



## **Annual Report & Accounts**

**For the year ended 31st December 2012**

**Registered Charity No.1072334**

**Company No.3646570**



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## CHAIRMANS REPORT

### Chairman's Report

Our mission, as was set out over 94 years ago when founded, 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, for their spouses and partners. We also take a small proportion of non ex-Service residents. To this day we believe we have succeeded in our mission and we will strive to continue this success in the years to come.

### Our Approach to our Mission

In order to provide the highest quality of care for our residents, we are committed to investing in our staff and facilities. One further upgrade remains to be completed – that of our Kitchen and Catering Areas. A Capital Appeal is under consideration, which if agreed, is likely to be launched in 2013. Its aim will be to raise the funding for this most important project – after all it is said that “an Army marches on its stomach”. Once completed the new facilities will equip the Hospital Home for high standards of culinary output well into the 21st Century and which will be more than able to meet any of the increasing medical and dietary needs of our residents.

I am inspired by our colleagues' commitment which underpins the approach we currently adopt in the running and management of QAHH and will continue to do over the coming years.

The Queen Alexandra Hospital Home will continue to have an excellent reputation for the care and rehabilitation of physically disabled ex-Service personnel and their spouses and partners as well as those who suffer with progressive and/or complex neurological conditions. The United Kingdom currently has 3.6million ex-Service men and women, so the scope for support from Charities such as ours is huge and will continue to be so as our Armed Forces are further engaged overseas.

### Our Ongoing Challenges are:

- To continue to provide the highest quality of nursing care and rehabilitation
- To be the leading National provider for the care and - rehabilitation of those with a progressive and / or complex neurological conditions
- To continue to raise the necessary funds to allow us to develop further all of our nursing and rehabilitation services.
- To raise the necessary funds required to complete the final phase of upgrading our kitchen and catering areas.
- To raise the profile and awareness of “The Queen Alexandra Hospital Home”, the oldest established surviving home, both locally and across the Country. It is our duty to ensure that with the help of the Nation and ongoing fundraising and Donations we will be able to meet the demands of the next 94 years of service

I would like to thank all my fellow Trustees for the time they give to overseeing the strategic direction and financial affairs of the Charity

I also thank all members of the QAHH staff and volunteers who work so hard, and with great commitment and cheerfulness, to bring an increased quality of life to all our residents.

Finally, thanks to the Senior Management Team of John Paxman, the Chief Executive and Valerie Walker, the Director of Nursing and Operations, for their continued commitment to QAHH.

We look forward to another year of challenges, trials and jubilation as we seek to overcome the challenges of supporting a charity in the current difficult financial climate.

**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 2012.

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 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 one subsidiary company, QAHH Services Limited (company number 5802953) incorporated 2 May 2006. QAHH Limited (company number 5064367) incorporated 4 March 2004 was dissolved on 20 November 2012. The company is 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 oversee the governance of QAHH. The Board meets four times a year.

Between Board meetings, two appointed Trustees will carry out Trustees' Rounds and makes a detailed inspection of all departments. 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. They are not normally eligible for a further re-appointment. An induction programme is in place for new trustees.

The Board manages the business and affairs of QAHH and at its meetings the Board reviews the performance of QAHH. There is one subcommittee overseeing the financial affairs of QAHH.

It also considers and approves the operational and capital budgets. The Board has established levels of authority to ensure proper accountability and transparency.

The Board also appoints the Chief Executive Officer, who reports to the Chairman and is accountable to the Board. He attends meetings of the Board and the Finance committee. The current Chief Executive is John Paxman. He is the Nominated Individual under the requirements of our registration body – the Care Quality Commission (CQC) – and is the point of contact in all matters emanating from CQC.

The Board also appoints the Director of Nursing and Operations who is the Registered Manager, under the CQC requirements and is responsible for the overall delivery of all care and operational services. The current Director of Nursing and Operations (known internally as Matron) is Valerie Walker. She also attends the Board meetings and those of the sub-committee. She is assisted by four senior nurses and together they lead a large staff making for a strong and committed team.

### Related parties

The Charity's wholly owned subsidiary 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. The company gift aids any profits to the Charity.

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## REPORT OF THE TRUSTEES

### Our Aims and Objectives

#### Purpose and Aims

Casualties from the First World War reached appalling numbers and the Charity was established in 1919 to care for physically 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. The review also helps us to ensure that 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 applications from all backgrounds and from 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 also 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 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 QAHH.
- 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 2012 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 57 residents out of our maximum of 60 beds.
- To raise funding in the region of £450,000 for the kitchen and catering areas upgrade.
- To further ensure the long-term future by maintaining cordial relationships with local NHS bodies, PCT's and their successors, the Armed Forces, all ex-Service organisations and maintain a high profile.
- To continue the process to achieve a balanced budget.

### Overview of 2012:

2012 was financially a difficult year nationally and for the care sector in particular, as funders sought to negotiate fees downwards and local authorities, in particular, who were unwilling to fund new applicants for residential care. The national economic situation affected the attainment of the stated objectives for the year.

- QAHH continued to satisfy the needs and requirements of all our residents.
- Bed applications during the year were down on 2011 due to funding difficulties from many applicants.
- There were 19 new permanent residents during 2012 a reduction of 10% on the previous year - however these new permanent residents were of more complex medical conditions and therefore attracted a higher fee level.
- There were also 41 respite residents who on average stayed 3 weeks during 2012 - an increase of 12% on 2011.

- QAHH will continue to accept short stay respite applications as these invariably result in a permanent application at a later stage, if/when the applicants medical condition deteriorates.
- Fundraising for the last upgrading project was delayed until 2013 due to the national financial situation and the acceptance that any new fundraising appeal would struggle to achieve its target during 2012.
- Close ties remained with the NHS-funding bodies for complex cases - and the rise in placements from expensive, NHS-run facilities, continued. With a busy multi-disciplinary team set-up at QAHH which few other organisations are able to offer, we foresee an increase in placements of the more complex neurological-type cases to QAHH in 2013/14.
- Fundraising in order to reduce the operational deficit continued. In a difficult fundraising environment, there was a 14% increase in voluntary funds on that raised in 2011 excluding Legacy and Restricted Capital Appeals.
- Maintaining cordial relationships locally and beyond continued, with all organisations and bodies throughout the year.
- The quarterly trust receptions attracted over 250 specialist visitors on these specific occasions; members of the management and the fundraising team regularly presented to local organisations and groups throughout the year; attracted over a thousand paying visitors; the inaugural QAHH Christmas Bizarre saw over 500 visitors; the annual carol concert at Lancing College attracted the largest crowd yet seen and tickets were sold out two weeks prior to the event.

### Our Objectives for 2013 are:

- To seek to maintain bed numbers at 55 average weekly bed occupancy.
- Raise funding for the kitchen and catering areas upgrade with the launch of a Capital Appeal.
- Continue the close working relationship with local NHS funding bodies.
- 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

## 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 wives and dependents. Few other organisations are able to offer the nursing care to the level of QAHH with our multi-disciplinary approach and with our upgraded and very modern facilities. Most are more commonly concerned with the less costly area of Residential or Dementia care.

Work continued throughout the year on the Gold Standard Framework with staff training and seminars. Work will continue internally for all staff involved and the aim will be to raise the current grading of Commend Status to Beacon Status, at the next accreditation period which will conclude in 2014.

2012 saw an increase in the demand for beds at QAHH - but many applications failed during the year as funding difficulties were encountered by the applicants, who had their cases refused by national funding bodies (Social Services). 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. We have seen a rise in NHS placements, particularly in the area of care and rehabilitation of a younger category of resident who suffers from neurological and complex progressive disabilities.

All new applicants are visited in their home by the Director of Nursing and Operations or one of her senior nursing team 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 a Health Care Assistants (HCA). 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 the Hospital Home is now well-known, particularly so for the multi-disciplinary approach to our nursing care and rehabilitation and for the full range of specialists and facilities that the Hospital Home now possesses.

During 2012 QAHH was approached by NHS funding bodies, outside of the usual catchment areas of the Home Counties, with enquiries for possible placements for their progressive and complex neurological cases because of our multi-disciplinary approach and treatments which are delivered on-site to QAHH by all the differing rehabilitation specialists.

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 2012 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 necessity 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 and two evenings per week. QAHH is expanding the facilities in the OT and Physiotherapy department on a continual basis.

Maintenance work continued throughout 2012 on various parts of the buildings – both internally and externally. Parts of the 'old house' require constant upkeep and maintenance work, which is always carried out and this was completed during the year on the central heating system and externally on south-facing windows during 2012. Most major areas have now been upgraded throughout QAHH over the past 10 years, and all that remains is the final upgrade to the kitchen and catering areas which it is planned to undertake in early 2015, subject to full funding being raised.

The garden areas of QAHH are frequently praised and this is very much due to the sterling efforts of the small gardening team. They have worked away quietly and with great diligence in 2012 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.



## REPORT OF THE TRUSTEES

### Review of Activities (continued)

The raised wheelchair-height garden for residents' use which was built and completed in the 2010 came fully into its own again in 2012 and was much in use by residents, for lettuce plants and summer soft fruits. Again we have to thank our small gardening team for all the work they undertook to assist and join in with the active gardening residents in this part of the QAHH garden – 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 has continued to develop and have introduced many new and exciting innovations with regard to the rehabilitation needs 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 member to review and plan the next 6 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 undertake. All the MDT team members again attended at least one specialist course during 2012, linked to their specialist field and this policy of updating and extending their knowledge and experience in their specialist area will continue.

