



Annual Report & Accounts

for the year ended 31st December 2011

Registered Charity No.1072334

Company No.3646570

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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 92 years.

Our Strategy

The charity continues to implement a strategy of developing all the services, and upgrading all the facilities, of the Queen Alexandra Hospital Home in order to continue providing excellence of care for residents. When the remaining kitchen and catering area project is 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
- 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 maintain, and develop further, all our nursing and rehabilitation services
- raise the necessary funds to complete the final phase of upgrading being the kitchen and catering areas.

This is my first report as chairman, having taken over from Rear Admiral Richard Irwin in February of last year. Much has been written and said already of Richard's huge influence on the charity over the past thirteen years, during a period of major change for the Queen Alexandra Hospital Home. However I should like to add my own personal thanks to him for all he has done to steer the Hospital Home forward and I very much appreciate the help and advice he gave me prior to our hand-over.

I would also like to thank all my fellow trustees for their loyalty; the time they give to overseeing the strategic direction and financial affairs of the charity; and for their commitment, which they have all given so willingly to the Hospital Home over the past year. I also thank – and have very great respect and regard for - all the members of the QAHH staff who work so hard and with great commitment and cheerfulness, to bring an increased quality of life to all our residents despite their medical conditions. Finally I should like to thank the senior management team of John Paxman, the Chief Executive and Valerie Walker, the Director of Nursing and Operations for their continued commitment and dedication to the Queen Alexandra Hospital Home. We all look forward to another exciting and successful year ahead and to surmounting the inevitable obstacles and challenges that the next twelve months will undoubtedly present.

CPJ Field JP

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 2011.

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 2011.

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 management team composed of the Head of Finance, the Head of Fundraising, the Head of Human Resources and the Support Services Manager. 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**
- **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 up to help. The review also helps us ensure our aims, 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) and war pensioners (Service Personnel and 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 2011 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 53 residents out of our maximum of 60 beds.
- To again meet - and exceed - all the requirements of the Care Quality Commission (CQC).
- To meet the revised Standards and Associated Outcomes as designated by the Care Quality Commission.
- 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 2014.
- To increase the level of income through fundraising on a national scale.
- To continue the process for a balanced budget.

Overview of 2011:

2011 was another financially difficult year nationally and for the care sector especially, as funders sought to negotiate fees downwards and with local authorities unwilling to fund new applicants for residential care. The stated objectives were all met - either completely or partially.

- QAHH continued to satisfy the needs and requirements of all our residents.
- Bed occupancy was maintained at an average of 56 for the year - and for much of the second half of the year was considerably higher, averaging 58 filled beds for the second half of the year.
- All the requirements of the Care Quality Commission were met and QAHH was found to meet all the Essential Standards.

- All the revised Standards and Associated Outcomes were met.
- Voluntary income in 2011 of £1,149,490 fell short of the budget but proved a substantial sum in the very difficult financial climate.
- QAHH was graded **Commend** for the Gold Standard Framework and End-of-Life Care and did not achieve Beacon Status on this occasion. QAHH will re-apply in 2014 being the date of the next accreditation period.
- Because of the overall challenging climate for fundraising generally in 2011, it was decided in the Spring of 2011 not to proceed on specific fundraising for the kitchen and catering areas project but to concentrate on raising funding for the outstanding sum required to complete the Bathroom upgrades. Fundraising for the kitchen and catering areas project will begin in earnest in 2012 with the intention to begin this final project in 2014 or when the required funding is received.

Our Objectives for 2012 are:

- To satisfy from our own resources, or in conjunction with other charities, the needs and requirements of our residents.
- To seek to maintain bed numbers at 57.
- Raise funding in the region of £450,000 for the kitchen and catering areas upgrade.
- Continue to fundraise in order to reduce the operational deficit.
- Further ensure the long-term future by maintaining cordial relationships with local NHS bodies, PCTs and their successors, the Armed Forces, all ex-Service organisations and maintain a high profile within Worthing and surrounding areas.
- To continue the process for a balanced budget.

REPORT OF THE TRUSTEES

Review of Activities

The purpose of QAHH continues to be the high quality provision of nursing and rehabilitation care to former members of HM Forces and their spouses and dependents.

During 2011 the bathroom areas in the older part of the main building were upgraded to a very high standard. They were last modernised in 1986 and lacked the space and facilities that our residents now require. Following a period of fundraising, when nearly 50% of the £600,000 that was required to fund the two upgrades had been raised, the trustees agreed to allow the project to proceed and work commenced on the first bathroom block in the spring. QAHH reserves provided the shortfall in funding. Following a three month upgrade period, the southern bathroom area was completed and work then moved onto the northern block which was completed and handed over in early December. The two new bathroom areas are now completely modernised and have overhead tracking, larger cubicles, movement-controlled lighting, specialist baths, sensory control taps in basin and baths, and larger and more spacious storage areas.

Work continued throughout the year on the Gold Standard Framework with staff training and seminars. The Re-Accreditation in Care Homes Quality Hallmark award for QAHH was again graded at Commend status – another great achievement for everyone involved at QAHH in this difficult and exacting award. Work will continue internally for all staff involved and the aim will be to raise this from Commend Status to Beacon Status at the next accreditation period which will conclude in 2014.

2011 saw a marked increase in demand for beds at QAHH particularly in the area of care and rehabilitation of a younger category of resident who have suffered from neurological and complex progressive disabilities – e.g. a 32year old male with advanced stage Multiple Sclerosis. As in years past, the cost of any form of residential care is a very major factor in an individual's decision to apply for residential care and this is no different for those applying for entry to QAHH.

All new applicants are visited in their homes or in hospital by the Director of Nursing and Operations or one of her nursing seniors and a detailed assessment is carried out in the activities of daily living. From this outcome a fee can then be computed, based on the time-input that will be required from a registered nurse and also from Health Care Assistants (HCA) and now developed further to include the time input from the Multi-Disciplinary team members. It should be noted that QAHH's charitable input is still in the region of a 40% subsidy towards the full-cost of a bed for all ex-Service residents at the Hospital Home. The reputation of QAHH continues to grow and is now well-known particularly so for the multi-disciplinary approach to our nursing care and rehabilitation with the full range of specialists and facilities that the Hospital Home now possesses. We foresee the demand for nursing beds at QAHH increasing in the future as the financial pressures to outsource complex continuing care cases from NHS-run facilities becomes greater.

