

The Queen Alexandra Hospital Home



Annual Report & Accounts

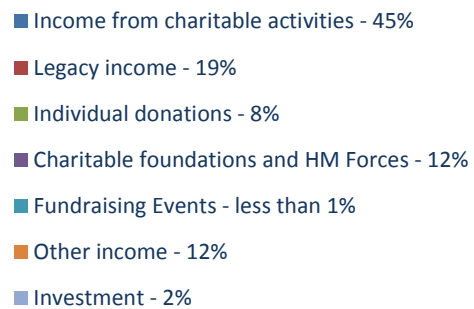
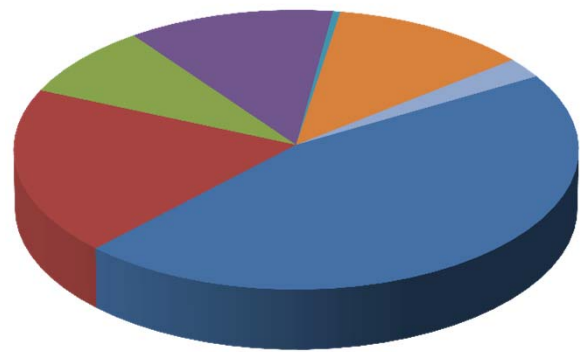
for the year ended 31st December 2010

Registered Charity No.1072334
Company No.3646570

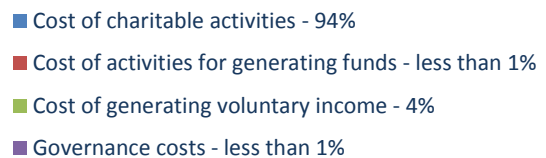
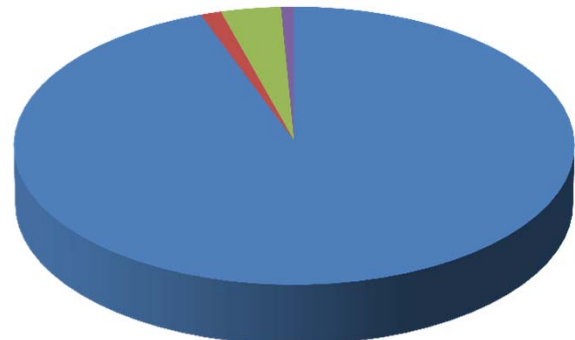
Contents

Chairmans Report	2
Report of The Trustees	3
Officers and Management	13
Principal Place of Business and Advisers	14
Independent Auditors' Report	15
Consolidated Statement of Financial Activities	16
Summary Income and Expenditure account	17
Balance Sheet's	18
Consolidated Cash Flow Statement	19
Notes to the Consolidated Accounts:	
1. Accounting Policies	20
2. Analysis Of Income From Generated Funds	22
3. Analysis Of Income From Charitable Activities	22
4. Analysis Of Resources Expended	23
5. Trustees And Employees	26
6. Retirement Benefits	27
7. Taxation	29
8. Tangible Fixed Assets	29
9. Fixed Asset Investments	30
10. Stocks	31
11. Debtors	31
12. Trade Creditors And Accruals	31
13. General Fund	32
14. Restricted and endowment funds	32
15. Analysis Of Net Assets Between Funds	33
16. Capital Commitments	33
17. Related Party Transactions	34
18. Subsidiary Companies	34
19. Surplus Of Income Over Expenditure	34

Income - £4,387,411



Expenditure - £4,102,635



Surplus of incoming resources before other recognised gains and losses of £284,776 (2009: shortfall £403,184).

At 31 December 2010 our investments have a value of £4.77million (2009: £4.3million). In 2010 these investments produced income of £103,593 (2009: £126,337). This return on the investments is a vital source of income and along with the increased legacy income in the year has helped produce a surplus of income over expenditure.

CHAIRMANS REPORT

Our Mission

Our mission is to provide the highest quality of nursing care in all that we do, for those who have served in Her Majesty's Armed Forces and for their spouses and partners. We have been doing this successfully for over 91 years.

Our Strategy

The charity has implemented over the past five years, and continues to implement, a strategy of developing all the services, and upgrading all the facilities, of the Queen Alexandra Hospital Home in order to allow it to continue to provide excellence of care for our current, and future, residents. When the remaining two upgrades are completed, the Hospital Home will be equipped and prepared for a secure, long-term future well into the 21st century, and will be more than able to meet any increasing medical demands of our residents. It will be able to adapt quickly to any changes in the statutory requirements of the day. It will continue to be a beacon of excellence for the care and rehabilitation of those in the ex-Service community, and others, and particularly for those with an acquired brain injury.

Our Future Plans:

- to continue to provide the highest quality of nursing care and rehabilitation
- achieve Beacon status in End of Life Care
- be a leading provider nationally for the care and rehabilitation of those with an acquired brain injury
- continue to raise the necessary funds to allow us to develop further all our nursing and rehabilitation services
- raise the necessary funds to complete by 2014 the final phase of upgrading: the kitchen and catering areas.

This will be my final report as I shall hand-over in February 2011, after thirteen very fulfilling years as chairman, to Mr Colin Field. Colin lives in West Sussex and indeed was High Sheriff of the County not long ago. He is already a devoted and hard-working member of the Board of Trustees, and sits on the Finance Committee. I am delighted to be handing the reins to such an excellent successor.

During my tenure as chairman we have all seen myriad changes to the care industry. Costs have soared; people are living, and remaining at home, for longer and consequently when they do come into residential care, they are doing so at a much later stage, and in much poorer health, than previously known.

Many new changes to legislation relating to care have made organisations such as QAHH adapt and upgrade which, in turn, has meant that those organisations that did not have the will or the resources have sadly fallen by the wayside.

QAHH has adapted, and with the renowned high standards in all it does, and now with a wider national footprint, the Hospital Home looks to a long and secure future. I have no doubt that the Queen Alexandra Hospital Home will successfully continue its mission for many years to come.

Rear Admiral Richard Irwin CB

Former Chairman of Trustees

REPORT OF THE TRUSTEES

Reference and Administrative Information

The Trustees are pleased to present their Report and Financial Accounts for The Queen Alexandra Hospital Home (QAHH) for the year ended 31 December 2010.

In preparing these accounts the Trustees have sought to follow best practice, and:

- Select suitable accounting policies and apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- Follow applicable accounting standards and the Charities Statement of Recommended Practice (SORP) 2005, disclosing and explaining any departures in the accounts.
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the Charity will continue in operation.
- Be compliant with the Charities Act 1993 (as amended by the Charities Act 2006).

The Trustees, who for the purposes of company law are the directors of the company, oversee the operations of QAHH. The Trustees and senior executives of the charity are listed on page 13. The Principal place of business and professional advisers of the charity are given on page 14.

The Queen Alexandra Hospital Home (QAHH) is constituted as an incorporated company limited by guarantee (registered number 3646570) and registered as a charity (registered number 1072334). Its address is Boundary Road, Worthing, West Sussex BN11 4LJ (tel: 01903 213458).

The Charity has two subsidiary companies, QAHH Limited (company number 5064367) incorporated 4 March 2004 (dormant) and QAHH Services Limited (company number 5802953) incorporated 2 May 2006. Both companies are limited by shares of which the single shareholder is The Queen Alexandra Hospital Home.

Structure and Governance

The Queen Alexandra Hospital Home (QAHH) was founded in 1919 and incorporated as a Company Limited by Guarantee in 1998, therefore subject to Charity, Trust and Company Law, and governed by a Memorandum and Articles of Association.

The Board of Trustees oversees the governance of QAHH. The Board meets four times a year to review policy matters, financial control and the charity's investments. Between Board meetings, two appointed Trustees will carry out Trustees' Rounds and will visit QAHH for a detailed tour of inspection. New Trustees are invited to join the Board by the Chairman, with the approval of the Board, for a period of 4 years and then may be re-elected for further periods of 4 years. New Trustees who join the Board come with a specific skill or area of interest that will benefit the organisation – the major areas of interest being Armed Forces background, financial, fundraising, medical, legal and/or corporate experience/ knowledge. There is an induction procedure for new Trustees and training is carried out periodically for all Trustees, when required or requested.

The day-to-day management of the affairs of QAHH is delegated by the Trustees to the Chief Executive, who is assisted by the Director of Nursing and Operations (known internally as Matron). Both give a detailed report on their areas of responsibility at each Board meeting.

Below this, there is a middle management team composed of the Deputy Matron; the Head of Finance; the Head of Fundraising; and also the Head of Human Resources. It also includes a Ward Manager, two Ward Sisters and the Night Services co-ordinator.

There is one Board committee which is:

Finance - maintains an overview of the strategies, policies and operations of QAHH to secure effective management of QAHH's financial resources.

Related parties

The Charity's wholly owned subsidiary QAHH Limited was established to design and build the new annex at QAHH which was completed during 2006. The Company is now dormant. A new wholly owned subsidiary, QAHH Services Limited was formed during 2006 to provide nursing and care services for a small number of residents who fall outside the objects of the Charity. Both companies gift aid any profits to the Charity.

REPORT OF THE TRUSTEES

Our Aims and Objectives

Purpose and Aims

Casualties in the First World War reached appalling numbers and the Charity was established to care for disabled members of HM Forces, providing the first steps in physiotherapy and occupational therapy. The objects of the charity have since been extended, and are currently to:

- **maintain a Home for the permanent and short-term accommodation of physically disabled former members of HM Armed Forces , and**
- **to provide nursing and medical care for all such persons during their stay.**

Ensuring our work delivers our aims

We review our aims, objectives and activities each year. This review looks at what we achieved and the outcomes of our work in the previous 12 months. The review looks at the success of the activities and the benefits they have brought to those groups of people we are set to help. The review also helps us ensure our aim, objectives and activities remain focused on our stated purpose.