QAHH's links with the MOD continued throughout 2012 and 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. Contacts with the Defence Medical Rehabilitation Centre (DMRC) at Hedley Court, at Dorking continued. QAHH continues to be a preferred placement site for any future injured Service personnel who, on discharge from DMRC require short-to-medium nursing care and rehabilitation in a residential setting and who have family connections in the south-east. Links were further developed with the Personnel Recovery Unit in Aldershot who have been set up to co-ordinate post-injury matters for wounded Service personnel in the south-east, on discharge from DMRC or from hospital. We again welcomed at our annual Summer Open Day in July the Band of the Adjutant General's Corps who gave a superb marching performance.

We thank them all for their interest and participation with QAHH. We also particularly thank those members of HM Forces who again undertook numerous sponsored marathon runs on behalf of QAHH during 2012.

The QAHH Fundraising department is now well established and has proved very effective in raising and attracting funding for specific areas of need within the Hospital Home, despite the difficult and challenging economic environment. It is foreseen that fundraising will continue to be a difficult area for the next 3/4 years and our focus in this period will be to raise the specific funding to complete the final upgrading project of the kitchen and catering areas - which will require a sum in the region of £300,000.

Links with the University of Sussex, the University of Brighton; and the Ministry of Defence continued with regular student nurse placements throughout the year as QAHH is a preferred placement site for all three. Following the annual Independent Educational Audits by the MOD and also University of Surrey, QAHH was again graded as Excellent by both.

2012 saw a marked increase in Volunteers at QAHH, with the establishment of a pilot Volunteer Coordinator post. Volunteers are an essential part of life at the Hospital Home and have been for many years. With the new Volunteer Coordinator role now in place, the management of the increasing body of volunteers at QAHH is better undertaken. Volunteers carry out many diverse roles at QAHH – manning the Coffee Shop every morning; acting as Ward Secretaries; Fundraising Researchers; Gardeners; specific visitors to residents; newspaper readers for severely disabled residents; pushers of wheelchairs on outings and visits; and many other activities. We sincerely thank them for all they do - and undertook in 2012 - to enhance the lives of the residents.

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;

## REPORT OF THE TRUSTEES

### Review of Activities (continued)

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 including: the Not Forgotten Association; The Lest We Forget Association; the Royal Naval Association; the Royal Air Force Association; the Worthing Rotarians; and the local branches of the Royal British Legion. We thank them all.

QAHH continues to attract and retain excellent staff by offering an attractive staff development package of pay and conditions. This is regularly reviewed and benchmarked with other care homes.

Training continues to be a very high priority and is under the management of the Director of Nursing and Operations. Apart from all mandatory training that is undertaken 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 team of staff which further translates into minimum disruption to our residents.

### Policy

The policy of the Trustees continues to be that of maintaining the Queen Alexandra Hospital Home 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 is also to continue to commit the organisation to further enhance and improve services and facilities, as funds become available.

### Organisation

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

He is supported by the Director of Nursing and Operations who, as the Registered Manager, 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 at QAHH.

### Review of the year

#### Financial overview

The statement of financial activities is set out on page 16. The Charity received total income of £3.7m down 9% on 2011 (2011: £4.06m).

The income was attributed to the following:

**Legacy** income fell in 2012 with income of £263,337 (2011: £546,328), a significant reduction from 2011.

**Donations**, individual and from Charitable foundations and HM Forces (including Restricted Capital Appeals) fell by 12% to £531,733 in 2012 from £603,162 in 2011.

**Investment income** reduced slightly at £95,324 in 2012 from £103,501 in 2011.

**Fee income** fell by 2% to £2,113,333 in 2011 from £2,162,305 in 2011.

#### Review of the year

The net movement in funds for the year was a reduction of £410,403 (2011: reduction £819,660) after accounting for :

**Realised gains** on investments of £145,462 (2011: gains £18,872),

**Un-realised gains** of £269,413 (2011: losses £368,188) and

**Actuarial losses** of £92,000 (2011: losses of £280,000) in respect of the defined benefit pension scheme.

**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 12.3% up against the benchmark of 9.0% (2011: -5.5% against benchmark of -1.0%).

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.

## 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 2012 we received £795,110 (2011: £1,149,490) in donations through the generosity of our community, companies and charitable trusts. An additional £25,589 (2011: £18,176) was raised from fundraising events, raffles and collections. Restricted funds for the Phase 3 project amounted to £10,000 (2011: £152,890).

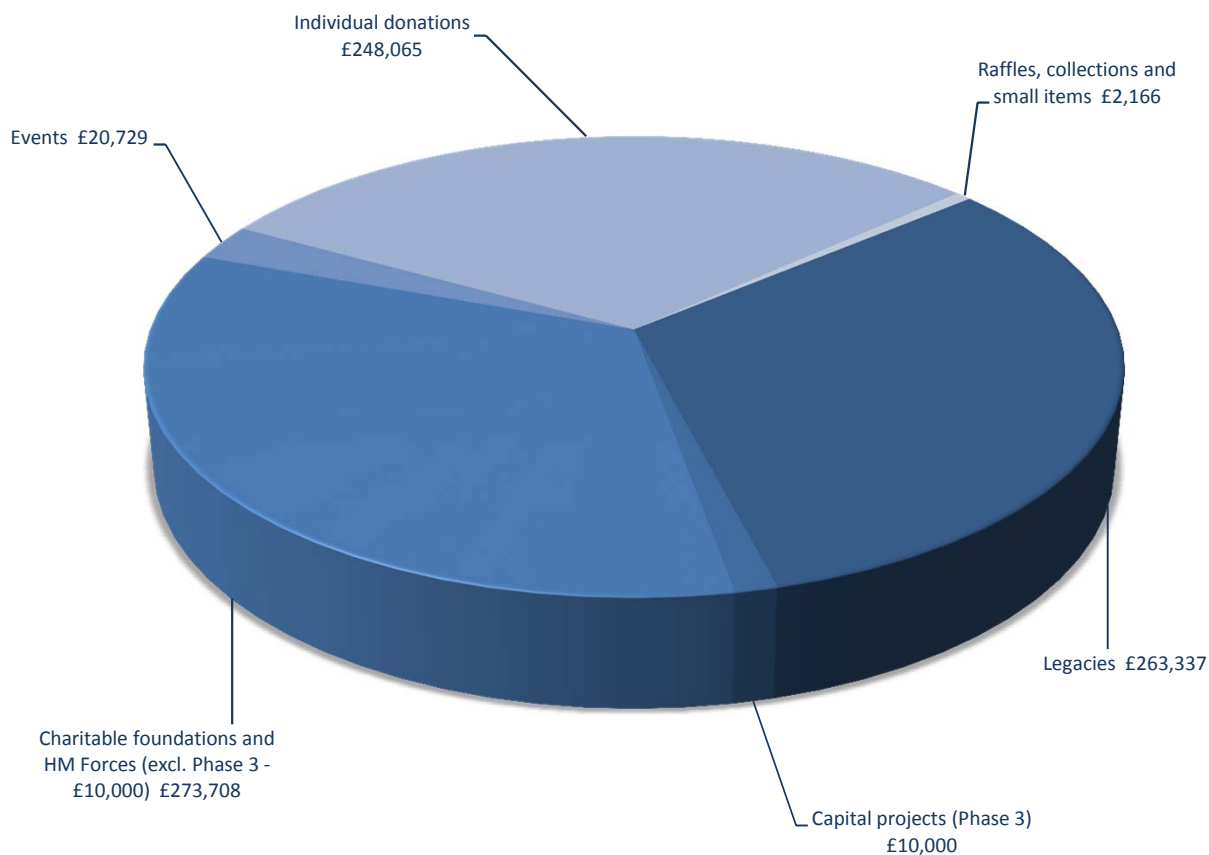
#### Fundraising expenditure

Fundraising salaries, marketing and publicity costs amounted to £152,684 (2011: £130,103) with events and associated fundraising costs amounting to £12,291 (2011 £14,348).

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 2012 included:

- Funding of £27,000 was raised for a Neuropsychologist service at QAHH.
- Corporate fundraising increased significantly to £57,403 (2011: £18,442) and was the most successful year to date with 'Charity Partnerships of the Year' providing not only financial donations but small gifts in kind and volunteer manpower at events and in the QAHH garden.
- The most successful Open Day to date raised in excess of £10,000 (2011: £9,167) and attracted over 600 people.
- The Christmas Bazaar - a new annual QAHH in house event was piloted and raised over £2,800.



## 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.

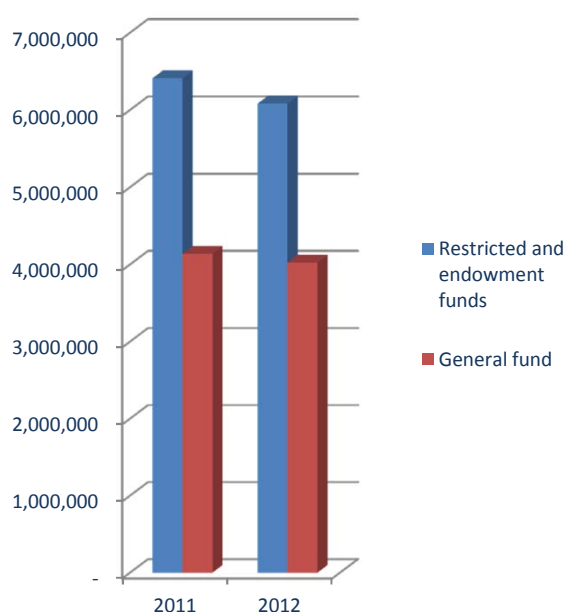
### Unrestricted Fund

The total unrestricted reserves fund of £3.35million (2011: £3.43million) represents the general reserve fund less the deduction for the pension reserve fund, this equates to 9 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.