Throughout 2011 the facilities of the Occupational Therapy (OT) department and the Physiotherapy department were in constant and increasing demand to the extent that numbers have to be limited on a daily basis, such is the popularity of these essential departments. Consequently the Social and Recreational side of the OT department extended its hours due to its popularity to now include Saturday mornings. QAHH is expanding the facilities in the OT and Physiotherapy department on a continual basis and we are extremely grateful for the specialist equipment that was donated during 2011 by supporters.

The external garden areas of QAHH are frequently complimented and praised and this is very much due to the sterling efforts of the gardening team who have worked away quietly and with great diligence in 2011 to thin out the overgrown areas of the garden, replant many bushes and shrubs, and thin out the hedge areas along the southern boundary wall which have seen little attention in the past decade.

The raised wheelchair-height garden for residents' use which was built and completed in the 2010 came fully into its own for the first time in 2011 and was much in use by residents for vegetables and summer soft fruits.

REPORT OF THE TRUSTEES

Review of Activities (continued)

The therapeutic value of gardening and the ability to return to one of their hobbies and interests has been very beneficial for many residents who were keen and active gardeners prior to the onset of their medical conditions.

The Multi-Disciplinary Team (MDT) have continued to develop and have introduced many new and exciting innovations with regard to the rehabilitation of the residents. Regular MDT reviews were carried out through the year, when the resident's Nominated Nurse and Health Care Assistant Key Worker - together with the MDT team – join the resident and their nominated family members to review and plan the next six months ahead nursing and rehabilitation for the resident. QAHH is fortunate in having an experienced and neuro-disability focussed MDT team which very few other organisations of the size and stature of QAHH are able to provide.

QAHH's links with the MOD continued throughout 2011 with visits from crew members of HMS Diamond - who have adopted QAHH as their chosen charity-prior to their setting forth for a six month tour of the Far East. QAHH continues to receive a regular flow of MOD Student Nurses for one of the students' six week external placements during their second year of training.

Links with the University of Sussex and the University of Brighton continued with regular student nurse placements throughout the year and, following the annual Educational Audit in the middle of the year, QAHH was again graded as Excellent.

In 2011 the Hospital Home had - in addition to the filled beds - an additional 61 admissions, the majority being respite cases of between two and eight weeks in duration. The youngest resident at QAHH in 2011 was 25years old and the eldest was 102 years old.

As in past years, activities and outings continue to be a major element of life at the Hospital Home. The Social and Recreational committee – composed of residents and staff and chaired by the Director of Nursing and Operations – plan many wide-ranging activities and visits.

A cross section of these visits included the London Eye, various London museums, the Bovington Tank Museum, Buckingham Palace and Twickenham Rugby ground for a number of 6 Nations matches. As in years past, one of the most popular trips is what is affectionately known as the Monthly Country Run along the coast, up onto the South Downs, a lunch stop at a country pub and home to QAHH by the coast road again. We are always very grateful to all the organisations who have offered hospitality and funding for visits to QAHH over the past twelve months. We thank them all.

Under the requirements of our 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 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 four senior nurses (Alexandra Ward, Norfolk Ward-South, and Norfolk Ward-North and the Night Services Co-Ordinator) and together they lead a strong and very committed team.

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 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 the Director of Nursing or one of the senior Registered Nurses 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 received total incoming resources of £4.06m down 8% on 2010 (2010: £4.38m).

The income was attributed to the following:

- Legacy income was very successful in 2011 with income of £546,328 (2010: £847,962), despite this significant reduction from 2010 the total income proved well above our average and ahead of the budget of £500,000.
- Donations, individual and from Charitable foundations and HM Forces fell by 34% to £603,162 in 2011 from £907,145 in 2010.
- Investment income remained static at £103,501 in 2011 from £103,593 in 2010.
- Fee income rose by 8% to £2,162,305 in 2011 from £1,995,939 in 2010.

Review of the year

The net movement in funds for the year was an reduction of £819,660 (2010: increase £1,151,125) after accounting for :

Realised gains on investments of £18,872 (2010: gains £78,642),

Un-realised losses of £368,188 (2010: Gains £313,835) and

Actuarial losses of £280,000 (2010: gains of £474,000) in respect of the defined benefit pension scheme.

Following the triennial actuarial valuation to 31 March 2010 (finalised in 2011) there was a requirement to increase the minimum funding requirement from the current £109,000 to £160,000 (this was back-dated to 1 April 2011 and an additional payment of £38,250 was made in 2011). There were additional contributions in 2011 of £10,840 (provided in 2010) and a payment of £16,367 which was a refund of costs paid from the scheme then subsequently paid by QAHH.

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 -5.5% down against the benchmark of -1.0% (2010: 11.2% against benchmark of 13.3%).

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 2011 we received £1,149,490 (£2010: £1,755,107) in donations through the generosity of our community, companies and charitable trusts. An additional £18,176 (2010: £18,793) was raised from fundraising events, raffles and collections. Restricted funds for the Phase 3 project amounted to £152,890 (2010: £129,238).