We have referred to the guidance in the Charity Commission's general guidance on Public Benefit when reviewing our aims and objectives and in planning our future activities. In particular, the Trustees consider how planned activities will contribute to the aims and objectives they have set.

Our Ethos

The Queen Alexandra Hospital Home welcomes residents from all backgrounds and all parts of the United Kingdom.

Prior to accepting a potential resident, we first ensure that QAHH is able to provide the appropriate level of nursing care and rehabilitation, and that our accommodation and the prospective resident's care plan will enable them to achieve their full potential.

The hospital home is an equal opportunity organisation and we are fully committed to providing a hospital home and a working environment that is free from any discrimination on the grounds of race; colour; religion; sex; ethnicity; sexual orientation, disability or age.

We also have a policy of making reasonable adjustments to accommodate the needs of staff and/or residents who are or who become disabled.

We accept residents who are funded from a variety of sources, namely self-funding; health authorities (continuing care cases); local authorities (Social Services); war pensioners (Veterans Agency).

The care provided to all residents at QAHH is subsidised, thanks to the generosity of the many supporters and donors to the Hospital Home.

We help our residents in the following ways:

- Full nursing and medical care, in a very comfortable environment with modern equipment and facilities, by highly motivated and well-qualified staff.
- Rehabilitation services such as physiotherapy, occupational therapy, speech therapy, counselling and an extensive range of social activities including external visits and trips are all available to residents who require or wish to participate.
- Social interaction with like-minded former members of HM Forces – both male and female.
- Facilities and support to assist in personal matters.
- Contact re-established with former Service units and Regiments, if desired.
- A caring, supportive, family-environment until the end of life.

REPORT OF THE TRUSTEES

Our medium to long-term strategy is:

- To maintain and develop as appropriate, an effective organisation for the delivery of nursing care to meet the wide-ranging needs and demands of applicants.
- To continue to provide – and if possible increase – the facilities for the care of all current, and future, residents at QAHH.
- To promote increasing awareness of QAHH amongst potential beneficiaries and supporters throughout the UK.
- To seek ways of enhancing the overall effectiveness of QAHH by working more closely with other similar charities.
- To maximise income by maintaining high bed occupancy.
- To increase financial input through increased fundraising resources.

Our main annual objectives for 2010 were:

- To satisfy from our own resources or in conjunction with other charities, the needs and requirements of our residents.
- To maintain average bed occupancy at no less than 55 residents out of our maximum of 60 beds.
- To meet all the requirements of the Care Quality Commission and to strive to achieve the best grading possible.
- To continue to meet changing requirements and circumstances, so as to increase overall efficiency and reduce organisational costs.
- To increase the level of income through fundraising on a national scale.
- To continue the process for a balanced budget.

Overview of 2010:

2010 has been another difficult year financially, as was to be expected in the current economic climate. The stated objectives have been met with the exception of the occupancy levels:

- The needs and requirements of all our residents **have all been met**.
- Maintaining average bed occupancy at the stated level was challenging, due to the level of sudden deaths associated with end of life care; and also because of the seasonal peaks and troughs of demand for bed applications – so the aim of 55 full beds was not achieved for all of 2010.
- The minimum care standards were again **all achieved and exceeded** and QAHH **continues to maintain a Good category** inspection grading.
- Changing requirements were again met and **cost- savings were identified** in the organisational structure and actioned.

- Fundraising - **overall target was met and exceeded** - due mainly to a higher than budgeted in-flow of legacies to the hospital home, a large donation from an individual and the funds received from the Soldiers, Sailors Home Eastbourne upon merger.
- The process for a **balanced budget continued** with cost-savings being made where possible and income generated to the maximum, when possible.
- The raising of funding for the **remaining upgrading projects continues** –with the focus now on the final upgrading project being that of the kitchens and catering areas. These have not been improved since they were constructed in 1986. This final upgrading project is planned to be undertaken by the end of 2013 - or earlier, if all the required funding is raised. We are delighted to report that the upgrade to the two large bathroom and lavatory areas in the older part of the building will **commence in April of 2011**.

Our Objectives for 2011 are:

- To continue to satisfy from our own resources - or in conjunction with other charities - the needs and requirements of all our residents.
- To maintain average bed occupancy at no less than 53 residents, out of our maximum of 60 beds.
- To again meet – and exceed - all the regulations of the Care Quality Commission.
- To meet the revised Standards and Associated Outcomes as designated by the Care Quality Commission.
- To maintain and increase the level of annual income, through national fundraising.
- To achieve Beacon status for the Gold standard Framework and End-of-Life care.
- To raise specific restricted funding to enable the remaining upgrading project – the kitchen and catering areas - to be undertaken by the end of 2013.
- To continue the process to achieve a balanced budget.

REPORT OF THE TRUSTEES

Review of Activities

The purpose of QAHH is to provide nursing and rehabilitation care to former members of HM Forces - and their wives and dependents. Few other organisations now offer nursing care to the level of QAHH due to our multi-disciplinary approach and our facilities, but are more commonly concerned with the less costly area of Residential Care or Dementia Care.

The upgrading works continued during the year and 2010 saw the completion of the corridors in the older part of the building. After a four month period, these previously very dated and poorly-lit areas were transformed into spacious, well-lit areas with new suspended ceiling; new flooring and hand-rails throughout. It has transformed the older part of the building and creates a bright, warm and welcoming atmosphere for everyone utilising them.

Work continued throughout the year on the Gold Standard Framework and Liverpool Pathway (Care of the Dying) with training and discussion forums. The goal is to achieve Beacon status by the end of 2011 which will mean – when achieved – that QAHH will be the only Beacon status organisation in the south-east.

Following agreement by the Charity Commission (CC), the entry criteria for applicants was expanded in 2007 to include a small number of non-primary beneficiaries, (those with no service or connection with HM Forces) subject to bed availability.

With an increasing national reputation for excellent standards of nursing care and rehabilitation services - and as knowledge of, and demand for, specialist beds at the hospital home increases, it is expected that this will be an increasingly sought-after area and will continue to grow in the future. This is particularly due to our specialisation of care and rehabilitation of those with neurological and complex progressive disabilities.

QAHH continues to be deemed a 'preferred placement' for an increasing number of health authorities for the placement of **continuing care** cases with complex disabilities and for End-of-Life care. This is because of the facilities that QAHH is able to offer in the form of a large, well-equipped Physiotherapy department; Speech therapy, and a large and busy Occupational therapy department and because of the reputation of QAHH for the rehabilitation of those with neurological disabilities and also of those with progressive neurological conditions.

Facilities at QAHH have continued to be improved in 2010 with the completion of the corridor upgrade in the older part of the building.

Extensive maintenance work on the exterior areas of the old house was also undertaken to repair aspects of the old roof; guttering; soffits; downpipes and many of the old original sash-windows, particularly on the south-facing side of the building. The transformation, during the previous summer months of the former vegetable garden area into a new grass lawn was greeted with enthusiasm by the residents and has had major aesthetic value for them, when viewed from inside the Residents' Day Room area and was much in use during the summer.

Members of the multi-disciplinary team again attended a number of external workshops and conferences. The Director of Nursing has continued to lead the internal working party that is developing and taking forward the multi-disciplinary team – with remarkable success to the greater majority of all residents – particularly for those with neurological disabilities. QAHH continues to be well-known at Health Authority level and is increasingly recognised as one of the few organisations with the resources, facilities and expertise for the successful and effective rehabilitation and care of those with neurological disabilities.

QAHH's links with the MOD continue to strengthen and a regular flow of MOD student nurses for one of their six-week, external placements continued over the past year and will do so again in 2011. Visits from the seniors of the Defence Medical Rehabilitation Centre (DMRC) at Hedley Court during the year – and a reciprocal visit to DMRC by the QAHH senior management team - has paved the way and confirmed QAHH as a future placement site - for any future injured Service personnel who, on discharge from DMRC require short-to-medium term nursing care and rehabilitation in a residential setting and who have family connections in the south-east.

Links with the Universities of Sussex and also the University of Surrey continued with regular student nurse placements throughout the year. During the latter part of 2010 an Educational Audit was carried out by the University of Sussex and QAHH received **an Excellent grading**.

The Fundraising department is now well-established and has proved very effective in attracting funding for specific areas of need - despite a difficult economic environment. With the current economic climate and the shrinking of many investment areas, the process of fundraising will continue to be a challenging area for the next 5 years. QAHH fundraising will therefore be primarily directed towards raising funding for specific areas and services – and also to continue to seek funding for the remaining upgrading project that awaits to be completed, mentioned earlier in this report.

REPORT OF THE TRUSTEES

Review of Activities (continued)

Applications for beds continue to be submitted. The increasing cost of care to individuals is a major factor in a difficult economic climate and those who might previously have come to QAHH, delay their decision until their disability and/or decreasing health eventually forces them to seek residential nursing care but at a much later stage than might have been expected five years ago. We continue to receive applications from those with elements of dementia. Sadly these applications are always unsuccessful because QAHH is not registered as a service provider for those with dementia. There are no plans to change this registration.

With the facilities and specialisations that the Hospital Home now has, the average age of those coming to QAHH has again fallen and continues to do so. The current youngest resident at QAHH is 23. The eldest is 104.

131 residents were cared for at QAHH over the past year – many of these being respite cases.