At the end of the year, the restricted reserves including the endowments stood at £6,081,065 (2011: £6,410,315) of which £5,841,821 (2011: £6,207,619) represents our investment in capital items, the buildings and equipment that constitute the Home. Capital expenditure and other restricted funds £120,709 (2011: £92,552) and the permanent endowment of £118,506 (2011: £110,144) 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 Europe ex UK           |
| 4%   | FTSE United States          |
| 2.5% | FTSE Japan                  |
| 2.5% | MSCI Far East ex Japan      |
| 3%   | MSCI Emerging Markets       |
| 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.

2012 saw a significant improvement in the performance of the investment portfolio. Net unrealised gains were made in the year of £269,413 (2011: losses £368,188). Net realised gains amounted to £145,462 (2011: gains £18,871). Cash drawdowns from the portfolio amounted to £495,000 but with the realised gains, unrealised gains and the investment income the portfolio only reduced in value by less than 0.5% in the year. The portfolio fell short of the 3 year rolling benchmark, with a return of 18.1% against the targeted composite index of 22.1%. (2011: 28.7% v. 34.2%). The Trustees held a review of existing potential Fund managers in 2011.

### 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 complex neurological conditions' rehabilitation service has been very successful: with a decreasing number of organisations qualified to the level of QAHH or 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.

With the continued sluggish state of the national economic climate, funding overall services at QAHH remains a major challenge. 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 exacerbated currently with a difficult housing market.

The aim of full-cost recovery for our nursing and rehabilitation services at QAHH, 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 five years ago, due in turn to factors concerned with the increasing cost and funding of care generally and because of the difficulty in accessing much-reduced central and local Government funding for residential care.

Despite these factors the Trustees are unanimously agreed in their policy not to reduce or dilute any of the nursing or rehabilitation services at QAHH and that any operational deficit will be filled by utilising every effort upon national fundraising.

Applications and requests for information on QAHH over the past 12 months have continued to increase, particularly through our website ([www.qahh.org.uk](http://www.qahh.org.uk)) which is now the most commonly used method for accessing information on the Hospital Home. The website is updated and amended on a daily basis.

### 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 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 during 2012. With their continued support, we look forward to enhancing the delivery of our charitable services.

This report was approved by the Trustees

on **15th May 2013** and signed on their behalf by:



**CPJ Field JP**

**Chairman**

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## 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

|                              |          |                              |
|------------------------------|----------|------------------------------|
| <sup>1</sup> CPJ Field JP    | Chairman |                              |
| <sup>1</sup> Mrs J Annis     |          |                              |
| I Eady                       |          | resigned 9th May 2012        |
| DLE Jones FCA                |          | resigned 9th May 2012        |
| <sup>1</sup> GR Jordan       |          |                              |
| Dr P Hughes                  |          |                              |
| Air Vice-Marshal P Millar CB |          |                              |
| Mrs R Taylor                 |          | appointed 13th February 2013 |
| Captain C Pile RN            |          |                              |
| <sup>1</sup> AMA Price JP    |          | appointed 9th May 2012       |
| Brigadier WE Shackell CBE    |          | resigned 9th May 2012        |
| <sup>1</sup> M Walker JP FCA |          |                              |
| J Williams                   |          | appointed 9th May 2012       |

### Committee members

<sup>1</sup> Member of Finance Committee at 31 December 2012

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 2012 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 trustees 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 151 of 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](http://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 2012, 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.

**E M Houghton ACA FCCA DChA (Senior Statutory Auditor)**

**for and on behalf of Carpenter Box LLP**

**Chartered Accountants**

**Statutory Auditor**

**Worthing**



**16th May 2013**

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 2012

|  | Note | Unrestricted<br>Funds<br>£ | Endowment &<br>Restricted Funds<br>£ | 2012<br>Total<br>£ | 2011<br>Total<br>£ |
|--|------|----------------------------|--------------------------------------|--------------------|--------------------|
| <b>Incoming resources</b>  |      |                            |                                      |                    |                    |
| Voluntary income   | 2    | 656,165                    | 138,945                              | 795,110            | 1,149,490          |
| Activities for generating funds  | 2    | 698,117                    | -                                    | 698,117            | 646,789            |
| Investment income  | 2    | 95,324                     | -                                    | 95,324             | 103,501            |
| <b>Incoming resources from generated funds</b>   |      | <b>1,449,606</b>           | <b>138,945</b>                       | <b>1,588,551</b>   | <b>1,899,780</b>   |
| <b>Incoming resources from charitable activities</b>   | 3    | <b>2,113,333</b>           | <b>-</b>                             | <b>2,113,333</b>   | <b>2,162,305</b>   |
| <b>Other incoming resources</b>  |      | <b>-</b>                   | <b>-</b>                             | <b>-</b>           | <b>-</b>           |
| <b>Total incoming resources</b>  |      | <b>3,562,939</b>           | <b>138,945</b>                       | <b>3,701,884</b>   | <b>4,062,085</b>   |
| <b>Resources expended</b>  |      |                            |                                      |                    |                    |
| Costs of generating voluntary income   | 4    | 152,684                    | -                                    | 152,684            | 130,103            |
| Fundraising trading: Costs of goods sold and other costs   | 4    | 12,930                     | 1,902                                | 14,832             | 15,064             |
| Investment management costs  | 4    | 17,344                     | -                                    | 17,344             | 20,164             |
| <b>Cost of generating funds</b>  | 4    | <b>182,958</b>             | <b>1,902</b>                         | <b>184,860</b>     | <b>165,331</b>     |
| <b>Charitable activities</b>   | 4    | <b>3,729,296</b>           | <b>487,121</b>                       | <b>4,216,417</b>   | <b>4,053,007</b>   |
| <b>Governance costs</b>  | 4    | <b>33,885</b>              | <b>-</b>                             | <b>33,885</b>      | <b>34,091</b>      |
| <b>Total resources expended</b>  |      | <b>3,946,139</b>           | <b>489,023</b>                       | <b>4,435,162</b>   | <b>4,252,429</b>   |
| <b>Net incoming/(outgoing) resources before transfers</b>  |      | <b>(383,200)</b>           | <b>(350,078)</b>                     | <b>(733,278)</b>   | <b>(190,344)</b>   |
| Transfers between funds  |      | (12,437)                   | 12,437                               | -                  | -                  |
| <b>Net incoming/(outgoing) resources and surplus/(deficit) of income over expenditure before other recognised gains and losses</b> |      | <b>(395,637)</b>           | <b>(337,641)</b>                     | <b>(733,278)</b>   | <b>(190,344)</b>   |
| Gains/(losses) on investment assets:   |      |                            |                                      |                    |                    |
| Realised   |      | 145,627                    | (165)                                | 145,462            | 18,872             |
| Unrealised   |      | 260,857                    | 8,556                                | 269,413            | (368,188)          |
| Actuarial gains/(losses) on defined benefit pension scheme   | 6    | (92,000)                   | -                                    | (92,000)           | (280,000)          |
| <b>Net movement in funds</b>   |      | <b>(81,153)</b>            | <b>(329,250)</b>                     | <b>(410,403)</b>   | <b>(819,660)</b>   |
| Funds balance brought forward  |      | 3,433,677                  | 6,410,315                            | 9,843,992          | 10,663,652         |
| <b>Funds balance carried forward</b>   |      | <b>3,352,524</b>           | <b>6,081,065</b>                     | <b>9,433,589</b>   | <b>9,843,992</b>   |

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 2012

|   | 2012<br>Total<br>£ | 2011<br>Total<br>£ |
|---|--------------------|--------------------|
| Income  | 3,701,884          | 4,062,085          |
| Realised (loss)/gain on disposal of investment assets | 145,462            | 18,872             |
| <b>Total income</b>                                   | <b>3,847,346</b>   | <b>4,080,957</b>   |
| <b>Total expenditure from income funds</b>            | <b>4,435,162</b>   | <b>4,252,429</b>   |
| <b>Net (expenditure)/income for the year</b>          | <b>(587,816)</b>   | <b>(171,472)</b>   |

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.