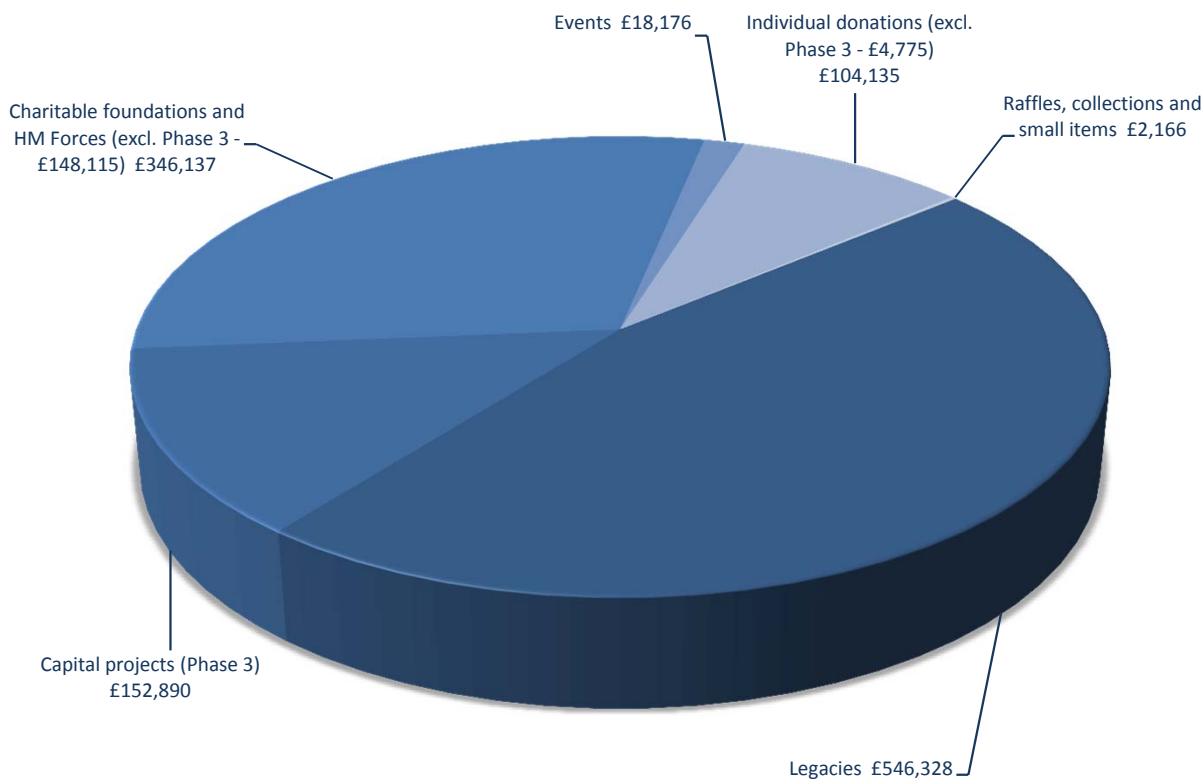
Fundraising expenditure

Fundraising salaries, marketing and publicity costs amounted to £130,103 (2010: £147,544) with events and associated fundraising costs amounting to £14,348 (2010: £26,707).

Fundraising events continued to remain small as in previous years 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 2011 included:

- The complete re-build and refurbishment of the toilet and bathroom block on the Norfolk ward (Phase 3) began and finished in 2011. The total funds received for this project were £289,765 against the project cost of £570,819.
- The Carol Concert took place at Lancing College and raised £3,721 (2010: £2,111).
- The annual Open Day at QAHH as always proved to be a success with £9,167 (2010: £8,013) raised and huge support from people in the local community.
- A successful pledge of £20,000 to set up an adaptive computer and technology suite. This provides the residents with up-to-date technology aiding rehabilitation and providing stimulation.



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.

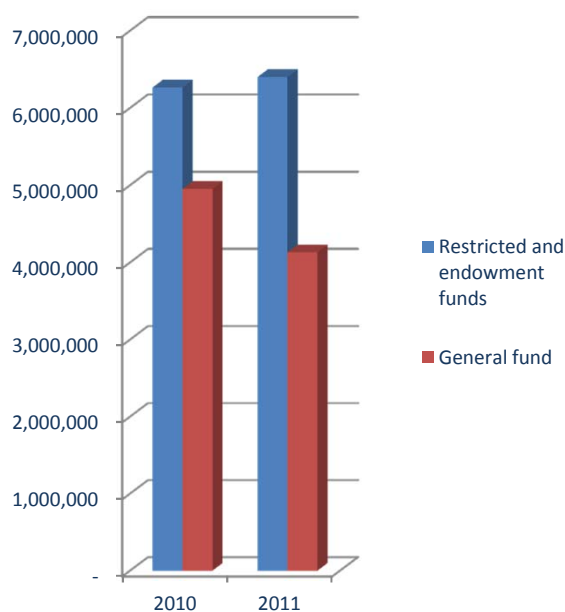
Unrestricted Fund

The total unrestricted reserves fund of £3.43million (2010: £4.39million) represents the general reserve fund less the deduction for the pension reserve fund, this equates to 10 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 £6,410,315 (2010: £6,264,557) of which £6,207,619 (2010: £5,968,914) represents our investment in capital items, the buildings and equipment that constitute the Home. The Phase 3 fund, now fully spent (2010: £129,238), Capital expenditure and other restricted funds £92,552 (2010: £49,193) and the permanent endowment of £110,144 (2010: £120,212) 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 benchmarks used are 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 2011, our investments were substantially reduced in value due to the economic climate and some significantly underperforming funds. The overall portfolio performance fell short with -5.5% against the benchmark of -1.0 (2010: 11.20% against benchmark of 13.30%). Net unrealised losses were made in the year of £368,188 (2010: Gains £313,835). Net realised gains amounted to £18,871 (2010: £78,642). The trustees undertook a formal review of the investment managers during the year and, as a result, re-appointed Schroder & Co. Ltd to continue to manage the Charity's investment portfolio.

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 continue to remain confident of an increasing requirement for the high quality, multi-disciplinary nursing and rehabilitation care that is offered at QAHH. The development - since 2004 - of the specialised ABI rehabilitation service has been very successful and with a decreasing number of organisations qualified to the level of QAHH, and with the appropriately trained and specialised staff and high quality facilities that QAHH has developed, the trustees are confident that NHS-funded continuing care placements will increase to the Hospital Home. In an era of NHS financial constriction all hospitals now seek to rapidly move patients on to an external care setting once an acute medical emergency has been stabilised.

