	Note 3b	-	18,878	18,878	18,075
External grants	Note 3c	-	932	932	4,932
Governance costs	Note 4	-	9,240	9,240	8,415
Investment management costs	Note 8b	-	33,534	33,534	30,565
Total resources expended		65,751	414,281	480,032	407,110

6. STAFF COSTS

Staff costs during the year were:

	£	£
Wages and salaries	59,563	58,471
Employers National Insurance contributions	4,516	4,101
Pension contributions	1,672	1,632
	65,751	64,204

Average number of employees for the year - 4 (2013-14: 4). None earned in excess of £60,000 (2013-14 none)

7. HERITAGE ASSETS

At valuation

£	£
1,100,000	1,100,000

The Visitors, after receiving professional advice, 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 qualified valuers 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 any further revaluations of the Hospital buildings can be justified

8. INVESTMENTS

a) Freehold investment properties

		2015	2014
		£	£
At beginning of the year		9,564,227	9,856,000
Movement in year:	Additions - Manor Farm Cottage refurbishment (balance)	1,626	58,227
	Disposals - Sunnysdene (at opening valuation)	-	(350,000)
At end of the year		9,565,853	9,564,227

The Hospital's Agents, Fowler Fortescue, revalued the investment properties on an Open Market Value basis at 31 October 2013. This produced an unrealised gain on revaluation of £1,845,000 which was included in the financial statements, the gain being credited to the Permanent Endowment Fund. In the opinion of the Visitors, any movement in the valuation of freehold properties in the current year is likely to be insignificant.

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NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 OCTOBER 2015

8. INVESTMENTS

b) Investment portfolio

	Permanent Endowment investments £	Former Residents Bequest £	Buildings Fund £	Total 2015 £	Total 2014 £
Funds invested: from property sale	-	-	-	-	315,000
Funds invested: others	21,000	(1,035)	(576)	19,389	9,395
Investment income received	45,274	1,035	576	46,885	59,394
Management fees charged	(33,534)	-	-	(33,534)	(30,565)
Unapplied total return allocated to income	(98,500)	-	-	(98,500)	(91,600)
Realised and unrealised gains/(losses):					
Permanent Endowment Note 9	167,779	-	-	167,779	79,964
Former Residents Bequests Note 14	-	2,909	-	2,909	(2,235)
Building Fund Note 14	-	-	1,621	1,621	282
Net increase in portfolio value	102,019	2,909	1,621	106,549	339,635
Opening valuation	3,284,730	72,150	40,184	3,397,064	3,057,429
Closing valuation	3,386,749	75,059	41,805	3,503,613	3,397,064
Historical cost of listed investments	2,980,925	66,198	37,231	3,084,354	
The investments are held as follows:					
Investment portfolio				3,343,942	3,100,983
Cash balances held by brokers				159,671	296,081
				3,503,613	3,397,064

At the end of the reporting period the following holdings comprised more than 5% of the value of the portfolio.

Ruffer SICAV Fixed Income	£313,290	9%
CF Ruffer Absolute Return Accumulation	£255,027	7%
0.375% UK Treasury Index-linked Stock 22/3/2062	£205,852	6%

9. MOVEMENT IN UNAPPLIED TOTAL RETURN

Unapplied total return is calculated from a start date of 11 August 2011. The Hospital's policy is to transfer into unrestricted (Income) funds each year an amount equal to 3% of the opening value of the Permanent Endowment investment portfolio, which is available for charitable uses. For 2014-15 this transfer amounted to £98,500. This is funded from the total investment returns (interest and gains, less management charges) on the Hospital's investments. The Visitors intend to keep the distribution rate under review and adjust as necessary to take account of prevailing rates of investment return.

The amount of Permanent Endowment invested under the Total Return basis comprises

			2015 £	2014 £
Total fixed assets			14,127,661	14,021,107
Exclude:	Heritage assets: The Hospital	Note 7	(1,100,000)	(1,100,000)
	Investment properties	Note 8a	(9,565,853)	(9,564,227)
	Investments held in unrestricted fund:	Note 8b / 13	(75,059)	(72,150)
			3,386,749	3,284,730

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NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 OCTOBER 2015

9. MOVEMENT IN UNAPPLIED TOTAL RETURN (continued)

	Permanent Endowment	Unapplied total return	Total 2015	Total 2014
	£	£	£	£
Trust for investment at beginning of period	2,836,405	448,325	3,284,730	2,943,117
Investment returns:				
Realised and unrealised gains		167,779	167,779	79,964
Investment income receivable		45,274	45,274	54,690
Investment management costs		(33,534)	(33,534)	(30,541)
		179,519	179,519	104,113
Unapplied total return allocated to income		(98,500)	(98,500)	(91,600)
Unapplied total return unallocated at year-end		81,019	81,019	12,513
Additional funds invested / (withdrawn)		21,000	21,000	329,100
Net movement in reporting period		102,019	102,019	341,613
Trust for investment at end of period	2,836,405	550,344	3,386,749	3,284,730