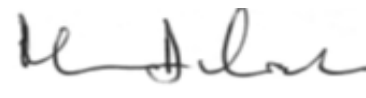
**BALANCE SHEETS**

As at 31 December 2012

|   | Note | Group              |                    | Charity            |                    |
|---|------|--------------------|--------------------|--------------------|--------------------|
|   |      | 2012<br>Total<br>£ | 2011<br>Total<br>£ | 2012<br>Total<br>£ | 2011<br>Total<br>£ |
| <b>Fixed assets</b>   |      |                    |                    |                    |                    |
| Tangible assets   | 8    | 5,862,821          | 6,228,619          | 6,026,091          | 6,391,889          |
| Investments   | 9    | 4,204,851          | 4,206,633          | 4,204,852          | 4,206,635          |
| <b>Total fixed assets</b>   |      | <b>10,067,672</b>  | <b>10,435,252</b>  | <b>10,230,943</b>  | <b>10,598,524</b>  |
| <b>Current assets</b>   |      |                    |                    |                    |                    |
| Stocks  | 10   | 8,333              | 10,093             | 8,333              | 10,093             |
| Debtors   | 11   | 175,752            | 165,221            | 209,896            | 179,837            |
| Cash at bank and in hand  |      | 115,236            | 196,426            | 79,171             | 179,893            |
|   |      | 299,321            | 371,740            | 297,400            | 369,823            |
| Creditors - amounts falling due within one year                                 | 12   | (261,404)          | (261,000)          | (259,483)          | (259,083)          |
| <b>Net current assets</b>   |      | <b>37,917</b>      | <b>110,740</b>     | <b>37,917</b>      | <b>110,740</b>     |
| Creditors - amounts falling due after more than one year                        |      | -                  | -                  | -                  | -                  |
| <b>Net assets before pension liability</b>                                      |      | <b>10,105,589</b>  | <b>10,545,992</b>  | <b>10,268,860</b>  | <b>10,709,264</b>  |
| Defined benefit pension scheme liability  |      | (672,000)          | (702,000)          | (672,000)          | (702,000)          |
| <b>Net assets after pension liability</b>                                       |      | <b>9,433,589</b>   | <b>9,843,992</b>   | <b>9,596,860</b>   | <b>10,007,264</b>  |
| <b>Capital funds</b>  |      |                    |                    |                    |                    |
| Endowment fund  | 14   | 118,535            | 110,144            | 118,535            | 110,144            |
| <b>Revenue funds</b>  |      |                    |                    |                    |                    |
| Restricted  | 14   | 5,962,530          | 6,300,171          | 6,125,800          | 6,463,441          |
| Unrestricted:   |      |                    |                    |                    |                    |
| Pension reserve fund  | 6    | (672,000)          | (702,000)          | (672,000)          | (702,000)          |
| General fund  | 13   | 4,024,524          | 4,135,677          | 4,024,525          | 4,135,679          |
| (including revaluation reserve £602,050 [2011: £337,267]) for Group and Charity |      |                    |                    |                    |                    |
| <b>Total unrestricted</b>   |      | <b>3,352,524</b>   | <b>3,433,677</b>   | <b>3,352,525</b>   | <b>3,433,679</b>   |
| <b>Net assets after pension liability</b>                                       |      | <b>9,433,589</b>   | <b>9,843,992</b>   | <b>9,596,860</b>   | <b>10,007,264</b>  |

Approved by the Board of Trustees on **15th May 2013**

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 2012

|  | Note     | 2012<br>Total<br>£ | 2011<br>Total<br>£ |
|--|----------|--------------------|--------------------|
| Net cash inflow/(outflow) from operating activities  | <i>a</i> | (553,225)          | 223,693            |
| Net cash inflow/(outflow) from financing   |          | -                  | -                  |
| Returns on investment and servicing of finance   | <i>b</i> | 95,324             | 103,501            |
| Capital expenditure and financial investments  | <i>c</i> | 462,296            | (495,960)          |
| Management of liquid resources   |          | (85,585)           | 85,039             |
| <b>Increase/(decrease) in cash in the year</b>   | <i>d</i> | <b>(81,190)</b>    | <b>(83,727)</b>    |
| <b>Notes to the Cash Flow Statement</b>  |          |                    |                    |
| <b>a. Reconciliation of net incoming/(outgoing) resources to net cash inflow/(outflow) from operating activities</b> |          |                    |                    |
| Net incoming/(outgoing) resources  |          | (733,278)          | (190,344)          |
| Investment income  |          | (95,324)           | (103,501)          |
| Depreciation   |          | 405,744            | 384,923            |
| (Gain)/loss on asset disposal  |          | -                  | -                  |
| (Increase)/Decrease in stock   |          | 1,760              | 1,551              |
| Decrease/(Increase) in debtors   |          | (10,531)           | 244,794            |
| (Decrease)in creditors   |          | (121,596)          | (113,730)          |
| <b>Net cash inflow/(outflow) from operating activities</b>   |          | <b>(553,225)</b>   | <b>223,693</b>     |
| <b>b. Returns on investments and servicing of finance</b>  |          |                    |                    |
| Investment income  |          | 95,324             | 103,501            |
| <b>Total investment income received</b>  |          | <b>95,324</b>      | <b>103,501</b>     |
| <b>c. Capital expenditure and financial investments</b>  |          |                    |                    |
| Capital expenditure  |          | (39,946)           | (626,653)          |
| Sales of tangible fixed assets   |          | -                  | -                  |
| Investment purchases   |          | (290,303)          | (632,748)          |
| Investment sales   |          | 792,545            | 763,441            |
| <b>Total capital expenditure and financial investment</b>  |          | <b>462,296</b>     | <b>(495,960)</b>   |
| <b>d. Reconciliation of net cash flow to movement in net debt</b>  |          |                    |                    |
| (Decrease)/Increase in cash in the year  |          | (81,190)           | (83,727)           |
| Cash outflow from financing in the year  |          | -                  | -                  |
| <b>Change in net funds</b>   |          | <b>(81,190)</b>    | <b>(83,727)</b>    |
| Net funds balance brought forward  |          | 196,426            | 280,153            |
| <b>Net funds balance carried forward</b>   |          | <b>115,236</b>     | <b>196,426</b>     |

## NOTES TO THE CONSOLIDATED ACCOUNTS

For the year ended 31 December 2012

### 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 2012 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 Finances' 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 property' and a fund held in investments with income at the charity's discretion).

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 (2011: £2,500).
- IT equipment £400 (2011: £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

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## NOTES TO THE CONSOLIDATED ACCOUNTS

For the year ended 31 December 2012

### 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 2012

**2. Analysis of income from generated funds**

|  | Unrestricted<br>£ | Restricted<br>£ | 2012<br>Total<br>£ | 2011<br>Total<br>£ |
|--|-------------------|-----------------|--------------------|--------------------|
| <b>Voluntary income:</b>                     |                   |                 |                    |                    |
| Legacies                                     | 263,337           | -               | 263,337            | 546,328            |
| Donations:                                   |                   |                 |                    |                    |
| Individuals                                  | 109,120           | 138,945         | 248,065            | 108,910            |
| Charitable foundations and HM Forces         | 283,708           | -               | 283,708            | 494,252            |
| <b>Total voluntary income</b>                | <b>656,165</b>    | <b>138,945</b>  | <b>795,110</b>     | <b>1,149,490</b>   |
| <b>Activities for generating funds:</b>      |                   |                 |                    |                    |
| Fundraising events                           | 25,589            | -               | 25,589             | 18,176             |
| Nursing and care (non-primary purpose)       | 664,041           | -               | 664,041            | 618,817            |
| Other income                                 | 8,487             | -               | 8,487              | 9,796              |
| <b>Total activities for generating funds</b> | <b>698,117</b>    | <b>-</b>        | <b>698,117</b>     | <b>646,789</b>     |
| <b>Investment income:</b>                    |                   |                 |                    |                    |
| Fixed interest securities                    | 8,879             | -               | 8,879              | 11,488             |
| Equities (UK)                                | 48,979            | -               | 48,979             | 46,135             |
| Equities (Overseas)                          | 3,905             | -               | 3,905              | 3,244              |
| Short term deposits                          | 645               | -               | 645                | 4,738              |
| UK unit trusts                               | 8,135             | -               | 8,135              | 9,049              |
| Rebates on unit trusts                       | 24,781            | -               | 24,781             | 28,847             |
| <b>Total investment income</b>               | <b>95,324</b>     | <b>-</b>        | <b>95,324</b>      | <b>103,501</b>     |

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                               | 1,839,486        | -        | 1,839,486        | 1,894,116        |
| Veterans Agency capitation grant                           | 273,847          | -        | 273,847          | 268,189          |
| <b>Total incoming resources from charitable activities</b> | <b>2,113,333</b> | <b>-</b> | <b>2,113,333</b> | <b>2,162,305</b> |



**NOTES TO THE CONSOLIDATED ACCOUNTS**

For the year ended 31 December 2012

**4. Analysis of resources expended**

|  | Unrestricted   | Restricted | 2012<br>Total  | 2011<br>Total  |
|--|----------------|------------|----------------|----------------|
|  | £              | £          | £              | £              |
| <b>Resources expended</b>                    |                |            |                |                |
| <b>Cost of generating voluntary income</b>   |                |            |                |                |
| Telephone, rates, utilities and insurances   | 1,624          | -          | 1,624          | 1,498          |
| Advertising and publicity                    | 5,399          | -          | 5,399          | 3,765          |
| Administration salaries and associated costs | 17,846         | -          | 17,846         | 16,947         |
| Fundraising salaries and associated costs    | 102,245        | -          | 102,245        | 84,155         |
| Fundraising , advertising and publicity      | 25,570         | -          | 25,570         | 23,738         |
|  | <b>152,684</b> | <b>-</b>   | <b>152,684</b> | <b>130,103</b> |

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**

|   |               |              |               |               |
|---|---------------|--------------|---------------|---------------|
| Coffee Bar provisions                     | 470           | 1,902        | 2,372         | 515           |
| Fundraising event costs                   | 5,742         | -            | 5,742         | 8,673         |
| Fundraising salaries and associated costs | 6,549         | -            | 6,549         | 5,675         |
| Payphones                                 | 169           | -            | 169           | 201           |
|   | <b>12,930</b> | <b>1,902</b> | <b>14,832</b> | <b>15,064</b> |
| Investment management fees                | 17,344        | -            | 17,344        | 20,164        |

|                                       |                |              |                |                |
|---------------------------------------|----------------|--------------|----------------|----------------|
| <b>Total cost of generating funds</b> | <b>182,958</b> | <b>1,902</b> | <b>184,860</b> | <b>165,331</b> |
|---------------------------------------|----------------|--------------|----------------|----------------|