Funding overall services at QAHH remains a major challenge with the continued downturn in the economic climate nationally with a marked reduction in public funding and the continued re-direction of the much reduced budgets of both NHS and local Government (Social Services) funding towards the cheaper domiciliary care option. For many privately-funded residents at QAHH, the usual capital-release funding option of selling or down-sizing their home applies in order to meet their placement costs, which is further exacerbated currently with a difficult housing market. So the aim of full-cost recovery for our nursing and rehabilitation services, whilst remaining a definite intention, is unlikely to be achieved in the short to medium term. This is also due to the fact that the dependency of most new applicants coming to QAHH is now far higher than it was in the mid 2000s, due in turn to factors concerned with the increasing cost and funding of care generally and because of the difficulty in accessing reduced central and local Government funding for residential care. However the Trustees are agreed in their policy not to reduce or dilute any of the nursing or rehabilitation services at the Hospital Home and that 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 website (www.qahh.org.uk) which is now the most commonly used method for gaining initial information on the Hospital Home. The website is regularly updated and amended.

Risk Management

The Chief Executive is responsible to the Board of Trustees for all matters of Risk Management and maintains the Risk Management 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 QAHH Quality Assurance Link Nurse also plays a vital role in the regular auditing of all clinical issues including the regular re-visiting of all policies and procedures in conjunction with the Director of Nursing and Operations.

The Hospital Home's Disaster Recovery Plan is updated annually and is fully operational. All members of staff with specific responsibilities have read, are aware of 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 and Rescue Service at which time all QAHH fire policies are reviewed, and by an external 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 Trustee and Board sub-committee meetings are held
- QAHH is registered and fully compliant with all aspects of Data Protection and the Freedom of Information 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 can take the necessary action to mitigate such risks, if 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 gave so generously 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. They also wish to record their thanks and great appreciation to two long-serving trustees who retired during 2011 – Mr Frank Wilson and Mr Richard Thornely. Both agreed to continue their long association with QAHH by becoming Patrons.

This report was approved by the Trustees

on 9th May 2012 and signed on their behalf by:



CPJ Field JP
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 CPJ Field JP		(Chairman from 3rd February 2011)
¹ I Eady	resigned 9th May 2012	
¹ Mrs J Annis		
¹ DLE Jones FCA	resigned 9th May 2012	
¹ GR Jordan	appointed 25th May 2011	
Dr P Hughes	appointed 25th May 2011	
Mrs S Geddes	resigned 6th May 2011	
Air Vice-Marshal P Millar CB		
Captain C Pile RN	appointed 25th May 2011	
AMA Price JP	appointed 9th May 2012	
Colonel SD Rowland-Jones	resigned 6th May 2011	
¹ Brigadier WE Shackell CBE	resigned 9th May 2012	
RMG Thornely	resigned 6th May 2011	
¹ M Walker JP FCA	appointed 25th May 2011	
J Williams	appointed 9th May 2012	
¹ F Wilson	resigned 6th May 2011	

Committee members

¹ Member of Finance Committee 31 December 2011

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, JP RMA	Chief Executive
V Walker, RGN JP RMA	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 2011 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 the Companies Act 2006 and the Charities Act 2011. 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 the Charities Act 2011 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 2011, 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 2011.

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 2011 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.

Carpenter Box LLP

H J Julian BA FCA DChA (Senior Statutory Auditor)

for and on behalf of Carpenter Box LLP

Signed: 14th May 2012

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 2011

	Note	Unrestricted Funds £	Endowment & Restricted Funds £	2011 Total £	2010 Total £
Incoming resources					
Voluntary income	2	871,670	277,820	1,149,490	1,755,107
Activities for generating funds	2	646,789	-	646,789	532,772
Investment income	2	103,501	-	103,501	103,593
Incoming resources from generated funds		1,621,960	277,820	1,899,780	2,391,472
Incoming resources from charitable activities	3	2,162,305	-	2,162,305	1,995,939
Other incoming resources		-	-	-	-
Total incoming resources		3,784,265	277,820	4,062,085	4,387,411
Resources expended					
Costs of generating voluntary income	4	129,103	1,000	130,103	147,544
Fundraising trading: Costs of goods sold and other costs	4	14,064	1,000	15,064	32,206
Investment management costs	4	20,164	-	20,164	19,029
Cost of generating funds	4	163,331	2,000	165,331	198,779
Charitable activities		3,619,512	433,495	4,053,007	3,871,888
Governance costs	4	34,091	-	34,091	31,968
Total resources expended		3,816,934	435,495	4,252,429	4,102,635
Net incoming/(outgoing) resources before transfers		(32,669)	(157,675)	(190,344)	284,776
Transfers between funds		(303,432)	303,432	-	-
Net incoming/(outgoing) resources and surplus/(deficit) of income over expenditure before other recognised gains and losses		(336,101)	145,757	(190,344)	284,776
Gains/(losses) on investment assets:					
Realised		18,872	-	18,872	78,642
Unrealised		(368,188)	-	(368,188)	313,835
Actuarial gains/(losses) on defined benefit pension scheme	6	(280,000)	-	(280,000)	474,000
Net movement in funds		(965,417)	145,757	(819,660)	1,151,253
Funds balance brought forward		3,027,866	6,484,533	10,663,652	9,512,399
Funds balance carried forward		2,062,449	6,630,290	9,843,992	10,663,652

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 2011

	2011 Total £	2010 Total £
Income	4,062,085	4,387,411
Realised (loss)/gain on disposal of investment assets	18,872	78,642
Total income	4,080,957	4,466,053
Total expenditure from income funds	4,252,429	4,102,635
Net (expenditure)/income for the year	(171,472)	363,418