Activities and outings continue to be a major part of life at the Hospital Home. A Social and Recreational committee (as in years' past, this is composed of Residents and members of staff and is chaired by the Director of Nursing and Operations) plan wide-ranging activities. Visits in this past year have included trips to many London museums; the Bovington Tank museum; the London Eye; Buckingham Palace; St James' Palace; and the Twickenham rugby ground for a number of international matches. Perhaps the most popular of trips are the monthly country-runs along the coast and up onto the downs, with a pub stop and picnic lunch. We are, as ever, extremely grateful for all those organisations who have offered hospitality to the residents over the past 12 months – the Not Forgotten Association; the London Taxi Drivers Benevolent Association; the Worthing Rotarians; the Royal Naval Association; The Royal Air Force Association; the Worthing Burma Star Association; the Lest We Forget Association - and in particular, the local branches of the Royal British Legion.

Under the requirements of our recently operational, new registration body, the Care Quality Commission (CQC), the **Chief Executive** is now classified as the **Nominated Individual** for QAHH and is the point of contact in all matters emanating from the CQC.

The **Director of Nursing and Operations** continues to be the **Registered Manager** of QAHH and is responsible for the overall delivery of all care and services. She is assisted by a Deputy Matron and four senior nurses (Alexandra Ward; Norfolk Ward North and Norfolk Ward South; and the Night Services co-ordinator) and together they lead a large staff, making up a strong and committed team.

QAHH attracts and retains excellent staff by offering a package of pay and conditions, which is better than that paid locally in most other care homes. This is regularly reviewed and benchmarked with other similar organisations. QAHH continues to pay in line with the Agenda for Change rates for all those under the umbrella of the Nursing and Midwifery Council and other professional disciplines (physiotherapy/occupational therapy).

Training is a high priority and is also under the management of the Director of Nursing and Operations. Apart from all mandatory training that is undertaken regularly as policies dictate - we ensure that all QAHH staff are fully qualified and trained for their role, to ensure safe practice, job satisfaction and individual personal development. This has resulted in a strong, loyal and committed staff which further translates into minimum disruption to our residents.

Policy

The policy of the Trustees continues to be that of maintaining QAHH as a leading provider of high quality nursing care and rehabilitation, delivered by a well-qualified and committed, multi-disciplinary team, for former members of HM Forces and also for a limited number of non-primary beneficiaries.

The policy of the Trustees continues to commit the organisation to further enhance and improve services and facilities as funds become available.

REPORT OF THE TRUSTEES

Organisation

The **Chief Executive** is responsible to the Board of Trustees for carrying out of the agreed policy and objectives of the Hospital Home. He deals specifically with all strategic matters relating to finance and fundraising; all matters concerned with Health and Safety and is responsible for the overall smooth running and financial health of the Hospital Home.

He is supported by the **Director of Nursing and Operations** (known internally as Matron), who is the Registered Manager, who oversees the day-to-day management and affairs of the whole organisation – residents, all staffing matters, operational issues and importantly - all new applications for beds. Applicants applying to QAHH will first be directed to the **Commissioning and Placement Officer** who will issue and process completed application forms. She will then arrange for Matron or one of her Ward Managers to undertake a formal assessment visit to the applicant - either at their home or in some cases in hospital - at which time the level of care (and the rehabilitation needs) required by the applicant can be ascertained, which in turn will give an indication of the fee level that will be charged to the individual (based on the level of Registered Nurse input required).

Review of the year

Financial overview

The statement of financial activities is set out on page 16. The Charity benefited from an increase in total Incoming Resources of 22% to £4.38m in 2010 (2009: £3.59m).

The increase was the result of the following:

- Legacy income increased by 277% to £847,962 in 2010 from £305,498 in 2009.
- Donations, individual and from Charitable foundations and HM Forces rose by 65% to £907,145 in 2010 from £601,880 in 2009.
- Investment income declined by 18% to £103,593 in 2010 from £126,337 in 2009.
- Fee income declined by 10% to £1,995,939 in 2010 from £2,223,655 in 2009.

Review of the year

The net movement in funds for the year was an increase of £1,151,1253 (2009: reduction £347,460), after accounting for :

Realised gains on investments of £78,642 (2009: losses £11,057),
Un-realised gains of £313,835 (2009: Gains £672,781) and
Actuarial gains of £474,000 (2009: losses of £606,000) in respect of the defined benefit pension scheme.

The Levy for the Pension Protection Fund (PPF) amounted to £532 in 2010 (2009: £32,508). In 2009 security over the property of QAHH was sought to reduce the level of PPF Levy paid. This was agreed in 2010 reducing the required risk levy to NIL. Due to the introduction of the security the required contributions (including scheme fees) amounts to £160,000. A provision has been made in the accounts for the additional payment of £16,886.04 which will be paid during 2011.

The **Investment policy** aims to 'maximise total return' and a benchmark is set to which the portfolio's structure and performance is compared. The portfolio's overall return, amounted to 11.2% down against the benchmark of 13.3% (2009: 22.3% overall return).

During the year the trading subsidiary, QAHH Services Limited continued to trade for income outside the charitable status. The results are detailed in note 18.

QAHH Limited is dormant.

The Trustees gratefully acknowledge the financial support given to the Charity by so many generous donors and without whose support the Charity could not continue.

REPORT OF THE TRUSTEES

Review of the year (continued)

Voluntary income and fundraising

As a charity, QAHH relies on voluntary income and fundraising to fund the shortfall between care fees and the true cost of providing our high level of nursing care and therapies.

In 2010 we received £1,755,107 (£2009: £907,378) in donations through the generosity of our community, companies and charitable trusts, an additional £18,793 (2009: £19,076) was raised from fundraising events, raffles and collections. Restricted funds for the Phase2 project amounted to £2,233.75, with a further £118,875 received for the next phase of works - expected start date April 2011.

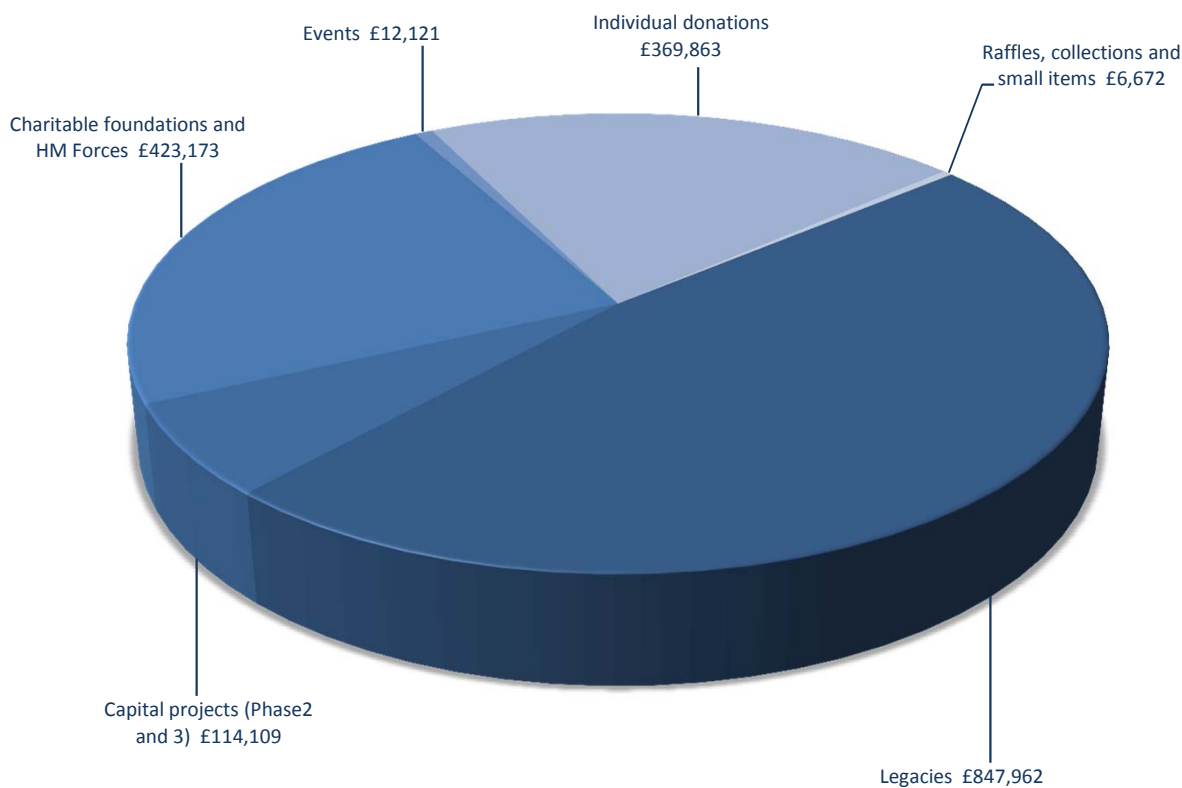
Fundraising expenditure

Fundraising salaries, marketing and publicity costs amounted to £147,544 (2009: £151,416) with events and associated fundraising costs amounting to £26,707 (2009: £23,257).

Events were kept to a minimum in 2010 as in 2009 with the emphasis and direction for fundraising continuing to be that of applications to charitable trusts and larger organisations. Support from within the local community continued to be invaluable not just through funding but with the support of volunteers whom we are very grateful to.

Fundraising activities and achievements in 2010 included:

- Fundraising for the next Phase being the complete re-build and refurbishment of the toilet and bathroom block on the Norfolk ward began. Donations in 2009 and 2010 have now reached £136,875 with further pledges of £65,000 bringing the total to £201,875 of the required budget of £650,000.
- Continued support and funding was received for the much needed upgrading of everyday equipment required around QAHH, to aid in making life easier for the residents, including specialised adjustable chairs required for not only relaxing, but to aid at meal times.
- The Carol Concert took place at Lancing College and raised £2,111.
- The annual Open Day at QAHH as always proved to be a success with over £8,013 raised and huge support from people in the local community with over 800 people attending.



REPORT OF THE TRUSTEES

Reserves

The Trustees have formulated the reserves policy for QAHH based upon recommendations from the Finance Committee. The reserves policy is considered appropriate to ensure the continued ability of the Charity to meet its objectives.