**NOTES TO THE CONSOLIDATED ACCOUNTS**

For the year ended 31 December 2012

**4. Analysis of resources expended (continued)**

|  | Unrestricted<br>£ | Restricted<br>£ | Direct<br>£      | Other<br>£       | 2012<br>Total<br>£ | 2011<br>Total<br>£ |
|--|-------------------|-----------------|------------------|------------------|--------------------|--------------------|
| <b>Resources expended</b>                  |                   |                 |                  |                  |                    |                    |
| <b>Cost of charitable activities</b>       |                   |                 |                  |                  |                    |                    |
| Nursing care                               | 873,054           | 3,352           | 876,406          | -                | 876,406            | 865,305            |
| Nursing care - agency staff                | 12,324            | -               | 12,324           | -                | 12,324             | 22,299             |
| Health care assistants                     | 1,076,252         | -               | 1,076,252        | -                | 1,076,252          | 1,032,915          |
| Health care assistants - agency staff      | 18,128            | -               | 18,128           | -                | 18,128             | 21,865             |
| Physiotherapy                              | 77,950            | 30,442          | 108,392          | -                | 108,392            | 94,375             |
| Alternative therapy                        | 256               | 7,300           | 7,556            | -                | 7,556              | 800                |
| Occupational therapy                       | 131,777           | 7,057           | 138,834          | -                | 138,834            | 119,569            |
| Speech therapy                             | 16,856            | 15,500          | 32,356           | -                | 32,356             | 28,266             |
| Kitchen                                    | 105,962           | -               | 105,962          | -                | 105,962            | 111,019            |
| Kitchen - agency staff                     | 5,056             | -               | 5,056            | -                | 5,056              | 5,723              |
| Housekeeping                               | 245,635           | -               | 245,635          | -                | 245,635            | 233,108            |
| Drivers                                    | 26,779            | -               | -                | 26,779           | 26,779             | 27,598             |
| Chaplain                                   | 2,574             | 5,923           | -                | 8,497            | 8,497              | 8,521              |
| Administration                             | 317,645           | -               | -                | 317,645          | 317,645            | 300,712            |
| Administration - agency staff              | -                 | -               | -                | -                | -                  | 209                |
| Maintenance                                | 72,241            | -               | -                | 72,241           | 72,241             | 71,954             |
| Gardener                                   | 7,966             | -               | -                | 7,966            | 7,966              | 11,512             |
|  | <b>2,990,455</b>  | <b>69,574</b>   | <b>2,626,901</b> | <b>433,128</b>   | <b>3,060,029</b>   | <b>2,955,750</b>   |
| <b>Closed pension scheme costs:</b>        |                   |                 |                  |                  |                    |                    |
| Charges                                    | 36,000            | -               | -                | 36,000           | 36,000             | 23,000             |
| Pension Protection Fund Levy               | 270               | -               | -                | 270              | 270                | 461                |
| <b>Total payroll costs</b>                 | <b>3,026,725</b>  | <b>69,574</b>   | <b>2,626,901</b> | <b>469,398</b>   | <b>3,096,299</b>   | <b>2,979,211</b>   |
| Medical officer and locum fees             | 17,188            | -               | 17,188           | -                | 17,188             | 14,137             |
| Provisions                                 | 115,689           | 374             | 116,063          | -                | 116,063            | 110,768            |
| Surgery, dispensary and therapy            | 45,019            | 1,364           | 46,383           | -                | 46,383             | 48,065             |
| Bad debts                                  | -                 | -               | -                | -                | -                  | 2,244              |
| Other finance costs/(income)               | 2,000             | -               | 2,000            | -                | 2,000              | 21,000             |
| Depreciation                               | -                 | 405,744         | -                | 405,744          | 405,744            | 384,923            |
| Vehicle running and travel costs           | 20,922            | -               | 20,922           | -                | 20,922             | 24,211             |
| Hospital repairs and renewals              | 47,033            | 5,631           | -                | 52,664           | 52,664             | 45,283             |
| Domestic and kitchen repairs               | 13,485            | -               | -                | 13,485           | 13,485             | 12,747             |
| Sundries                                   | 9,248             | 3,459           | -                | 12,707           | 12,707             | 13,228             |
| Property maintenance                       | 30,786            | 675             | -                | 31,461           | 31,461             | 56,664             |
| Gardening                                  | 3,421             | 300             | -                | 3,721            | 3,721              | 3,453              |
| Repairs and renewals of equipment          | 13,356            | -               | -                | 13,356           | 13,356             | 7,652              |
| Laundry and cleaning                       | 73,131            | -               | -                | 73,131           | 73,131             | 62,157             |
| Utilities                                  | 135,123           | -               | -                | 135,123          | 135,123            | 113,103            |
| Insurance                                  | 35,798            | -               | -                | 35,798           | 35,798             | 39,842             |
| Computer costs                             | 14,081            | -               | -                | 14,081           | 14,081             | 9,404              |
| Bank charges                               | 3,819             | -               | -                | 3,819            | 3,819              | 3,333              |
| Other fees and subscriptions               | 92,263            | -               | -                | 92,263           | 92,263             | 72,308             |
| Printing, stationery and publications      | 12,732            | -               | -                | 12,732           | 12,732             | 13,995             |
| Postage and telephones                     | 17,477            | -               | -                | 17,477           | 17,477             | 15,279             |
| <b>Total non-payroll costs</b>             | <b>702,571</b>    | <b>417,547</b>  | <b>202,556</b>   | <b>917,562</b>   | <b>1,120,118</b>   | <b>1,073,796</b>   |
| <b>Total cost of charitable activities</b> | <b>3,729,296</b>  | <b>487,121</b>  | <b>2,829,457</b> | <b>1,386,960</b> | <b>4,216,417</b>   | <b>4,053,007</b>   |

**NOTES TO THE CONSOLIDATED ACCOUNTS**

For the year ended 31 December 2012

**4. Analysis of resources expended (continued)**

|   | Unrestricted<br>£ | Restricted<br>£ | 2012<br>Total<br>£ | 2011<br>Total<br>£ |                    |
|---|-------------------|-----------------|--------------------|--------------------|--------------------|
| <b>Resources expended</b>                   |                   |                 |                    |                    |                    |
| <b>Governance costs</b>                     |                   |                 |                    |                    |                    |
| Staff costs                                 | 21,422            | -               | 21,422             | 21,069             |                    |
| Insurance                                   | 1,946             | -               | 1,946              | 1,588              |                    |
| Trustee training                            | -                 | -               | -                  | -                  |                    |
| Audit fees - Charity                        | 8,597             | -               | 8,597              | 9,288              |                    |
| Audit fees - Subsidiary company             | 1,920             | -               | 1,920              | 2,146              |                    |
| Accountancy fees                            | -                 | -               | -                  | -                  |                    |
| <b>Total governance costs</b>               | <b>33,885</b>     | <b>-</b>        | <b>33,885</b>      | <b>34,091</b>      |                    |
| <b>Analysis of total resources expended</b> |                   |                 |                    |                    |                    |
|   | Staff costs       | Depreciation    | Other              | 2012<br>Total<br>£ | 2011<br>Total<br>£ |
| <b>Provision of residential care</b>        |                   |                 |                    |                    |                    |
| Provision of services and support costs     | 3,096,299         | 405,744         | 714,374            | 4,216,417          | 4,053,007          |
| <b>Other expenditure</b>                    |                   |                 |                    |                    |                    |
| Fundraising, publicity and other            | 126,747           | -               | 58,113             | 184,860            | 165,331            |
| Management and administration               | 21,422            | -               | 12,463             | 33,885             | 34,091             |
| <b>Total resources expended</b>             | <b>3,244,468</b>  | <b>405,744</b>  | <b>784,950</b>     | <b>4,435,162</b>   | <b>4,252,429</b>   |

## NOTES TO THE CONSOLIDATED ACCOUNTS

For the year ended 31 December 2012

### 5. Trustees and employees

|  | 2012      | 2011      |
|--|-----------|-----------|
|  | Total     | Total     |
|  | £         | £         |
| Staff costs during the year were as follows: |           |           |
| Wages and salaries                           | 2,970,921 | 2,843,954 |
| Social security costs                        | 237,200   | 233,237   |
| Pensions costs:                              |           |           |
| Defined benefit scheme *                     | -         | -         |
| Defined contribution scheme                  | 36,347    | 30,018    |
|  | 3,244,468 | 3,107,209 |

\* 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 | 82    | 75    |
| Fundraising                       | 4     | 4     |
| Other                             | 38    | 39    |
|                                   | 124   | 118   |

No trustees received any remuneration for their services or any reimbursement of expenses for the year ended 31 December 2012 (2011: nil).

A premium of £1,945 was paid during the year for trustee's indemnity insurance (2011: £1,588).

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

|                    | 2012 | 2011 |
|--------------------|------|------|
| £60,001 - £70,000  | -    | -    |
| £70,001 - £80,000  | -    | -    |
| £80,001 - £90,000  | 1    | 1    |
| £90,001 - £100,000 | 1    | 1    |

During the year pension contributions of £7,752 (2011: £7,714) 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 2012

### 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.

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 2010. Following the valuation the Scheme's Trustees agreed with the Charity that annual contributions of £160,000 which includes £36,000 payable for administering the scheme, payable by equal monthly instalments be paid to remove the deficit over the 12 years from 31 March 2011.

In accordance with FRS 17 costs and liabilities of the scheme are based on actuarial valuations. The most recent FRS17 valuation was as at 31 December 2012 and was prepared by a qualified actuary. Based on the actuarial valuation, the market value of the pension fund assets at 31 December 2012 excluding insured pensioners was £2,833,000 (2011: £2,584,000).