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 2011

	Note	Group		Charity	
		2011 Total £	2010 Total £	2011 Total £	2010 Total £
Fixed assets					
Tangible assets	8	6,228,619	5,986,914	6,391,889	6,150,184
Investments	9	4,206,633	4,771,656	4,206,635	4,771,658
Total fixed assets		10,435,252	10,758,570	10,598,524	10,921,842
Current assets					
Stocks	10	10,093	11,644	10,093	11,644
Debtors	11	165,221	410,015	179,837	418,038
Cash at bank and in hand		196,426	280,153	179,893	270,251
		371,740	701,812	369,823	699,933
Creditors - amounts falling due within one year	12	(261,000)	(244,730)	(259,083)	(242,851)
Net current assets		110,740	457,082	110,740	457,082
Creditors - amounts falling due after more than one year		-	-	-	-
Net assets before pension liability		10,545,992	11,215,652	10,709,264	11,378,924
Defined benefit pension scheme liability		(702,000)	(552,000)	(702,000)	(552,000)
Net assets after pension liability		9,843,992	10,663,652	10,007,264	10,826,924
Capital funds					
Endowment fund	14	110,144	120,212	110,144	120,212
Income funds					
Restricted	14	6,300,171	6,144,345	6,463,441	6,307,615
Unrestricted:					
Pension reserve fund	6	(702,000)	(552,000)	(702,000)	(552,000)
General fund	13	4,135,677	4,951,095	4,135,679	4,951,097
(including revaluation reserve £339,049 [2010: £703,657]) for Group and Charity					
Total unrestricted		3,433,677	4,399,095	3,433,679	4,399,097
Net assets after pension liability		9,843,992	10,663,652	10,007,264	10,826,924

Approved by the Board of Trustees on

9th May 2012

and signed on its behalf by


CPJ Field JP
Chairman

M Walker JP FCA
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 2011

	Note	2011 Total £	2010 Total £
Net cash inflow/(outflow) from operating activities	<i>a</i>	223,693	362,917
Net cash inflow/(outflow) from financing		-	-
Returns on investment and servicing of finance	<i>b</i>	103,501	103,593
Capital expenditure and financial investments	<i>c</i>	(495,960)	(254,060)
Management of liquid resources		85,039	(73,839)
Increase/(decrease) in cash in the year	<i>d</i>	(83,727)	138,611

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

Net incoming/(outgoing) resources	(190,344)	284,776
Investment income	(103,501)	(103,593)
Depreciation	384,923	395,776
(Gain)/loss on asset disposal	-	-
(Increase)/Decrease in stock	1,551	(406)
Decrease/(Increase) in debtors	244,794	(168,993)
(Decrease)in creditors	(113,730)	(44,643)
Net cash inflow/(outflow) from operating activities	223,693	362,917

b. Returns on investments and servicing of finance

Investment income received	103,501	103,593
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c. Capital expenditure and financial investments

Capital expenditure	(626,653)	(251,581)
Sales of tangible fixed assets	-	-
Investment purchases	(632,748)	(1,497,194)
Investment sales	763,441	1,494,715
Total capital expenditure and financial investment	(495,960)	(254,060)

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

(Decrease)/Increase in cash in the year	(83,727)	138,611
Cash outflow from financing in the year	-	-
Change in net funds	(83,727)	138,611
Net funds balance brought forward	280,153	141,542
Net funds balance carried forward	196,426	280,153

NOTES TO THE CONSOLIDATED ACCOUNTS

For the year ended 31 December 2011

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 2011.

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 2011 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

Capitalisation levels :

- Individual fixed assets costing £2,500 or more are capitalised at cost (2010: £2,500).
- IT equipment £400 (2010: £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 2011

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 2011 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 2011

2. Analysis of income from generated funds

	Unrestricted £	Restricted £	2011 Total £	2010 Total £
Voluntary income:				
Legacies	546,328	-	546,328	847,962
Donations:				
Individual	91,787	17,123	108,910	369,863
Charitable foundations and HM Forces	233,555	260,697	494,252	537,282
Total voluntary income	871,670	277,820	1,149,490	1,755,107
Activities for generating funds:				
Fundraising events	18,176	-	18,176	18,793
Nursing and care (non-primary purpose)	618,817	-	618,817	494,698
Other income	9,796	-	9,796	19,281
Total activities for generating funds	646,789	-	646,789	532,772
Investment income:				
Fixed interest securities	11,488	-	11,488	15,715
Equities (UK)	46,135	-	46,135	52,979
Equities (Overseas)	3,244	-	3,244	1,523
Short term deposits	4,738	-	4,738	613
UK unit trusts	9,049	-	9,049	4,026
Rebates on unit trusts	28,847	-	28,847	28,737
Total investment income	103,501	-	103,501	103,593

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	1,894,116	-	1,894,116	1,706,721
Veterans Agency capitation grant	268,189	-	268,189	289,218
Total incoming resources from charitable activities	2,162,305	-	2,162,305	1,995,939

NOTES TO THE CONSOLIDATED ACCOUNTS

For the year ended 31 December 2011

4. Analysis of resources expended

	Unrestricted £	Restricted £	2011 Total £	2010 Total £
Resources expended				
Cost of generating voluntary income				
Telephone, rates, utilities and insurances	1,498	-	1,498	1,431
Advertising and publicity	3,765	-	3,765	21,299
Administration salaries and associated costs	16,947	-	16,947	15,573
Fundraising salaries and associated costs	84,155	-	84,155	82,307
Fundraising , advertising and publicity	22,738	1,000	23,738	26,934
	129,103	1,000	130,103	147,544

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	515	-	515	4,868
Fundraising event costs	7,673	1,000	8,673	12,637
Fundraising salaries and associated costs	5,675	-	5,675	14,070
Payphones	201	-	201	631
	14,064	1,000	15,064	32,206
Investment management fees	20,164	-	20,164	19,029

Total cost of generating funds	163,331	2,000	165,331	198,779
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NOTES TO THE CONSOLIDATED ACCOUNTS