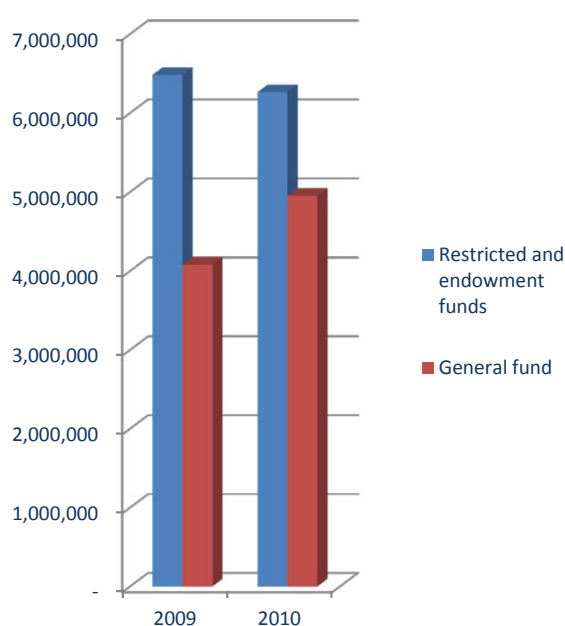
Unrestricted Fund

The total unrestricted reserves fund of £4.40million (2009: £3.02 million) represents the general reserve fund less the deduction for the pension reserve fund. This equates to 13 months expenditure. In view of our aim to provide long term nursing care to the ex-Service community, the Trustees consider that a total unrestricted reserves fund of 18-24 month's expenditure is reasonable in order to achieve this. Fundraising activity will be used to maintain the funds on a long-term basis and increase where possible to achieve the optimum level.

Restricted Fund

The restricted and endowment reserves are materially represented by the charity's investment in fixed assets. An additional endowment was added in 2010 with the introduction of funds transferred from the Soldiers and Sailors Home Eastbourne (see note 20).

At the end of the year, the restricted reserves including the endowments stood at £6,264,557 (2009: £6,484,533) of which £5,986,914 (2009: £6,131,109) represents our investment in capital items, the buildings and equipment that constitute the Home. The Phase 3 fund £129,238 (2009: £25,000), Capital expenditure and other restricted funds £49,193 with £25,000 transferred to the Phase 3 fund (2009: £180,390) account for the remainder.



Investments and Performance

QAHH investments are held as a reserve against any shortfall in income to ensure we can continue to deliver our charitable objectives.

Our investment objective for securities is to seek to outperform the benchmark over rolling three-year periods by 0.5% to 1.0%. The charity has a diversified portfolio with a medium risk in order to seek to maintain or enhance the real value of the fund.

The benchmark used is as follows:

50%	FTSE All Share
4%	FTSE World Europe ex UK
4%	FT World United States
2.5%	FT World Japan
2.5%	MSCI AC Far East ex Japan
3%	MSCI Emerging Markets Free
15%	FTA Brit Govt. All Stocks
5%	IPD
5%	Rogers Int. Commodity Index
9%	Cash

The finance committee annually reviews the benchmark to ensure that it is still appropriate and on a quarterly basis the committee monitors the investment managers' performance against it.

In 2010, our investments continued to make a steady recovery on earlier years losses. The portfolio performance did however fall short with 11.2% against the benchmark returns of 13.3% (2009: 22.3% against benchmark of 19%). The underperformance was mainly due to the move to a very underweight bond position, which is now coming good. Also the adoption of a value bias, to provide some protection against market shocks if they happen. Net unrealised gains were made in the year of £313,835 (2009: £672,781). Net realised gains amounted to £78,642 with a reduced exposure to bonds and an increased exposure to equities. Cash holdings are kept to a minimum in response to the current poor returns. However, cash holdings are being increased to meet the demands of the phased projects within QAHH. An additional portfolio was introduced to manage the Permanent Endowment received during the year of £98,461, from Sailors, Soldiers Home Eastbourne (managed by Schroders & Co. Ltd).

Pensions

The accounts as presented include the full adoption of accounting standard FRS 17.

At 30 April 2005 the existing defined benefit pension scheme was closed to future accrual. A replacement stakeholder scheme came into force on 1 May 2005.

Further information regarding the pension funds is set out in notes 5 and 6 to the financial statements.

REPORT OF THE TRUSTEES

Future Prospects

The Board of Trustees remain confident of an increasing requirement for the high quality, multi-disciplinary nursing and rehabilitation care that is offered at QAHH. The development of the specialised ABI rehabilitation service has been very successful and with an ever-increasing number of PCT- funded placements seeking beds at QAHH, this is an area of care for which the Trustees see an increasing demand. The widening of the entry criteria in 2007 continues to be in tune with this increasing demand.

With the continued downturn in the economic climate nationally and with very low interest rates; a marked reduction in public funding and the re-direction of much of the limited funding of both the NHS and Social Services towards cheaper domiciliary care; coupled with a difficult housing market, which forms the usual capital-release for privately funded residents at QAHH to meet their placement costs - funding overall services remains the major issue for QAHH. Full-cost recovery, whilst remaining an aim, is unlikely to be achieved in the immediate future. This is because the dependency level of most residents coming to the Hospital Home is far higher than in years' past, due in turn to factors connected with the cost of care generally and the reduced central-government funding for care. The Trustees continue in their agreed policy not to reduce or dilute any of the nursing or rehabilitation services at the hospital home – consequently any operational deficit will be filled by a more concentrated focus upon professional, national, fundraising.

Applications and requests for information on QAHH over the past 12 months have increased, particularly through our upgraded website (www.qahh.org.uk) which is regularly updated and amended. This continues to be the most common method of initially accessing information on the Hospital Home by interested applicants.

The intention of the Trustees for the future remains that of continuing to meet the demand for the nursing and rehabilitation services offered at QAHH - and also to improve and expand on all the facilities and services of the Hospital Home, as funding allows.

Risk Management

The Chief Executive is responsible to the Board of Trustees for all matters of Risk Management and maintains the Risk Assessment Register. He and the Director of Nursing are collectively responsible for the overseeing of regular risk assessments in all areas and functions of the Hospital Home.

The Hospital Home Disaster Recovery Plan is current and updated annually and is now fully operational. All members of staff with specific responsibilities have read; are aware and understand the document. It is regularly reviewed and updated by the Health and Safety committee.

The Hospital Home is visited annually by the West Sussex Fire Service at which time QAHH fire policies are reviewed - and by an outside Risk and Health and Safety consultant. The recommendations of both are updated and acted upon.

A review of the risk management policies of the Hospital Home is regularly undertaken by the senior management team.

Areas of Risk Management that are regularly carried out are:

- All resident-focused clinical risk assessments.
- New Trustees undergo disclosure checks.
- All new staff and volunteers undergo disclosure checks.
- An annual external audit of the financial policies and procedures - with action taken on all recommendations.
- QAHH follows full compliance with the Charities Act; the requirements of charity law and the Companies Act.
- Health and Safety matters are reviewed regularly.
- QAHH is fully compliant with all matters of Employment Law.
- Regular Trustees meetings - and the one Board sub committee - are held.
- QAHH is registered and fully compliant with all aspects of Data Protection and Freedom of Services Act.

In line with recommended practice, QAHH regularly reviews the major strategic, financial and operational risks to which it may be exposed. The Trustees remain satisfied that all systems are in place and are able to take the necessary action to mitigate such risks, where and when necessary.

REPORT OF THE TRUSTEES

Statement of Trustees' Responsibilities for the Financial Statements

The Trustees (who are also directors of the Queen Alexandra Hospital Home for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom generally accepted accounting Practice).

Company law requires the Trustees 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 the group and of the incoming resources and the application of resources, including net income or expenditure of the charitable group for that period. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting procedures and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether applicable 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 appropriate to presume that the charitable company will not continue in business.

The Trustees are responsible for the keeping of 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 the safeguarding of the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- the Trustees have taken steps to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Trustees confirm that they have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to the Charity Commission's general guidance on public benefit.

Trustee Indemnity Insurance

The charity has third party indemnity insurance cover for its Trustees, as disclosed in note 5 to the financial statements.

Auditors

A resolution to reappoint Carpenter Box LLP for the coming year will be proposed at the Annual General Meeting in accordance with the Companies Act 2006.

In Gratitude

The Trustees wish to convey their sincere thanks to all the volunteers who have so generously given their time and support to the Queen Alexandra Hospital Home over the past year. With their support, we look forward to continuing to enhance the delivery of our charitable services.

This report was approved by the Trustees

on 4th May 2011 and signed on their behalf by:



C Field
Chairman

OFFICERS AND MANAGEMENT

The names of the Trustees who have served during the year and the executives are set out below along with the committee of The Queen Alexandra Hospital Home.

The Trustees

Rear Admiral RO Irwin, CB (Chairman)	resigned 3rd February 2011	(Chairman to 3rd February 2011)
¹ C Field		(Chairman from 3rd February 2011)
¹ I Eady (Deputy Chairman)		
¹ Mrs J Annis	appointed 11 February 2010	
¹ DLE Jones FCA		
Mrs S Geddes		
Air Vice-Marshal P Millar CB		
Colonel SD Rowland-Jones		
¹ Brigadier WE Shackell CBE		
RMG Thornely		
¹ F Wilson		

Committee members

¹ Member of Finance Committee 31 December 2010

One third of the Trustees retire at each Annual General Meeting but are eligible for re-election in the absence of any disqualifying factor. Additional Trustees and those to fill casual vacancies may be nominated by the existing Trustees and, upon a majority vote by the Board, appointed.