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 principal actuarial assumptions at the balance sheet date (expressed as weighted averages) were:

|  | 2012  | 2011  | 2010  | 2009  | 2008  |
|--|-------|-------|-------|-------|-------|
| Price inflation                              | 2.20% | 2.20% | 3.00% | 3.70% | 3.10% |
| Salary inflation                             | N/A   | N/A   | N/A   | N/A   | N/A   |
| Rate of increase in pensions in payment      | 3.00% | 3.00% | 3.50% | 3.70% | 3.20% |
| Rate of revaluation of pensions in deferment | 2.20% | 2.20% | 3.00% | 3.70% | 3.10% |
| Rate used to discount schemes liabilities    | 4.50% | 4.70% | 5.40% | 5.70% | 6.70% |

The underlying mortality assumption is based upon the standard table known as S1PA CMI-2011 on a year of birth basis, subject to a 1.25% p.a long term annual rate of future improvement (2011: same). This results in the following life expectancies:

- Male age 65 now has a life expectancy of 87 years
- Female age now 65 has a life expectancy of 90 years

#### Employee benefit obligations

The amounts recognised in the balance sheet as at 31 December 2012 (with comparative figures as at 31 December 2011, 2010, 2009 and 2008) are as follows:

|                                     | 2012        | 2011        | 2010        | 2009        | 2008        |
|-------------------------------------|-------------|-------------|-------------|-------------|-------------|
|                                     | £           | £           | £           | £           | £           |
| Total market value of assets        | 2,864,000   | 2,615,000   | 2,598,000   | 2,339,000   | 1,955,000   |
| Present value of scheme liabilities | (3,536,000) | (3,317,000) | (3,150,000) | (3,391,000) | (2,452,000) |

|                                 |           |           |           |             |           |
|---------------------------------|-----------|-----------|-----------|-------------|-----------|
| (Deficit)/surplus in the scheme | (672,000) | (702,000) | (552,000) | (1,052,000) | (497,000) |
|---------------------------------|-----------|-----------|-----------|-------------|-----------|

The amounts to be recognised in the consolidated statement of financial activities for the year ending 31 December 2012 (with comparative figures for the years ending 31 December 2011, 2010, 2009 and 2008) are as follows:

|                                  | 2012      | 2011      | 2010      | 2009      | 2008      |
|----------------------------------|-----------|-----------|-----------|-----------|-----------|
|                                  | £         | £         | £         | £         | £         |
| Current service cost             | -         | -         | -         | -         | -         |
| Interest on Scheme liabilities   | 153,000   | 168,000   | 191,000   | 164,000   | 152,000   |
| Expected return on Scheme assets | (151,000) | (147,000) | (142,000) | (124,000) | (167,000) |
| Past service cost                | -         | -         | -         | -         | -         |
| Curtailement gain                | -         | -         | -         | -         | -         |

|                                    |       |        |        |        |          |
|------------------------------------|-------|--------|--------|--------|----------|
| Total other finance costs/(income) | 2,000 | 21,000 | 49,000 | 40,000 | (15,000) |
|------------------------------------|-------|--------|--------|--------|----------|

|                                |         |          |         |         |           |
|--------------------------------|---------|----------|---------|---------|-----------|
| Actual return on scheme assets | 235,000 | (58,000) | 257,000 | 370,000 | (463,000) |
|--------------------------------|---------|----------|---------|---------|-----------|

**NOTES TO THE CONSOLIDATED ACCOUNTS**

For the year ended 31 December 2012

**6. Retirement benefits****Changes in the present value of the Scheme liabilities for the year ending 31 December 2012 (with comparative figures for the years ending 31 December 2011, 2010, 2009 and 2008) are as follows:**

|   | 2012             | 2011             | 2010             | 2009             | 2008             |
|---|------------------|------------------|------------------|------------------|------------------|
|   | £                | £                | £                | £                | £                |
| Present value of Scheme liabilities at beginning of period  | 3,317,000        | 3,150,000        | 3,391,000        | 2,452,000        | 2,628,000        |
| Service cost  | -                | -                | 34,000           | 18,000           | 74,000           |
| Employee contributions                                      | -                | -                | -                | -                | -                |
| Interest cost   | 153,000          | 168,000          | 191,000          | 164,000          | 152,000          |
| Past service cost   | -                | -                | -                | -                | -                |
| Curtailement gain   | -                | -                | -                | -                | -                |
| Actuarial losses/(gains)                                    | 176,000          | 75,000           | (359,000)        | 852,000          | (288,000)        |
| Benefits paid   | (110,000)        | (76,000)         | (73,000)         | (77,000)         | (57,000)         |
| Charges   | -                | -                | (34,000)         | (18,000)         | (74,000)         |
| Additional obligation for insured pensioners                | -                | -                | -                | -                | 17,000           |
| <b>Present value of Scheme liabilities at end of period</b> | <b>3,536,000</b> | <b>3,317,000</b> | <b>3,150,000</b> | <b>3,391,000</b> | <b>2,452,000</b> |

**Changes in the present value of the Scheme assets for the year ending 31 December 2012 (with comparative figures for the years ending 31 December 2011, 2010, 2009 and 2008) are as follows:**

|   | 2012             | 2011             | 2010             | 2009             | 2008             |
|---|------------------|------------------|------------------|------------------|------------------|
|   | £                | £                | £                | £                | £                |
| Present value of Scheme assets at beginning of period | 2,615,000        | 2,598,000        | 2,339,000        | 1,955,000        | 2,429,000        |
| Expected return on Scheme assets                      | 151,000          | 147,000          | 142,000          | 124,000          | 167,000          |
| Actuarial gains/(losses)                              | 84,000           | (205,000)        | 115,000          | 246,000          | (630,000)        |
| Benefits paid   | (110,000)        | (76,000)         | (73,000)         | (77,000)         | (57,000)         |
| Charges paid  | (36,000)         | (23,000)         | (34,000)         | (18,000)         | (74,000)         |
| Contributions paid by Company                         | 160,000          | 174,000          | 109,000          | 109,000          | 103,000          |
| Employee contributions                                | -                | -                | -                | -                | -                |
| Additional obligation for insured pensioners          | -                | -                | -                | -                | 17,000           |
| <b>Market value of scheme assets at end of period</b> | <b>2,864,000</b> | <b>2,615,000</b> | <b>2,598,000</b> | <b>2,339,000</b> | <b>1,955,000</b> |

**The major categories of Scheme assets as a percentage of total Scheme assets for the year ending 31 December 2012 (with comparative figures for the years ending 31 December 2011, 2010, 2009 and 2008) are as follows:**

|                       | 2012 | 2011 | 2010 | 2009 | 2008 |
|-----------------------|------|------|------|------|------|
| Equities and Property | 58%  | 59%  | 62%  | 64%  | 80%  |
| Bonds                 | 19%  | 17%  | 16%  | 12%  | 0%   |
| Gilts                 | 8%   | 9%   | 7%   | 11%  | 12%  |
| Cash                  | 14%  | 14%  | 14%  | 12%  | 8%   |
| Insured Pensioners    | 1%   | 1%   | 1%   | 2%   | 1%   |
|                       | 100% | 100% | 100% | 100% | 100% |

**The expected long-term rate of return on the Scheme assets has been calculated based upon the major asset categories shown in the above table these are as follows:**

|           | 2012  | 2011  | 2010  | 2009  | 2008  |
|-----------|-------|-------|-------|-------|-------|
| Equities  | 6.50% | 7.80% | 8.00% | 8.50% | 7.90% |
| Bonds     | 4.50% | 4.70% | 5.40% | 5.70% | N/A   |
| Gilts     | 2.50% | 2.80% | 4.20% | 4.50% | 3.90% |
| Cash      | 0.50% | 0.50% | 0.50% | 0.50% | 2.00% |
| Annuities | N/A   | N/A   | N/A   | N/A   | N/A   |

**Amounts included in other recognised gains and losses:**

|   | 2012     | 2011      | 2010    | 2009      | 2008      |
|---|----------|-----------|---------|-----------|-----------|
|   | £        | £         | £       | £         | £         |
| Difference between actual and expected return on scheme assets            | 84,000   | (205,000) | 115,000 | 246,000   | (630,000) |
| Experience gains and losses arising on the scheme liabilities             | (92,000) | (50,000)  | 128,000 | (45,000)  | (20,000)  |
| Changes in assumptions underlying the present value of scheme liabilities | (84,000) | (25,000)  | 231,000 | (807,000) | 308,000   |

|   |                 |                  |                |                  |                  |
|---|-----------------|------------------|----------------|------------------|------------------|
| <b>Total actuarial gain/(loss) recognised in the statement of recognised gains and losses</b> | <b>(92,000)</b> | <b>(280,000)</b> | <b>474,000</b> | <b>(606,000)</b> | <b>(342,000)</b> |
|---|-----------------|------------------|----------------|------------------|------------------|

## NOTES TO THE CONSOLIDATED ACCOUNTS

For the year ended 31 December 2012

### 6. Retirement benefits

**Movement in surplus/(deficit) during the year ending 31 December 2012 (with comparative figure for the year ending 31 December 2011, 2010, 2009 and 2008) are as follows:**

|   | 2012             | 2011             | 2010             | 2009               | 2008             |
|---|------------------|------------------|------------------|--------------------|------------------|
|   | £                | £                | £                | £                  | £                |
| Surplus/(deficit) in Scheme at beginning of the year                      | (702,000)        | (552,000)        | (1,052,000)      | (497,000)          | (199,000)        |
| Expenses recognised in the statement of consolidated financial activities | (2,000)          | (21,000)         | (49,000)         | (40,000)           | 15,000           |
| Contributions by the Company  | 160,000          | 174,000          | 109,000          | 109,000            | 103,000          |
| Charges paid  | (36,000)         | (23,000)         | (34,000)         | (18,000)           | (74,000)         |
| Actuarial gain/(loss)   | (92,000)         | (280,000)        | 474,000          | (606,000)          | (342,000)        |
| <b>Surplus/(deficit) in Scheme at the end of the year</b>                 | <b>(672,000)</b> | <b>(702,000)</b> | <b>(552,000)</b> | <b>(1,052,000)</b> | <b>(497,000)</b> |