For the year ended 31 December 2011

4. Analysis of resources expended (continued)

	Unrestricted £	Restricted £	Direct £	Other £	2011 Total £	2010 Total £
Resources expended						
Cost of charitable activities						
Nursing care	856,900	8,405	865,305	-	865,305	793,507
Nursing care - agency staff	22,299	-	22,299	-	22,299	9,876
Health care assistants	1,025,053	7,862	1,032,915	-	1,032,915	985,187
Health care assistants - agency staff	21,865	-	21,865	-	21,865	8,450
Physiotherapy	94,375	-	94,375	-	94,375	85,952
Alternative therapy	-	800	800	-	800	-
Occupational therapy	107,670	11,899	119,569	-	119,569	98,970
Speech therapy	23,266	5,000	28,266	-	28,266	24,445
Kitchen	111,019	-	111,019	-	111,019	112,840
Kitchen - agency staff	5,723	-	5,723	-	5,723	3,086
Housekeeping	233,108	-	233,108	-	233,108	235,259
Drivers	27,598	-	-	27,598	27,598	26,544
Chaplain	1,321	7,200	-	8,521	8,521	8,474
Administration	300,712	-	-	300,712	300,712	276,252
Administration - agency staff	209	-	-	209	209	-
Maintenance	71,954	-	-	71,954	71,954	66,628
Gardener	11,512	-	-	11,512	11,512	7,290
	2,914,584	41,166	2,535,244	420,506	2,955,750	2,742,760
Closed pension scheme costs:						
Current service cost	-	-	-	-	-	34,000
Charges	23,000	-	-	23,000	23,000	-
Pension Protection Fund Levy	461	-	-	461	461	532
* Contributions	-	-	-	-	-	-
Curtailment gains	-	-	-	-	-	-
Administration costs	-	-	-	-	-	-
Total payroll costs	2,938,045	41,166	2,535,244	443,967	2,979,211	2,777,292
Medical officer and locum fees	14,137	-	14,137	-	14,137	16,386
Provisions	110,768	-	110,768	-	110,768	104,203
Surgery, dispensary and therapy	47,327	738	48,065	-	48,065	45,438
Bad debts	2,244	-	2,244	-	2,244	-
Other finance costs/(income)	21,000	-	21,000	-	21,000	49,000
Depreciation	-	384,923	-	384,923	384,923	395,776
Vehicle running and travel costs	20,664	3,547	24,211	-	24,211	16,355
Hospital repairs and renewals	45,283	-	-	45,283	45,283	46,207
Domestic and kitchen repairs	12,747	-	-	12,747	12,747	15,317
Sundries	10,207	3,021	-	13,228	13,228	15,811
Property maintenance	56,664	-	-	56,664	56,664	28,140
Gardening	3,353	100	-	3,453	3,453	8,420
Repairs and renewals of equipment	7,652	-	-	7,652	7,652	11,547
Laundry and cleaning	62,157	-	-	62,157	62,157	69,422
Utilities	113,103	-	-	113,103	113,103	113,515
Insurance	39,842	-	-	39,842	39,842	37,599
Computer costs	9,404	-	-	9,404	9,404	7,155
Bank charges	3,333	-	-	3,333	3,333	2,974
Other fees and subscriptions	72,308	-	-	72,308	72,308	88,072
Printing, stationery and publications	13,995	-	-	13,995	13,995	9,793
Postage and telephones	15,279	-	-	15,279	15,279	13,466
Total non-payroll costs	681,467	392,329	220,425	853,371	1,073,796	1,094,596
Total cost of charitable activities	3,619,512	433,495	2,755,669	1,297,338	4,053,007	3,871,888

* Comparative amended to reflect re-analysis, contribution description changed.

NOTES TO THE CONSOLIDATED ACCOUNTS

For the year ended 31 December 2011

4. Analysis of resources expended (continued)

	Unrestricted £	Restricted £	2011 Total £	2010 Total £	
Resources expended					
Governance costs					
Staff costs	21,069	-	21,069	19,631	
Insurance	1,588	-	1,588	1,571	
Trustee training	-	-	-	-	
Audit fees - Charity	9,288	-	9,288	8,275	
Audit fees - Subsidiary company	2,146	-	2,146	1,874	
Accountancy fees	-	-	-	617	
Total governance costs	34,091	-	34,091	31,968	
Analysis of total resources expended					
	Staff costs	Depreciation	Other	2011 Total £	2010 Total £
Provision of residential care					
Provision of services and support costs	2,979,211	384,923	688,873	4,053,007	3,871,888
Other expenditure					
Fundraising, publicity and other	106,929	-	58,402	165,331	198,779
Management and administration	21,069	-	13,022	34,091	31,968
Total resources expended	3,107,209	384,923	760,297	4,252,429	4,102,635

NOTES TO THE CONSOLIDATED ACCOUNTS

For the year ended 31 December 2011

5. Trustees and employees

	2011	2010
	Total	Total
	£	£
Staff costs during the year were as follows:		
Wages and salaries	2,843,954	2,676,606
Social security costs	233,237	221,107
Pensions costs:		
Defined benefit scheme *	-	-
Defined contribution scheme	30,018	26,000
	3,107,209	2,923,713

* See cost detail at note 6.

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

	2011	2010
	Total	Total
Nurses and health care assistants	75	72
Fundraising	4	3
Other	39	42
	118	117

No trustees received any remuneration for their services or any reimbursement of expenses for the year ended 31 December 2011 (2010: nil).

A premium of £1,588 was paid during the year for trustee's indemnity insurance (2010: £1,570).

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

	2011	2010
£60,001 - £70,000	-	-
£70,001 - £80,000	-	1
£80,001 - £90,000	1	1
£90,001 - £100,000	1	-

During the year pension contributions of £7,714 (2010: £7,041) 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 2011

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 2011 and was prepared by a qualified actuary. Based on the actuarial valuation, the market value of the pension fund assets at 31 December 2011 excluding insured pensioners was £2,584,000 (2010: £2,566,000).

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 Charity 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. Following the triennial actuarial valuation to 31 March 2010 the contribution rate has been increased to £160,000 annually. The contributions were backdated to 1 April 2011.