Company Secretary

DA Hood, CIPFA (Affil)

Executives

JMA Paxman,	Chief Executive
V Walker, RN	Director of Nursing and Operations
DA Hood, CIPFA (Affil)	Head of Finance

PROFESSIONAL ADVISORS AND COMPANY INFORMATION

Registered Office

Gifford House
Boundary Road
Worthing
West Sussex
BN11 4LJ

Investment Advisors

Schroder & Co Limited
Schroders Charities
31 Gresham Street
London
EC2V 7QA

Bankers

Barclays Bank Plc
1 Chapel Road
Worthing
West Sussex
BN11 1EX

Registered Charity Number

1072334

Company Number

3646570

Auditors and Financial Advisors

Carpenter Box LLP
Amelia House
Crescent Road
Worthing
West Sussex
BN11 1QR

Pension Trustees

Lawrence Graham LLP
4 More London Riverside
London
SE1 2AU

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE QUEEN ALEXANDRA HOSPITAL HOME

We have audited the accounts of The Queen Alexandra Hospital Home for the year ended 31 December 2010 which comprise the group statement of financial activities, the summary income and expenditure account, the group and parent charitable company balance sheets, the group cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's members and trustees, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 43 of the Charities Act 1993 and regulations made under section 44 of that Act. Our audit work has been undertaken so that we might state to the charity's members and trustees those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its trustees and members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Trustees' Responsibilities Statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view.

We have been appointed auditor under the Companies Act 2006 and section 43 of the Charities Act 1993 and report in accordance with those Acts. Our responsibility is to audit and express an opinion on the accounts 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 accounts

A description of the scope of an audit of accounts is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on accounts

In our opinion the accounts:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 December 2010, and of the group's 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 1993.

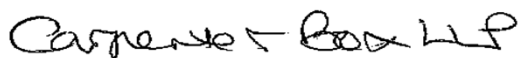
Opinion on other matter prescribed by the Companies Act 2006

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

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 and the Charities Act 1993 requires us to report to you if, in our opinion:

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company accounts are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; and
- we have not received all the information and explanations we require for our audit.



H J Julian FCA (Senior Statutory Auditor)

for and on behalf of Carpenter Box LLP

4th May 2011

Chartered Accountants

Statutory Auditor

Worthing

Carpenter Box LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 2010

	Note	Unrestricted Funds £	Endowment & Restricted Funds £	2010 Total £	2009 Total £
Incoming resources					
Voluntary income	2	1,479,560	275,547	1,755,107	907,378
Activities for generating funds	2	532,772	-	532,772	331,661
Investment income	2	103,593	-	103,593	126,337
Incoming resources from generated funds		2,115,925	275,547	2,391,472	1,365,376
Incoming resources from charitable activities	3	1,995,939	-	1,995,939	2,223,655
Other incoming resources		-	-	-	-
Total incoming resources		4,111,864	275,547	4,387,411	3,589,031
Resources expended					
Costs of generating voluntary income	4	144,681	2,863	147,544	151,416
Fundraising trading: Costs of goods sold and other costs	4	27,206	5,000	32,206	42,545
Investment management costs	4	19,029	-	19,029	17,179
Cost of generating funds	4	190,916	7,863	198,779	211,140
Charitable activities		3,331,698	540,190	3,871,888	3,748,090
Governance costs	4	31,968	-	31,968	32,985
Total resources expended		3,554,582	548,053	4,102,635	3,992,215
Net incoming/(outgoing) resources before transfers		557,282	(272,506)	284,776	(403,184)
Transfers between funds		(52,530)	52,530	-	-
Net incoming/(outgoing) resources and surplus/(deficit) of income over expenditure before other recognised gains and losses		504,752	(219,976)	284,776	(403,184)
Gains/(losses) on investment assets:					
Realised		78,642	-	78,642	(11,057)
Unrealised		313,835	-	313,835	672,781
Actuarial gains/(losses) on defined benefit pension scheme	6	474,000	-	474,000	(606,000)
Net movement in funds		1,371,229	(219,976)	1,151,253	(347,460)
Fund balance brought forward		3,027,866	6,484,533	9,512,399	9,859,859
Funds balance carried forward		4,399,095	6,264,557	10,663,652	9,512,399

The accompanying accounting policies and notes form an integral part of these financial statements.
All of the operations represented by the information above are continuing.

SUMMARY INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 December 2010

	2010 Total £	2009 Total £
Income	4,387,411	3,589,031
Realised (loss)/gain on disposal of investment assets	78,642	(11,057)
Total income	4,466,053	3,577,974
Total expenditure from income funds	4,102,635	3,992,215
Net income for the year	363,418	(414,241)

The summary income and expenditure account as required by the Companies Act 2006 is derived from the statement of financial activities, which together with the notes provides full information on the movements during the year on all funds of the charity.

BALANCE SHEETS

As at 31 December 2010

	Note	Group		Charity	
		2010 Total £	2009 Total £	2010 Total £	2009 Total £
Fixed assets					
Tangible assets	8	5,986,914	6,131,109	6,150,184	6,294,379
Investments	9	4,771,656	4,302,861	4,771,658	4,302,863
Total fixed assets		10,758,570	10,433,970	10,921,842	10,597,242
Current assets					
Stocks	10	11,644	11,238	11,644	11,238
Debtors	11	410,015	241,022	418,038	260,004
Cash at bank and in hand		280,153	141,542	270,251	128,444
		701,812	393,802	699,933	399,686
Creditors - amounts falling due within one year	12	(244,730)	(263,373)	(242,851)	(269,257)
Net current assets		457,082	130,429	457,082	130,429
Creditors - amounts falling due after more than one year		-	-	-	-
Net assets before pension liability		11,215,652	10,564,399	11,378,924	10,727,671
Defined benefit pension scheme liability		(552,000)	(1,052,000)	(552,000)	(1,052,000)
Net assets after pension liability		10,663,652	9,512,399	10,826,924	9,675,671
Capital funds					
Endowment fund	14	120,212	21,000	120,212	21,000
Income funds					
Restricted	14	6,144,345	6,463,533	6,307,615	6,626,803
Unrestricted:					
Pension reserve fund	6	(552,000)	(1,052,000)	(552,000)	(1,052,000)
General fund	13	4,951,095	4,079,866	4,951,097	4,079,868
(including revaluation reserve £703,657 [2009: £399,901]) for Group and Charity					
Total unrestricted		4,399,095	3,027,866	4,399,097	3,027,868
Net assets after pension liability		10,663,652	9,512,399	10,826,924	9,675,671

Approved by the Board of Trustees on 4th May 2011

and signed on its behalf by


C Field
Chairman

D Jones
Treasurer

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

Company No.3646570

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2010

	Note	2010 Total £	2009 Total £
Net cash inflow/(outflow) from operating activities	<i>a</i>	362,917	(262,372)
Net cash inflow/(outflow) from financing		-	-
Returns on investment and servicing of finance	<i>b</i>	103,593	126,337
Capital expenditure and financial investments	<i>c</i>	(254,060)	(505,431)
Management of liquid resources		(73,839)	687,610
Increase/(decrease) in cash in the year	<i>d</i>	138,611	46,144

Notes to the Cash Flow Statement**a. Reconciliation of net incoming resources to net cash inflow/(outflow) from operating activities**

Net incoming/(outgoing) resources	284,776	(403,184)
Investment income	(103,593)	(126,337)
Depreciation	395,776	326,417
(Gain)/loss on asset disposal	-	-
(Increase)/Decrease in stock	(406)	1,375
(Increase) in debtors	(168,993)	(13,100)
(Decrease) in creditors	(44,643)	(47,543)
Net cash inflow/(outflow) from operating activities	362,917	(262,372)

b. Returns on investments and servicing of finance

Investment income received	103,593	126,337
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c. Capital expenditure and financial investments

Capital expenditure	(251,581)	(279,541)
Sales of tangible fixed assets	-	-
Investment purchases	(1,497,194)	(666,599)
Investment sales	1,494,715	440,709
Total capital expenditure and financial investment	(254,060)	(505,431)

d. Reconciliation of net cash flow to movement in net debt

Increase in cash in the year	138,611	46,144
Cash outflow from financing in the year	-	-
Change in net funds	138,611	46,144
Net funds balance brought forward	141,542	95,398
Net funds balance carried forward	280,153	141,542

NOTES TO THE CONSOLIDATED ACCOUNTS

For the year ended 31 December 2010

1. Accounting policies

1.1 Basis of accounting

The financial statements have been prepared under the historic cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice (SORP 2005) issued in March 2005 and applicable UK Accounting Standards and the Charities Act 1993 (as amended by the Charities Act 2006).

1.2 Basis of consolidation

The group financial statements consolidate those of the charity and of its subsidiary undertakings (note 18) drawn up to 31 December 2010 in full.

Surpluses or deficits on intra group transactions have been eliminated.

1.3 Incoming resources

Residents' contributions and capitation grants from the Veterans Agency are recognised in the Statement of Financial Activities on a receivable basis.

Donations and grants are recognised in the Statement of Financial Activities as received and are shown gross.

For estates in which probate has been granted the value of a quantifiable legacy, although not received in the financial year under review, is recognised in the Statement of Financial Activities with a corresponding amount being included as a debtor in the Balance Sheet.

Investment income comprises dividends declared during the accounting period and interest receivable on listed and unlisted investments.

1.4 Resources expended

Resources expended are all in respect of the sole activity of the provision of residential care.

The charitable company's objective is the provision of residential care and this is achieved principally through its staff.

A high standard of buildings, equipment and other facilities are essential to the well-being of residents.

These elements underlie the categorisation of expenditure as follows:

Charitable expenditure comprises resources expended with the specific purpose of fulfilling the objects of the charity, predominantly the costs of care staff, and also expenditure incurred in support of the charity's primary purpose. This mainly consists of housekeeping expenses and other costs arising from the need to provide a comfortable living environment for the residents.