**Amounts for the current and previous accounting periods are as follows:**

|  | 2012        | 2011        | 2010        | 2009        | 2008        |
|--|-------------|-------------|-------------|-------------|-------------|
|  | £           | £           | £           | £           | £           |
| Present value of Scheme liabilities                                  | (3,536,000) | (3,317,000) | (3,150,000) | (3,391,000) | (2,452,000) |
| Market value of Scheme assets  | 2,864,000   | 2,615,000   | 2,598,000   | 2,339,000   | 1,955,000   |
| Surplus/(deficit) in Scheme  | (672,000)   | (702,000)   | (552,000)   | (1,052,000) | (497,000)   |
| Actual return less expected return on Scheme assets                  | 84,000      | (205,000)   | 115,000     | 246,000     | (630,000)   |
| Experience gain/(loss) arising on Scheme liabilities                 | (92,000)    | (50,000)    | 128,000     | (45,000)    | (20,000)    |
| Change in assumptions underlying present value of Scheme liabilities | (84,000)    | (25,000)    | 231,000     | (807,000)   | 308,000     |

**The agreed contributions to be paid by the Company for the forthcoming year (year ending 31 December 2013) is £124,000, plus the expenses of running the Scheme, subject to review at future actuarial valuations.**

#### 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 2012

**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**

| <b>Group</b>                              | <b>Freehold property</b> | <b>Plant and equipment</b> | <b>Motor vehicles</b> | <b>Total</b>     |
|---|--------------------------|----------------------------|-----------------------|------------------|
|   | <b>£</b>                 | <b>£</b>                   | <b>£</b>              | <b>£</b>         |
| Cost or valuation                         |                          |                            |                       |                  |
| At 1 January 2012                         | 8,007,813                | 877,413                    | 208,840               | 9,094,066        |
| Additions                                 | (2,531)                  | 42,477                     | -                     | 39,946           |
| Disposals                                 | -                        | -                          | -                     | -                |
| <b>At 31 December 2012</b>                | <b>8,005,282</b>         | <b>919,890</b>             | <b>208,840</b>        | <b>9,134,012</b> |
| Depreciation                              |                          |                            |                       |                  |
| At 1 January 2012                         | 2,104,457                | 552,150                    | 208,840               | 2,865,447        |
| Provided in period                        | 327,870                  | 77,874                     | -                     | 405,744          |
| On disposals                              | -                        | -                          | -                     | -                |
| <b>At 31 December 2012</b>                | <b>2,432,327</b>         | <b>630,024</b>             | <b>208,840</b>        | <b>3,271,191</b> |
| <b>Net book value at 31 December 2012</b> | <b>5,572,955</b>         | <b>289,866</b>             | <b>-</b>              | <b>5,862,821</b> |
| <b>Net book value at 31 December 2011</b> | <b>5,903,356</b>         | <b>325,263</b>             | <b>-</b>              | <b>6,228,619</b> |

| <b>Charity</b>                            | <b>Freehold property</b> | <b>Plant and equipment</b> | <b>Motor vehicles</b> | <b>Total</b>     |
|---|--------------------------|----------------------------|-----------------------|------------------|
|   | <b>£</b>                 | <b>£</b>                   | <b>£</b>              | <b>£</b>         |
| Cost or valuation                         |                          |                            |                       |                  |
| At 1 January 2012                         | 8,171,083                | 877,413                    | 208,840               | 9,257,336        |
| Additions                                 | (2,531)                  | 42,477                     | -                     | 39,946           |
| Disposals                                 | -                        | -                          | -                     | -                |
| <b>At 31 December 2012</b>                | <b>8,168,552</b>         | <b>919,890</b>             | <b>208,840</b>        | <b>9,297,282</b> |
| Depreciation                              |                          |                            |                       |                  |
| At 1 January 2012                         | 2,104,457                | 552,150                    | 208,840               | 2,865,447        |
| Provided in period                        | 327,870                  | 77,874                     | -                     | 405,744          |
| On disposals                              | -                        | -                          | -                     | -                |
| <b>At 31 December 2012</b>                | <b>2,432,327</b>         | <b>630,024</b>             | <b>208,840</b>        | <b>3,271,191</b> |
| <b>Net book value at 31 December 2012</b> | <b>5,736,225</b>         | <b>289,866</b>             | <b>-</b>              | <b>6,026,091</b> |
| <b>Net book value at 31 December 2011</b> | <b>6,066,626</b>         | <b>325,263</b>             | <b>-</b>              | <b>6,391,889</b> |



## NOTES TO THE CONSOLIDATED ACCOUNTS

For the year ended 31 December 2012

### 9. Fixed Asset Investments

|  | 2012<br>Total<br>£ | 2011<br>Total<br>£ |
|--|--------------------|--------------------|
| <b>Quoted Investments</b>  |                    |                    |
| Market value at 1 January 2012   | 4,121,094          | 4,601,022          |
| Additions  | 290,303            | 632,748            |
| Disposals  | (792,545)          | (763,441)          |
| Net realised/unrealised gains/(losses)   | 414,875            | (349,235)          |
| Market value at 31 December 2012   | 4,033,727          | 4,121,094          |
| Short term deposits  | 171,124            | 85,539             |
| Investments (Group)<br>(Historical cost £3,602,801 [2011: £3,867,584])         | 4,204,851          | 4,206,633          |
| Investments in group undertakings at 1 January 2012<br>And at 31 December 2012 | 1                  | 2                  |
| Investments (Charity)<br>(Historical cost £3,602,802 [2011: £3,867,586])       | 4,204,852          | 4,206,635          |

|   | 2012<br>Total<br>£ | 2011<br>Total<br>£ |
|---|--------------------|--------------------|
| Analysed as:                            |                    |                    |
| Fixed interest securities - unit trusts | 459,235            | 439,456            |
| Equities - UK                           | 2,138,259          | 2,110,321          |
| Property funds - UK                     | 111,706            | 111,595            |
| Property funds - Overseas               | 111,639            | 117,005            |
| Equities - Overseas                     | 892,842            | 836,256            |
| Commodities                             | 147,795            | 171,137            |
| Alternatives - other                    | 95,478             | 95,573             |
| Hedge Funds                             | 76,773             | 239,751            |
|   | 4,033,727          | 4,121,094          |

|   | 2012<br>Total<br>£ | 2011<br>Total<br>£ |
|---|--------------------|--------------------|
| Holdings which <b>exceed 5%</b> of the total portfolio at 31 December 2012 are: |                    |                    |

|   |         |         |
|---|---------|---------|
| Schroder UK Alpha Plus Fund Income Units    | 451,377 | 613,942 |
| Schroder Income Fund A Income Units         | 418,753 | 348,704 |
| AXA Framlington UK Select                   | 302,546 | 276,753 |
| Legal & General UK Index Trust              | 290,231 |         |
| Artemis UK Special Situations Fund          | 255,878 |         |
| Kames Capital ICVC - UK equity Fund         | 245,774 |         |
| Schroder Emerging Markets Debt              | 214,494 |         |
| Schroder Charity Equity Fund A Income Units |         | 379,578 |

#### The Charity wholly owns the following subsidiaries:

|                       | Country of<br>Incorporation | Class of share<br>capital held | Principal activity                                     |
|-----------------------|-----------------------------|--------------------------------|--|
| QAHH Services Limited | England                     | Ordinary                       | Provision of nursing care and other trading activities |

QAHH Limited was dissolved on 20th November 2012 (2011 status: Dormant)

**NOTES TO THE CONSOLIDATED ACCOUNTS**

For the year ended 31 December 2012

**10. Stocks**

|                                | 2012         |              | 2011          |               |
|--------------------------------|--------------|--------------|---------------|---------------|
|                                | Group<br>£   | Charity<br>£ | Group<br>£    | Charity<br>£  |
| Consumable stores              | 8,333        | 8,333        | 10,093        | 10,093        |
| <b>Total consumable stores</b> | <b>8,333</b> | <b>8,333</b> | <b>10,093</b> | <b>10,093</b> |

**11. Debtors**

|  | 2012           |                | 2011           |                |
|--|----------------|----------------|----------------|----------------|
|  | Group<br>£     | Charity<br>£   | Group<br>£     | Charity<br>£   |
| Resident contributions receivable          | 107,040        | 63,267         | 82,073         | 39,380         |
| Group debtors                              | -              | -              | -              | -              |
| Capitation fees receivable                 | 21,683         | 21,683         | 21,181         | 21,181         |
| Legacies receivable                        | 16,981         | 16,981         | 14,100         | 14,100         |
| Income tax recoverable                     | 4,145          | 4,145          | 2,125          | 2,125          |
| Prepayments and other debtors              | 25,903         | 24,850         | 45,742         | 45,757         |
| Gift aid donations from trading subsidiary | -              | 24,921         | -              | 57,294         |
| Amounts due from group undertakings        | -              | 54,049         | -              | -              |
| Trade debtors                              | -              | -              | -              | -              |
| <b>Total Debtors</b>                       | <b>175,752</b> | <b>209,896</b> | <b>165,221</b> | <b>179,837</b> |