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:

	2011	2010	2009
Price inflation	2.20%	3.00%	3.70%
Salary inflation	N/A	N/A	N/A
Rate of increase in pensions in payment	3.00%	3.50%	3.70%
Rate of revaluation of pensions in deferment	2.20%	3.00%	3.70%
Rate used to discount schemes liabilities	4.70%	5.40%	5.70%

At 31 December 2011 the assets in the scheme and expected long-term rate of return have been estimated by the actuary to be:

	Rate of return	2011	Rate of return	2010	Rate of return	2009
	%	£	%	£	%	£
Equities	7.80%	1,530,000	8.00%	1,604,000	8.50%	1,496,000
Bonds	4.70%	454,000	5.40%	426,000	5.70%	276,000
Gilts	2.80%	228,000	4.20%	171,000	4.50%	248,000
Cash	0.50%	372,000	0.50%	365,000	0.50%	282,000
Annuities	N/A	-	N/A	-	N/A	-
Total market value of assets		2,584,000		2,566,000		2,302,000
Present value of scheme liabilities		(3,286,000)		(3,118,000)		(3,354,000)
(Deficit)/surplus in the scheme		(702,000)		(552,000)		(1,052,000)

Net pension (deficit)/asset	(702,000)	(552,000)	(1,052,000)
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NOTES TO THE CONSOLIDATED ACCOUNTS

For the year ended 31 December 2011

6. Retirement benefits

	2011	2010
	£	£
Amounts included in total resources expended :		
Current service costs	-	34,000
Total amount included in total resources expended	-	34,000
	2011	2010
	£	£
Analysis of net return on scheme:		
Expected return on pension scheme assets	147,000	142,000
Interest on pension scheme liabilities	(168,000)	(191,000)
Net return	(21,000)	(49,000)
	2011	2010
	£	£
Amounts included in other recognised gains and losses:		
Difference between actual and expected return on scheme assets	(205,000)	115,000
Experience gains and losses arising on the scheme liabilities	(50,000)	128,000
Changes in assumptions underlying the present value of scheme liabilities	(25,000)	231,000
Total actuarial gain/(loss) recognised in the statement of recognised gains and losses	(280,000)	474,000
	2011	2010
	%	%
Amounts included in other recognised gains and losses:		
As a % of scheme assets:		
Difference between actual and expected return on scheme assets	7.80%	4.40%
As a % of present value of scheme liabilities:		
Experience gains and losses arising on the scheme liabilities	1.50%	4.00%
Changes in assumptions underlying the present value of scheme liabilities	7.00%	7.00%
Total actuarial gains and losses in net movement of funds	8.40%	15.00%
	2011	2010
	£	£
Analysis of movement in scheme during the year:		
(Deficit) in the scheme at the beginning of the year	(552,000)	(1,052,000)
Current service cost	-	(34,000)
Curtailed gains	-	-
Charges	(23,000)	-
Contributions	174,000	109,000
Other finance income/(costs)	(21,000)	(49,000)
Actuarial (loss)/gain	(280,000)	474,000
Deficit in the scheme at the end of the year	(702,000)	(552,000)

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.

Charge over assets

In 2009 security over the property of QAHH was sought to reduce the Pension Protection Fund levy (PPF). This security was agreed by the PPF in 2010 and is currently in place. The security is renewed annually and can be removed at anytime, but will result in the re-instatement of the full PPF levy.

NOTES TO THE CONSOLIDATED ACCOUNTS

For the year ended 31 December 2011

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 purposes.

8. Tangible Fixed Assets

Group	Freehold property	Plant and equipment	Motor vehicles	Total
	£	£	£	£
Cost or valuation				
At 1 January 2011	7,440,100	818,473	208,840	8,467,413
Additions	567,713	58,940	-	626,653
Disposals	-	-	-	-
At 31 December 2011	8,007,813	877,413	208,840	9,094,066
Depreciation				
At 1 January 2011	1,798,741	474,864	206,894	2,480,499
Provided in period	305,716	77,286	1,946	384,948
On disposals	-	-	-	-
At 31 December 2011	2,104,457	552,150	208,840	2,865,447
Net book value at 31 December 2011	5,903,356	325,263	-	6,228,619
Net book value at 31 December 2010	5,641,359	343,609	1,946	5,986,914

Charity	Freehold property	Plant and equipment	Motor vehicles	Total
	£	£	£	£
Cost or valuation				
At 1 January 2011	7,603,370	818,473	208,840	8,630,683
Additions	567,713	58,940	-	626,653
Disposals	-	-	-	-
At 31 December 2011	8,171,083	877,413	208,840	9,257,336
Depreciation				
At 1 January 2011	1,798,741	474,864	206,894	2,480,499
Provided in period	305,716	77,286	1,946	384,948
On disposals	-	-	-	-
At 31 December 2011	2,104,457	552,150	208,840	2,865,447
Net book value at 31 December 2011	6,066,626	325,263	-	6,391,889
Net book value at 31 December 2010	5,804,629	343,609	1,946	6,150,184

NOTES TO THE CONSOLIDATED ACCOUNTS

For the year ended 31 December 2011

9. Fixed Asset Investments

	2011 Total £	2010 Total £
Quoted Investments		
Market value at 1 January 2011	4,601,022	4,206,079
Additions	632,748	1,497,194
Disposals	(763,441)	(1,494,715)
Net realised/unrealised gains/(losses)	(349,235)	392,464
Market value at 31 December 2011	4,121,094	4,601,022
Short term deposits	85,539	170,634
Investments (Group) (Historical cost £3,867,584 [2010: £4,067,999])	4,206,633	4,771,656
Investments in group undertakings at 1 January 2011 And at 31 December 2011	2	2
Investments (Charity) (Historical cost £3,867,586 [2010: £4,068,001])	4,206,635	4,771,658

	2011 Total £	2010 Total £
Analysed as:		
Fixed interest securities - unit trusts	439,456	456,628
Equities - UK	2,110,321	2,451,133
Property funds - UK	111,595	133,779
Property funds - Overseas	117,005	92,184
Equities - Overseas	836,256	879,844
Commodities	171,137	193,252
Alternatives - other	95,573	96,771
Hedge Funds	239,751	297,431
	4,121,094	4,601,022