Governance costs include a proportion of the Chief Executive and the Head of Finance's salaries, Audit and accountancy fees and Trustees indemnity insurance.

Costs of generating funds include the costs associated with running the fund-raising appeals including the development of the donor database, and fund-raising events. Where applicable, costs have been apportioned on the basis of time or area, as appropriate to the relevant cost.

1.5 Fund accounting

The charitable company's assets represent the Capital Fund (resources invested in the buildings, equipment and vehicles), the Revenue Fund (resources held to produce income and to act as a reserve against temporary deficits), Special Funds (restricted or designated funds established to meet capital needs or specific projects) and Endowment Funds (resources invested in Gifford House).

The Capital fund is shown as a restricted fund, but part of this fund includes amounts designated by the Trustees. From time to time transfers between the Capital Fund and the Revenue (unrestricted) Fund occur in order to account for the results of projects which the Trustees had designated funds to complete.

1.6 Fixed assets and depreciation

The capitalisation levels were reviewed during 2010:

- Individual fixed assets costing £2,500 or more are capitalised at cost (2009: £2,500).
- IT equipment £400 (2009: £400).

Tangible fixed assets are stated at cost net of depreciation. No depreciation is charged on fixed asset additions in the course of construction.

Depreciation is calculated to write down the cost of all tangible fixed assets except for freehold land by equal annual instalments over their expected useful lives, leading to an annual depreciation charge against the Capital Fund.

The periods generally applicable are:

Property - 25 years

Plant, equipment and vehicles - 5 to 10 years

Computer equipment - 3 years

NOTES TO THE CONSOLIDATED ACCOUNTS

For the year ended 31 December 2010

1.7 Investments

Investments appear at market value as fixed assets in the balance sheet as they are held on a long-term basis to provide an essential income to offset part of the operating costs of the charity. Both realised and unrealised gains and losses are credited or charged to the Revenue Fund.

1.8 Retirement benefits

Defined benefit pension scheme

Scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit is presented separately from other net assets on the balance sheet.

A net surplus is recognised only to the extent that it is recoverable by the charity.

The current service cost and costs from settlements and curtailments are included in operating costs and are allocated to the same expenditure headings as the related staff costs.

Past service costs are spread over the period until the benefit increases vest. Interest on the scheme liabilities and the expected return on scheme assets are included under the appropriate expenditure headings as other finance costs.

Actuarial gains and losses are reported in the Statement of Financial Activities with other gains and losses on investments.

Defined contribution pension scheme

The pension costs charged against operating profits are the employers' contributions payable to the stakeholder pension scheme in respect of the accounting period.

1.9 Stock

Stocks are stated at lower of cost or net realisable value.

1.10 Taxation

No provision for taxation, deferred or otherwise, has been made in these financial statements as the Hospital Home is a charity in accordance with the Charities Act 1993 (as amended by the Charities Act 2006) and is exempt from taxation except Value Added Tax, provided that income and gains are applied for charitable purposes under S.505 of the Income and Corporation Taxes Act 1988 and S.145 of the Capital Gains Tax Act 1979.

1.11 Cash and liquid resources

For the purpose of the cash flow statement, cash comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Liquid resources comprise term deposits of less than one year (other than cash), and are included in fixed asset investments as they are integral to the portfolio managed by investment managers.

NOTES TO THE CONSOLIDATED ACCOUNTS

For the year ended 31 December 2010

2. Analysis of income from generated funds

	Unrestricted £	Restricted £	2010 Total £	2009 Total £
Voluntary income:				
Legacies	847,962	-	847,962	305,498
Donations:				
Individual	358,817	11,046	369,863	124,091
Charitable foundations and HM Forces	272,781	264,501	537,282	477,789
Total voluntary income	1,479,560	275,547	1,755,107	907,378
Activities for generating funds:				
Fundraising events	18,793	-	18,793	19,076
Nursing and care (non-primary purpose)	494,698	-	494,698	302,886
Other income	19,281	-	19,281	9,699
Total activities for generating funds	532,772	-	532,772	331,661
Investment income:				
Fixed interest securities	15,715	-	15,715	21,113
Equities (UK)	52,979	-	52,979	55,939
Equities (Overseas)	1,523	-	1,523	4,251
Short term deposits	613	-	613	14,745
UK unit trusts	4,026	-	4,026	6,115
Rebates on unit trusts	28,737	-	28,737	24,174
Total investment income	103,593	-	103,593	126,337

Other income in "Activities for generating funds" includes meals income from staff, bar and payphone income, none of which are individually material.

3. Analysis of income from charitable activities**Incoming resources from charitable activities**

Contributions from residents	1,706,721	-	1,706,721	1,833,323
Veterans Agency capitation grant	289,218	-	289,218	390,332
Total incoming resources from charitable activities	1,995,939	-	1,995,939	2,223,655

NOTES TO THE CONSOLIDATED ACCOUNTS

For the year ended 31 December 2010

4. Analysis of resources expended

	Unrestricted	Restricted	2010 Total	2009 Total
	£	£	£	£
Resources expended				
Cost of generating voluntary income				
Telephone, rates, utilities and insurances	1,431	-	1,431	1,515
Advertising and publicity	21,299	-	21,299	4,973
Administration salaries and associated costs	15,573	-	15,573	16,207
Fundraising salaries and associated costs	81,312	995	82,307	95,787
Fundraising , advertising and publicity	25,066	1,868	26,934	32,934
	144,681	2,863	147,544	151,416

Costs of generating voluntary income include the costs associated with running the fund-raising appeals including the development of the donor database. Where applicable, administration and other costs have been apportioned on the basis of time or area as appropriate to the relevant cost and on a basis consistent with the use of resources by the fundraising department.

Cost of activities for generating funds

Bar staff and provisions	4,868	-	4,868	18,812
Fundraising costs re:events	7,637	5,000	12,637	14,761
Fundraising salaries and associated costs	14,070	-	14,070	8,496
Payphones	631	-	631	476
	27,206	5,000	32,206	42,545
Investment management fees	19,029	-	19,029	17,179

Total cost of generating funds	190,916	7,863	198,779	211,140
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NOTES TO THE CONSOLIDATED ACCOUNTS

For the year ended 31 December 2010

4. Analysis of resources expended (continued)

	Unrestricted £	Restricted £	Direct £	Other £	2010 Total £	2009 Total £
Resources expended						
Cost of charitable activities						
Nursing care	782,999	10,508	793,507	-	793,507	722,779
Nursing care - agency staff	9,876	-	9,876	-	9,876	40,596
Health care assistants	983,882	1,305	985,187	-	985,187	979,295
Health care assistants - agency staff	8,450	-	8,450	-	8,450	15,438
Physiotherapy	18,175	67,777	85,952	-	85,952	88,528
Alternative therapy	-	-	-	-	-	1,189
Occupational therapy	87,050	11,920	98,970	-	98,970	80,008
Speech therapy	8,367	16,078	24,445	-	24,445	24,129
Kitchen	112,840	-	112,840	-	112,840	95,132
Kitchen - agency staff	3,086	-	3,086	-	3,086	20,471
Housekeeping	235,259	-	235,259	-	235,259	234,866
Housekeeping -agency staff	-	-	-	-	-	2,005
Drivers	26,544	-	-	26,544	26,544	26,546
Chaplain	2,374	6,100	-	8,474	8,474	8,373
Administration	275,652	600	-	276,252	276,252	285,508
Administration - agency staff	-	-	-	-	-	2,293
Maintenance	66,628	-	-	66,628	66,628	61,012
Gardener	7,290	-	-	7,290	7,290	17,712
	2,628,472	114,288	2,357,572	385,188	2,742,760	2,705,880
Closed pension scheme costs:						
Current service cost	34,000	-	-	34,000	34,000	18,000
Pension Protection Fund Levy	532	-	-	532	532	32,508
Contributions	10,840	-	-	10,840	10,840	-
Curtailment gains	-	-	-	-	-	-
Administration costs	-	-	-	-	-	-
	2,673,844	114,288	2,357,572	430,560	2,788,132	2,756,388
Total payroll costs						
Medical officer and locum fees	16,386	-	16,386	-	16,386	16,311
Provisions	104,203	-	104,203	-	104,203	104,814
Surgery, dispensary and therapy	44,731	707	45,438	-	45,438	50,969
Bad debts	-	-	-	-	-	1,129
Other finance costs/(income)	49,000	-	49,000	-	49,000	40,000
Depreciation	-	395,776	-	395,776	395,776	326,417
Vehicle running costs	11,314	3,559	14,873	-	14,873	19,873
Travel for assessments	1,482	-	1,482	-	1,482	877
Hospital repairs and renewals	31,680	14,527	-	46,207	46,207	52,105
Domestic and kitchen repairs	15,317	-	-	15,317	15,317	9,559
Staff vending machine	3,925	-	-	3,925	3,925	1,209
Publications	428	-	-	428	428	591
Sundries (including entertaining and pets)	7,859	4,027	-	11,886	11,886	9,074
Property maintenance	28,140	-	-	28,140	28,140	26,157
Gardening	2,314	6,106	-	8,420	8,420	1,464
Repairs and renewals of equipment	11,547	-	-	11,547	11,547	5,556
Laundry and cleaning	68,522	900	-	69,422	69,422	56,930
Utilities	113,215	300	-	113,515	113,515	106,502
Insurance	37,599	-	-	37,599	37,599	35,330
Computer costs	7,155	-	-	7,155	7,155	9,323
Bank charges	2,974	-	-	2,974	2,974	3,055
Other fees and subscriptions	76,116	-	-	76,116	76,116	89,149
Personnel management fees	1,116	-	-	1,116	1,116	1,093
Printing and stationery	9,365	-	-	9,365	9,365	13,653
Postage and telephones	13,466	-	-	13,466	13,466	10,562
	657,854	425,902	231,382	852,374	1,083,756	991,702
Total non-payroll costs	657,854	425,902	231,382	852,374	1,083,756	991,702
Total cost of charitable activities	3,331,698	540,190	2,588,954	1,282,934	3,871,888	3,748,090