10. DEBTORS

	2015	2014
	£	£
Investment income - rental income held by Agents	20,037	24,153
Investment income - amounts due from tenants	3,497	1,207
Prepayments and other debtors	9,665	9,778
	33,199	35,138

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	£	£
Trade creditors	37,432	30,276
Accruals and other creditors	13,348	10,356
Deposits received from residents	4,993	4,076
	55,773	44,708

12. PERMANENT ENDOWMENT FUND

		£	£
Unapplied total return unallocated at year-end	Note 9	81,019	12,513
Gain on sale of investment properties	Note 8a	-	15,098
Net movement in funds during the year		81,019	27,611
Fund balances brought forward at start of year		13,970,844	13,943,233
Fund balance carried forward at end of year		14,051,863	13,970,844

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NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 OCTOBER 2015

13. RESTRICTED FUNDS

		Extraordinary Repairs Fund	Former Residents Bequest £	Total 2015 £	Total 2014 £
Donation received		-	-	-	10,000
Interest and dividends receivable		-	-	-	3,979
Expenditure during the year	Note 3a	(12,300)	-	(12,300)	(16,473)
Brokers fees charged on investments	Note 8	-	-	-	(11)
Outgoing resources for the year before transfers		(12,300)	-	(12,300)	(2,505)
Annual transfer from income account	Note 14	12,300	-	12,300	11,775
Incoming resources for the year after transfers		-	-	-	9,270
Movement in value of investments	Note 8b	-	-	-	(2,235)
Transfer to Unrestricted Funds		-	(78,879)	(78,879)	-
Net movement in funds during the year		-	(78,879)	(78,879)	7,035
Fund balances brought forward at start of year		-	78,879	78,879	71,844
Fund balances carried forward at end of year		-	-	-	78,879

Extraordinary Repairs Fund

Under the terms of the governing Orders, the Visitors are required to transfer a minimum of £690 into an Extra-Ordinary Repairs Fund, to fund major long-term modernisation and repairs. The Visitors have agreed to provide for these repairs using the Almshouse Association suggested contribution rates of £424 per flat, which produces an annual charge of £12,300. Costs of remodelling flats during the year exceed this figure - an equal cost has therefore been charged against the Fund.

Former Residents Bequests Fund

From time to time Residents have left bequests to the Hospital. These are kept in a separate fund, which has historically been included as a Restricted Fund. However, research has been carried out which indicates that no restrictions were ever placed on these donations and they have therefore been recategorised as Designated Funds.

14. 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.

Giving Fund

At their meeting in January 2015 the Visitors agreed to set up a Giving Committee, to agree the Hospital's policy for external donations. They agreed to allocate £40,000 from the surplus arising in the year to 31 October 2014 to a Giving Fund, which was distributed to a range of local and regional beneficiaries in December 2015. A further £10,000 has been allocated from the surplus arising in the year to 31 October 2015.

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 which 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. A further donation of £20,000 was received during the year.

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NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 OCTOBER 2015

14. UNRESTRICTED FUNDS (continued)

	Income Fund	Buildings Fund	Former Residents Bequest	Giving Fund	Total 2015	Total 2014
	£	£		£	£	£
Income Fund surplus	98,951	1,817	15,285	-	116,053	110,583
Allocated to Building Fund	(130,000)	130,000	-	-	-	-
Allocated to Giving Fund	(10,000)	-	-	10,000	-	-
Repair expenditure:						
Investment property Note 2	-	(44,210)	-	-	(44,210)	(40,739)
Hospital property Note 3	-	(107,788)	-	-	(107,788)	(69,802)
Incoming resources before transfers	(41,049)	(20,181)	15,285	10,000	(35,945)	42
Transfers						
Perm. Endowment Note 12	98,500	-	-	-	98,500	91,600
Extraord Repairs Note 13	(11,775)	-	-	-	(11,775)	(11,775)
Restricted Funds Note 13	-	-	78,879	-	78,879	-
Incoming resources after transfers	45,676	(20,181)	94,164	10,000	129,659	79,867
Investment gain Note 8	-	1,621	2,909	-	4,530	282
Net movement in funds during the year	45,676	(18,560)	97,073	10,000	134,189	80,149
Fund balances at start of year	27,298	250,398	-	40,000	317,696	237,547
Fund balances at end of year	72,974	231,838	97,073	50,000	451,885	317,696

15. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

There were no capital commitments or contingent liabilities (2013-14 - None).

16. 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.

17. 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 £1,214 (2013-14: £1,214). The Charity Commission has confirmed that the Visitors have the power to take out such an insurance policy.

18. 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.