	2011 Total £	2010 Total £
Holdings which exceed 5% of the total portfolio at 31 December 2011 are:		

Schroder UK Alpha Plus Fund Income Units	613,942	683,546
Schroder Charity Equity Fund A Income Units	379,578	680,663
Schroder Income Fund A Income Units	348,704	394,906
AXA Framlington UK Select	276,753	-

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 2011

10. Stocks

	2011		2010	
	Group £	Charity £	Group £	Charity £
Consumable stores	10,093	10,093	11,644	11,644
Total consumable stores	10,093	10,093	11,644	11,644

11. Debtors

	2011		2010	
	Group £	Charity £	Group £	Charity £
Resident contributions receivable	82,073	39,380	194,043	98,809
Group debtors	-	-	-	-
Capitation fees receivable	21,181	21,181	21,682	21,682
Legacies receivable	14,100	14,100	155,562	155,562
Income tax recoverable	2,125	2,125	3,943	3,943
Prepayments and other debtors	45,742	45,757	34,785	34,785
Gift aid donations from trading subsidiary	-	57,294	-	103,257
Trade debtors	-	-	-	-
Total Debtors	165,221	179,837	410,015	418,038

12. Creditors: amounts falling due within one year

	2011		2010	
	Group £	Charity £	Group £	Charity £
Trade creditors	51,951	51,951	58,980	58,980
Staff remuneration	43,547	43,547	42,079	42,079
Pension	6,339	6,339	4,912	4,912
Social security and other taxes	60,206	60,206	58,756	58,756
Amounts owed to group undertakings	-	-	-	-
Other creditors and accruals	98,957	97,040	80,003	78,124
Total Creditors	261,000	259,083	244,730	242,851

NOTES TO THE CONSOLIDATED ACCOUNTS

For the year ended 31 December 2011

13. General fund

	2011		2010	
	Group £	Charity £	Group £	Charity £
Revenue fund				
At 1 January 2011	4,951,095	4,951,097	4,079,866	4,079,868
Retained surplus/(deficit) for the year	(511,986)	(511,986)	923,759	923,759
Transfer from/(to) restricted funds	(303,432)	(303,432)	(52,530)	(52,530)
	4,135,677	4,135,679	4,951,095	4,951,097

14. Restricted and endowment funds

Group	Endowment Funds	Capital Fund	Phase 3 Funds	Capital Expenditure Fund	Other Restricted Funds	Total
	£	£	£	£	£	£
Revenue fund						
At 1 January 2011	120,212	5,965,914	129,238	-	49,193	6,264,557
Incoming resources	-	-	152,890	-	124,930	277,820
Expenditure	-	(384,923)	-	-	(87,451)	(472,374)
Transfers between funds	-	320,628	(282,128)	-	(1,620)	36,880
Transfers from/(to) Revenue Fund	(10,068)	306,000	-	-	7,500	303,432
At 31 December 2011	110,144	6,207,619	-	-	92,552	6,410,315

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 and is now closed due to completion of the Phase 3 project; 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 2011	120,212	6,129,184	129,238	-	49,193	6,427,827
Incoming resources	-	-	152,890	-	124,930	277,820
Expenditure	-	(384,923)	-	-	(87,451)	(472,374)
Transfers between funds	-	320,628	(282,128)	-	(1,620)	36,880
Transfers from/(to) Revenue Fund	(10,068)	306,000	-	-	7,500	303,432
At 31 December 2011	110,144	6,370,889	-	-	92,552	6,573,585

NOTES TO THE CONSOLIDATED ACCOUNTS

For the year ended 31 December 2011

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	89,144	-	-	110,144
	21,000	89,144	-	-	110,144
Restricted fund					
Capital fund	6,207,619	-	-	-	6,207,619
Capital expenditure fund	-	-	-	-	-
Refurbishment and revenue fund	-	-	92,552	-	92,552
Phase 3 restricted fund	-	-	-	-	-
	6,207,619	-	92,552	-	6,300,171
Unrestricted fund					
Revenue fund	-	4,117,489	18,188	-	4,135,677
(including unrealised losses of £368,188)					
Pension fund liability	-	-	-	(702,000)	(702,000)
	-	4,117,489	18,188	(702,000)	3,433,677
Group	6,228,619	4,206,633	110,740	(702,000)	9,843,992

Charity	Tangible Fixed Assets	Investments	Net Current Assets	Creditors due > 1year	Total
	£	£	£	£	£
Endowment fund					
Capital fund	21,000	89,144	-	-	110,144
	21,000	89,144	-	-	110,144
Restricted fund					
Capital fund	6,370,889	-	-	-	6,370,889
Capital expenditure fund	-	-	-	-	-
Refurbishment and revenue fund	-	-	92,552	-	92,552
Phase 3 restricted fund	-	-	-	-	-
	6,370,889	-	92,552	-	6,463,441
Unrestricted fund					
Revenue fund	-	4,117,491	18,188	-	4,135,679
(including unrealised losses of £368,188)					
Pension fund liability	-	-	-	(702,000)	(702,000)
	-	4,117,491	18,188	(702,000)	3,433,679
Charity	6,391,889	4,206,635	110,740	(702,000)	10,007,264

16. Capital commitments

There were no capital commitments at 31 December 2011 (2010: None).

NOTES TO THE CONSOLIDATED ACCOUNTS

For the year ended 31 December 2011

17. Related party transactions

No transactions with related parties were undertaken such as are required to be disclosed under FRS8 or the SORP (2010: £294).

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 2011 were as follows:

	QAHH Services Limited	QAHH Services Limited
	2011	2010
	£	£
Turnover	618,817	494,697
Cost of sales	474,035	344,352
	<hr/>	<hr/>
Other operating income and charges	144,782	150,345
	2,488	2,088
Profit/(loss) on ordinary activities before taxation	142,294	148,257
Appropriation to holding company	(142,294)	(148,257)
(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 deficit of £316,254 (2010: surplus £213,073) 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.

Further copies of this document are available from:

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