NOTES TO THE CONSOLIDATED ACCOUNTS

For the year ended 31 December 2010

4. Analysis of resources expended (continued)

	Unrestricted £	Restricted £	2010 Total £	2009 Total £	
Resources expended					
Governance costs					
Staff costs	19,631	-	19,631	18,930	
Insurance	1,571	-	1,571	1,761	
Trustee training	-	-	-	1,242	
Audit fees - charity	8,275	-	8,275	8,636	
Audit fees - Subsidiary company	1,874	-	1,874	1,835	
Accountancy fees	617	-	617	581	
Total governance costs	31,968	-	31,968	32,985	
Analysis of total resources expended					
	Staff costs	Depreciation	Other	2010 Total £	2009 Total £
Provision of residential care					
Provision of services and support costs	2,788,132	395,776	687,980	3,871,888	3,748,090
Other expenditure					
Fundraising, publicity and other	111,950	-	86,829	198,779	211,140
Management and administration	19,631	-	12,337	31,968	32,985
Total resources expended	2,919,713	395,776	787,146	4,102,635	3,992,215

NOTES TO THE CONSOLIDATED ACCOUNTS

For the year ended 31 December 2010

5. Trustees and employees

	2010	2009
	Total	Total
	£	£
Staff costs during the year were as follows:		
Wages and salaries	2,672,606	2,669,699
Social security costs	221,107	214,705
Pensions costs:		
Defined benefit scheme *	-	-
Defined contribution scheme	26,000	26,613
	2,919,713	2,911,017

* See cost detail at note 6.

The full time equivalent number of employees of the charitable company during the year was:

	2010	2009
	Total	Total
Nurses and health care assistants	72	76
Fundraising	3	4
Other	42	42
	117	122

No trustees received any remuneration for their services or any reimbursement of expenses for the year ended 31 December 2010 (2009: nil).

A premium of £1,570 was paid during the year for trustee's indemnity insurance (2009: £1,575).

Details of employees who received more than £60,000 in the year are as follows:

	2010	2009
£60,001 - £70,000	-	1
£70,001 - £80,000	1	1
£80,001 - £90,000	1	-

During the year pension contributions of £7,041 (2009: £6,839) were paid on behalf of the employees' as members of the Stakeholder scheme operated by the charity.

NOTES TO THE CONSOLIDATED ACCOUNTS

For the year ended 31 December 2010

6. Retirement benefits

The charitable company has been operating a defined benefit pension scheme for the benefit of employees. The scheme is administered by AEGON (formerly Scottish Equitable) and its assets are held separately from those of the charitable company. The scheme was closed to further accrual with effect from 30 April 2005.

In accordance with FRS 17 costs and liabilities of the scheme are based on actuarial valuations. The most recent draft actuarial valuation was as at 31 December 2010 and was prepared by a qualified actuary. Based on the actuarial valuation, the market value of the pension fund assets at 31 December 2010 excluding insured pensioners was £2,566,000 (2009: £2,302,000).

The employer contributed 9.8% of salaries during the period up to the closure of the scheme to future accrual on 30 April 2005. The most recently completed triennial actuarial valuation of the scheme was carried out as at 31 March 2007. Following the valuation the Scheme's Trustees agreed with the Company that annual contributions of £109,000, payable by equal monthly instalments be paid to remove the deficit over the 10 years from 31 March 2008.

Because the scheme is closed to further accrual the current service cost under the projected unit method will increase as the members of the scheme approach retirement.

The major assumptions used for the updated actuarial valuation were:

	2010	2009	2008
Price inflation	3.00%	3.70%	3.10%
Salary inflation	N/A	N/A	N/A
Rate of increase in pensions in payment	3.50%	3.70%	3.20%
Rate of revaluation of pensions in deferment	3.00%	3.70%	3.10%
Rate used to discount schemes liabilities	5.40%	5.70%	6.70%

At 31 December 2010 the assets in the scheme and expected long-term rate of return have been estimated by the actuary to be:

	Rate of return	2010	Rate of return	2009	Rate of return	2008
	%	£	%	£	%	£
Equities	8.00%	1,604,000	8.50%	1,496,000	7.90%	1,559,000
Bonds	5.40%	426,000	5.70%	276,000	0.00%	-
Gilts	4.20%	171,000	4.50%	248,000	3.90%	232,000
Cash	0.50%	365,000	0.50%	282,000	2.00%	147,000
Annuities	N/A	-	N/A	-	N/A	-
Total market value of assets		<u>2,566,000</u>		<u>2,302,000</u>		<u>1,938,000</u>
Present value of scheme liabilities		(3,118,000)		(3,354,000)		(2,435,000)
(Deficit)/surplus in the scheme		(552,000)		(1,052,000)		(497,000)

Net pension (deficit)/asset	(552,000)	(1,052,000)	(497,000)
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NOTES TO THE CONSOLIDATED ACCOUNTS

For the year ended 31 December 2010

6. Retirement benefits

	2010	2009
	£	£
Amounts included in total resources expended :		
Current service costs	34,000	18,000
Total amount included in total resources expended	34,000	18,000
	2010	2009
	£	£
Analysis of net return on scheme		
Expected return on pension scheme assets	142,000	124,000
Interest on pension scheme liabilities	(191,000)	(164,000)
Net return	(49,000)	(40,000)
	2010	2009
	£	£
Amounts included in other recognised gains and losses:		
Difference between actual and expected return on scheme assets	115,000	246,000
Experience gains and losses arising on the scheme liabilities	128,000	(45,000)
Changes in assumptions underlying the present value of scheme liabilities	231,000	(807,000)
Total actuarial gain/(loss) recognised in the statement of recognised gains and losses	474,000	(606,000)
	2010	2009
	%	%
Amounts included in other recognised gains and losses:		
As a % of scheme assets:		
Difference between actual and expected return on scheme assets	4.40%	10.50%
As a % of present value of scheme liabilities:		
Experience gains and losses arising on the scheme liabilities	4.00%	1.00%
Changes in assumptions underlying the present value of scheme liabilities	7.00%	24.00%
Total actuarial gains and losses in net movement of funds	15.00%	18.00%
	2010	2009
	£	£
Analysis of movement in scheme during the year		
(Deficit) in the scheme at the beginning of the year	(1,052,000)	(497,000)
Current service cost	(34,000)	(18,000)
Curtailment gains	-	-
Contributions	109,000	109,000
Other finance income/(costs)	(49,000)	(40,000)
Actuarial (loss)/gain	474,000	(606,000)
Deficit in the scheme at the end of the year	(552,000)	(1,052,000)

Defined contribution scheme

The charitable company has put in place a stakeholder scheme for the benefit of the employees, to which the charity contributes a matched figure up to the value of 5% of the gross contribution.

NOTES TO THE CONSOLIDATED ACCOUNTS

For the year ended 31 December 2010

7. Taxation

No provision has been made for taxation in these financial statements as the company is a charity in accordance with Section 4 of the Charities Act. It is exempt from taxation other than Value Added Tax provided that income and gains are applied to charitable purpose.

8. Tangible Fixed Assets

Group	Freehold property	Plant and equipment	Motor vehicles	Total
	£	£	£	£
Cost or valuation				
At 1 January 2010	7,230,456	779,853	208,840	8,219,149
Additions	209,644	41,937	-	251,581
Disposals	-	(3,317)	-	(3,317)
At 31 December 2010	7,440,100	818,473	208,840	8,467,413
Depreciation				
At 1 January 2010	1,495,470	404,874	187,696	2,088,040
Provided in period	303,271	73,307	19,198	395,776
On disposals	-	(3,317)	-	(3,317)
At 31 December 2010	1,798,741	474,864	206,894	2,480,499
Net book value at 31 December 2010	5,641,359	343,609	1,946	5,986,914
Net book value at 31 December 2009	5,734,986	374,979	21,144	6,131,109

Charity	Freehold property	Plant and equipment	Motor vehicles	Total
	£	£	£	£
Cost or valuation				
At 1 January 2010	7,393,726	779,853	208,840	8,382,419
Additions	209,644	41,937	-	251,581
Disposals	-	(3,317)	-	(3,317)
At 31 December 2010	7,603,370	818,473	208,840	8,630,683
Depreciation				
At 1 January 2010	1,495,470	404,874	187,696	2,088,040
Provided in period	303,271	73,307	19,198	395,776
On disposals	-	(3,317)	-	(3,317)
At 31 December 2010	1,798,741	474,864	206,894	2,480,499
Net book value at 31 December 2010	5,804,629	343,609	1,946	6,150,184
Net book value at 31 December 2009	5,898,256	374,979	21,144	6,294,379

NOTES TO THE CONSOLIDATED ACCOUNTS

For the year ended 31 December 2010

9. Fixed Asset Investments

	2010 Total £	2009 Total £
Quoted Investments		
Market value at 1 January 2010	4,206,079	3,318,824
Additions	1,497,194	666,599
Disposals	(1,494,715)	(440,709)
Net realised/unrealised gains	392,464	661,365
Market value at 31 December 2010	4,601,022	4,206,079
Short term deposits	170,634	96,782
Investments (Group) (Historical cost £4,067,999 [2009: £3,902,960])	4,771,656	4,302,861
Investments in group undertakings at 1 January 2010 And at 31 December 2010	2	2
Investments (Charity) (Historical cost £4,068,001 [2009: £3,902,962])	4,771,658	4,302,863

	2010 Total £	2009 Total £
Analysed as:		
Fixed interest securities - unit trusts	456,628	641,157
Equities - UK	2,451,133	2,147,237
Property funds - UK	133,779	122,649
Property funds - Overseas	92,184	72,236
Equities - Overseas	976,615	735,323
Commodities	193,252	218,863
Hedge Funds	297,431	268,614
	4,601,022	4,206,079

	2010 Total £	2009 Total £
Holdings which exceed 5% of the total portfolio at 31 December 2010 are:		

Schroder UK Alpha Plus Fund Income Units	683,546	485,703
Schroder Charity Equity Fund A Income Units	680,663	728,619
Schroder Income Fund A Income Units	394,906	376,624
M&G Strategic Corporate Bond	-	237,101
Black Rock UK Dynamic Fund	-	-

The Charity wholly owns the following subsidiaries:

	Country of Incorporation	Class of share capital held	Principal activity
QAHH Limited	England	Ordinary	Dormant Company
QAHH Services Limited	England	Ordinary	Provision of nursing care and other trading activities

NOTES TO THE CONSOLIDATED ACCOUNTS

For the year ended 31 December 2010

10. Stocks

	2010		2009	
	Group £	Charity £	Group £	Charity £
Consumable stores	11,644	11,644	11,238	11,238
Total consumable stores	11,644	11,644	11,238	11,238

11. Debtors

	2010		2009	
	Group £	Charity £	Group £	Charity £
Resident contributions receivable	194,043	98,809	137,859	110,929
Group debtors	-	-	-	-
Capitation fees receivable	21,682	21,682	57,272	57,272
Legacies receivable	155,562	155,562	22,312	22,312
Income tax recoverable	3,943	3,943	4,096	4,096
Prepayments and other debtors	34,785	34,785	19,483	19,483
Gift aid donations from trading subsidiary	-	103,257	-	45,912
Trade debtors	-	-	-	-
Total Debtors	410,015	418,038	241,022	260,004

12. Creditors: amounts falling due within one year

	2010		2009	
	Group £	Charity £	Group £	Charity £
Trade creditors	58,980	58,980	67,489	67,489
Staff remuneration	42,079	42,079	40,802	40,802
Pension	4,912	4,912	4,525	4,525
Social security and other taxes	58,756	58,756	58,238	58,238
Amounts owed to group undertakings	-	-	-	7,760
Other creditors and accruals	80,003	78,124	92,319	90,443
Total Creditors	244,730	242,851	263,373	269,257

NOTES TO THE CONSOLIDATED ACCOUNTS

For the year ended 31 December 2010

13. General fund

	2010		2009	
	Group £	Charity £	Group £	Charity £
Revenue fund				
At 1 January 2010	4,079,866	4,079,868	3,581,526	3,581,528
Retained surplus/(deficit) for the year	923,759	923,759	517,844	517,844
Transfer from/(to) restricted funds	(52,530)	(52,530)	(19,504)	(19,504)
At 31 December 2010	4,951,095	4,951,097	4,079,866	4,079,868

14. Restricted and endowment funds

Group	Endowment Funds £	Capital Fund £	Phase 2 & 3 Funds £	Capital Expenditure Fund £	Other Restricted Funds £	Total £
Revenue fund						
At 1 January 2010	21,000	6,110,109	173,034	25,000	155,390	6,484,533
Incoming resources	98,461	-	114,109	-	62,977	275,547
Expenditure	-	(395,776)	-	-	(152,277)	(548,053)
Transfers between funds	-	199,802	(157,905)	(25,000)	(16,897)	-
Transfers from/(to) Revenue Fund	751	51,779	-	-	-	52,530
At 31 December 2010	120,212	5,965,914	129,238	-	49,193	6,264,557

The Capital Expenditure Fund comprises funds received for specific purposes or designated by Trustees for the acquisition of tangible assets. Once applied they form part of the Capital Fund and are consequently all regarded as restricted, although the Trustees recognise that not all of the funds so described are technically restricted as defined by the SORP.

The transfers between funds during the year are represented by an additional fund for the Phase 3 development which was set up separately to show its progress; transfers to and from this fund represent the introduction of funds from restricted income and the distribution of costs to the revenue or capital funds. Transfers to the revenue fund represent restricted funds received for the allocation against revenue costs.

The endowment funds are represented as follows;

The endowment (permanent) fund of £21,000 represents the value of premises owned by the unincorporated charity The Queen Alexandra Hospital Home (208721). The Queen Alexandra Hospital Home (1072334) was appointed as the sole Trustee of the Charity (208721) and a "uniting direction" was made by the Charity Commission enabling the two charities to be treated as one.

Two additional endowments (permanent) were added in 2010 and held in 'special trust' for The Sailors & Soldiers Home Fund and Bloomfield Bequest. These two funds are invested separately from the Charity's main fund and its income is available for the charity's purpose.

Charity	Endowment Fund £	Capital Fund £	Phase 2 Fund £	Capital Expenditure Fund £	Other Restricted Funds £	Total £
Revenue fund						
At 1 January 2010	21,000	6,273,379	173,034	25,000	155,390	6,647,803
Incoming resources	98,461	-	114,109	-	62,977	275,547
Expenditure	-	(395,776)	-	-	(152,277)	(548,053)
Transfers between funds	-	199,802	(157,905)	(25,000)	(16,897)	-
Transfers from/(to) Revenue Fund	751	51,779	-	-	-	52,530
At 31 December 2010	120,212	6,129,184	129,238	-	49,193	6,427,827

NOTES TO THE CONSOLIDATED ACCOUNTS

For the year ended 31 December 2010

15. Analysis of net assets between funds

Group	Tangible Fixed Assets	Investments	Net Current Assets	Creditors due > 1year	Total
	£	£	£	£	£
Endowment fund					
Capital fund	21,000	99,212	-	-	120,212
	21,000	99,212	-	-	120,212
Restricted fund					
Capital fund	5,965,914	-	-	-	5,965,914
Capital expenditure fund	-	-	-	-	-
Refurbishment and revenue fund	-	-	49,193	-	49,193
Phase 3 restricted fund	-	129,238	-	-	129,238
	5,965,914	129,238	49,193	-	6,144,345
Unrestricted fund					
Revenue fund	-	4,543,206	407,889	-	4,951,095
(including unrealised gains of £313,835)					
Pension fund liability	-	-	-	(552,000)	(552,000)
	-	4,543,206	407,889	(552,000)	4,399,095
Group	5,986,914	4,771,656	457,082	(552,000)	10,663,652

Charity	Tangible Fixed Assets	Investments	Net Current Assets	Creditors due > 1year	Total
	£	£	£	£	£
Endowment fund					
Capital fund	21,000	99,212	-	-	120,212
	21,000	99,212	-	-	120,212
Restricted fund					
Capital fund	6,129,184	-	-	-	6,129,184
Capital expenditure fund	-	-	-	-	-
Refurbishment and revenue fund	-	-	49,193	-	49,193
Phase 3 restricted fund	-	129,238	-	-	129,238
	6,129,184	129,238	49,193	-	6,307,615
Unrestricted fund					
Revenue fund	-	4,543,208	407,889	-	4,951,097
(including unrealised gains of £313,835)					
Pension fund liability	-	-	-	(552,000)	(552,000)
	-	4,543,208	407,889	(552,000)	4,399,097
Charity	6,150,184	4,771,658	457,082	(552,000)	10,826,924

16. Capital commitments

There were no capital commitments at 31 December 2010 (2009: None).

NOTES TO THE CONSOLIDATED ACCOUNTS

For the year ended 31 December 2010

17. Related party transactions

During the year the Charity incurred legal fees amounting to £294 (2009: £20,735) payable to Thomas Eggar LLP. The balance outstanding at the year-end was Nil (2009: Nil). R M G Thornely, Trustee, is a partner in Thomas Eggar. There were no other transactions with Trustee's during the year or prior year.

No other transactions with related parties were undertaken such as are required to be disclosed under FRS8 or the SORP.

18. Subsidiary companies

The Charity owns the whole of the issued ordinary share capital of QAHH Limited registered number 5064367 and QAHH Services Limited registered number 5802953, companies registered in England and Wales.

The trading activities of the subsidiary QAHH Services Limited for the year ended 31 December 2010 were as follows:

	QAHH Services Limited	QAHH Services Limited
	2010	2009
	£	£
Turnover	494,697	302,886
Cost of sales	344,352	149,921
	150,345	152,965
Other operating income and charges	2,088	2,053
Profit/(loss) on ordinary activities before taxation	148,257	150,912
Appropriation to holding company	(148,257)	(150,912)
(Loss)/profit for the financial year	-	-
Net current assets	1	1
Net assets	1	1
Share capital	1	1
Retained profit	-	-
Net assets	1	1

QAHH Limited is dormant.

19. Surplus of income over expenditure

The charity has taken advantage of section 408 of the Companies Act 2006 and has not included its own income and expenditure account in these financial statements. The deficit of income over expenditure for the period includes a surplus of £213,073 (2009: deficit £566,769) which is dealt with in the financial statements of the charity.

20. Charity Merger

During 2009 QAHH was approached by The Soldiers and Sailors Home Eastbourne (SSHE) with a view to setting up a scheme which would allow QAHH to take control of the assets of SSHE. The Bloomfield Bequest is a fund arising from the charity Leonard Lionel Bloomfield which is regulated by a scheme of the High Court of Justice (Chancery Division) of the 18th March 1935. The Sailors and Soldiers Home Fund is the accumulated reserves of the charity. Both funds are restricted in that the income may only be used for the assistance of disabled ex-Servicemen. This includes the provision of grants to other organisations having as their object the assistance of disabled ex-Servicemen. The scheme was approved on 15 February 2010 by the Charity Commission. The assets have been transferred to QAHH and are shown in the financial statements as a permanent endowment.



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