**12. Creditors: amounts falling due within one year**

|                                    | 2012           |                | 2011           |                |
|------------------------------------|----------------|----------------|----------------|----------------|
|                                    | Group<br>£     | Charity<br>£   | Group<br>£     | Charity<br>£   |
| Trade creditors                    | 61,836         | 61,836         | 51,951         | 51,951         |
| Staff remuneration                 | 43,550         | 43,550         | 43,547         | 43,547         |
| Pension                            | 7,178          | 7,178          | 6,339          | 6,339          |
| Social security and other taxes    | 65,487         | 65,487         | 60,206         | 60,206         |
| Amounts owed to group undertakings | -              | -              | -              | -              |
| Other creditors and accruals       | 83,353         | 81,432         | 98,957         | 97,040         |
| <b>Total Creditors</b>             | <b>261,404</b> | <b>259,483</b> | <b>261,000</b> | <b>259,083</b> |

**NOTES TO THE CONSOLIDATED ACCOUNTS**

For the year ended 31 December 2012

**13. General fund**

|   | 2012             |                  | 2011             |                  |
|---|------------------|------------------|------------------|------------------|
|   | Group<br>£       | Charity<br>£     | Group<br>£       | Charity<br>£     |
| <b>Revenue fund</b>                     |                  |                  |                  |                  |
| At 1 January 2011                       | 4,135,677        | 4,135,679        | 4,951,095        | 4,951,097        |
| Retained surplus/(deficit) for the year | (98,716)         | (98,717)         | (511,986)        | (511,986)        |
| Transfer from/(to) restricted funds     | (12,437)         | (12,437)         | (303,432)        | (303,432)        |
|   | <b>4,024,524</b> | <b>4,024,525</b> | <b>4,135,677</b> | <b>4,135,679</b> |

**14. Restricted and endowment funds**

| Group                            | Endowment<br>Funds<br>£ | Capital Fund<br>£ | Phase 3 Funds<br>£ | Capital<br>Expenditure<br>Fund<br>£ | Other<br>Restricted<br>Funds<br>£ | Total<br>£       |
|----------------------------------|-------------------------|-------------------|--------------------|-------------------------------------|-----------------------------------|------------------|
| <b>Revenue fund</b>              |                         |                   |                    |                                     |                                   |                  |
| At 1 January 2012                | 110,144                 | 6,207,619         | -                  | -                                   | 92,552                            | 6,410,315        |
| Incoming resources               | -                       | -                 | 10,000             | -                                   | 128,945                           | 138,945          |
| Expenditure                      | -                       | (405,744)         | -                  | -                                   | (83,279)                          | (489,023)        |
| Gains/(losses) on investments    | 8,391                   | -                 | -                  | -                                   | -                                 | 8,391            |
| Transfers between funds          | -                       | 27,509            | (10,000)           | -                                   | (17,509)                          | -                |
| Transfers from/(to) Revenue Fund | -                       | 12,437            | -                  | -                                   | -                                 | 12,437           |
| <b>At 31 December 2012</b>       | <b>118,535</b>          | <b>5,841,821</b>  | <b>-</b>           | <b>-</b>                            | <b>120,709</b>                    | <b>6,081,065</b> |

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<br>Fund<br>£ | Capital Fund<br>£ | Phase 3 Funds<br>£ | Capital<br>Expenditure<br>Fund<br>£ | Other<br>Restricted<br>Funds<br>£ | Total<br>£       |
|----------------------------------|------------------------|-------------------|--------------------|-------------------------------------|-----------------------------------|------------------|
| <b>Revenue fund</b>              |                        |                   |                    |                                     |                                   |                  |
| At 1 January 2011                | 110,144                | 6,370,889         | -                  | -                                   | 92,552                            | 6,573,585        |
| Incoming resources               | -                      | -                 | 10,000             | -                                   | 128,945                           | 138,945          |
| Expenditure                      | -                      | (405,744)         | -                  | -                                   | (83,279)                          | (489,023)        |
| Gains/(losses) on investments    | 8,391                  | -                 | -                  | -                                   | -                                 | 8,391            |
| Transfers between funds          | -                      | 27,509            | (10,000)           | -                                   | (17,509)                          | -                |
| Transfers from/(to) Revenue Fund | -                      | 12,437            | -                  | -                                   | -                                 | 12,437           |
| <b>At 31 December 2012</b>       | <b>118,535</b>         | <b>6,005,091</b>  | <b>-</b>           | <b>-</b>                            | <b>120,709</b>                    | <b>6,244,335</b> |

**NOTES TO THE CONSOLIDATED ACCOUNTS**

For the year ended 31 December 2012

**15. Analysis of net assets between funds**

| Group  | Tangible Fixed Assets | Investments      | Net Current Assets | Creditors due > 1year | Total            |
|--|-----------------------|------------------|--------------------|-----------------------|------------------|
|  | £                     | £                | £                  | £                     | £                |
| <b>Endowment fund</b>                                    |                       |                  |                    |                       |                  |
| Capital fund<br>(including unrealised gains of £8,556)   | 21,029                | 97,506           | -                  | -                     | 118,535          |
|  | <b>21,029</b>         | <b>97,506</b>    | -                  | -                     | <b>118,535</b>   |
| <b>Restricted fund</b>                                   |                       |                  |                    |                       |                  |
| Capital fund   | 5,841,821             | -                | -                  | -                     | 5,841,821        |
| Capital expenditure fund                                 | -                     | -                | -                  | -                     | -                |
| Refurbishment and revenue fund                           | -                     | -                | 120,709            | -                     | 120,709          |
| Phase 3 restricted fund                                  | -                     | -                | -                  | -                     | -                |
|  | <b>5,841,821</b>      | -                | <b>120,709</b>     | -                     | <b>5,962,530</b> |
| <b>Unrestricted fund</b>                                 |                       |                  |                    |                       |                  |
| Revenue fund<br>(including unrealised gains of £260,857) | -                     | 4,107,345        | (82,792)           | -                     | 4,024,553        |
| Pension fund liability                                   | -                     | -                | -                  | (672,000)             | (672,000)        |
|  | -                     | <b>4,107,345</b> | <b>(82,792)</b>    | <b>(672,000)</b>      | <b>3,352,553</b> |
| <b>Group</b>   | <b>5,862,850</b>      | <b>4,204,851</b> | <b>37,917</b>      | <b>(672,000)</b>      | <b>9,433,618</b> |

| Charity  | Tangible Fixed Assets | Investments      | Net Current Assets | Creditors due > 1year | Total            |
|--|-----------------------|------------------|--------------------|-----------------------|------------------|
|  | £                     | £                | £                  | £                     | £                |
| <b>Endowment fund</b>                                    |                       |                  |                    |                       |                  |
| Capital fund<br>(including unrealised gains of £8,556)   | 21,000                | 97,506           | -                  | -                     | 118,506          |
|  | <b>21,000</b>         | <b>97,506</b>    | -                  | -                     | <b>118,506</b>   |
| <b>Restricted fund</b>                                   |                       |                  |                    |                       |                  |
| Capital fund   | 6,005,091             | -                | -                  | -                     | 6,005,091        |
| Capital expenditure fund                                 | -                     | -                | -                  | -                     | -                |
| Refurbishment and revenue fund                           | -                     | -                | 120,709            | -                     | 120,709          |
| Phase 3 restricted fund                                  | -                     | -                | -                  | -                     | -                |
|  | <b>6,005,091</b>      | -                | <b>120,709</b>     | -                     | <b>6,125,800</b> |
| <b>Unrestricted fund</b>                                 |                       |                  |                    |                       |                  |
| Revenue fund<br>(including unrealised gains of £260,857) | -                     | 4,107,346        | (82,792)           | -                     | 4,024,554        |
| Pension fund liability                                   | -                     | -                | -                  | (672,000)             | (672,000)        |
|  | -                     | <b>4,107,346</b> | <b>(82,792)</b>    | <b>(672,000)</b>      | <b>3,352,554</b> |
| <b>Charity</b>   | <b>6,026,091</b>      | <b>4,204,852</b> | <b>37,917</b>      | <b>(672,000)</b>      | <b>9,596,860</b> |

**16. Capital commitments**

There were no capital commitments at 31 December 2012 (2011: None).

## NOTES TO THE CONSOLIDATED ACCOUNTS

For the year ended 31 December 2012

### 17. Related party transactions

No transactions with related parties were undertaken such as are required to be disclosed under FRS8 or the SORP (2011: Nil).

### 18. Subsidiary companies

The Charity owns the whole of the issued ordinary share capital of QAHH Services Limited registered number 5802953, a company registered in England and Wales. The Charity owned the whole of the issued share capital of QAHH Limited registered number 5064367 until 20th November 2012 when it was dissolved.

The trading activities of the subsidiary QAHH Services Limited for the year ended 31 December 2012 were as follows:

|   | QAHH Services<br>Limited | QAHH Services<br>Limited |
|---|--------------------------|--------------------------|
|   | 2012<br>£                | 2011<br>£                |
| Turnover  | 664,041                  | 618,817                  |
| Cost of sales   | 551,896                  | 474,035                  |
|   | <u>112,145</u>           | <u>144,782</u>           |
| Other operating income and charges                          | 2,224                    | 2,488                    |
| <b>Profit/(loss) on ordinary activities before taxation</b> | <b>109,921</b>           | <b>142,294</b>           |
| Appropriation to holding company                            | (109,921)                | (142,294)                |
| <b>(Loss)/profit for the financial year</b>                 | <b>-</b>                 | <b>-</b>                 |
| Net current assets  | 1                        | 1                        |
| <b>Net assets</b>   | <b>1</b>                 | <b>1</b>                 |
| Share capital   | 1                        | 1                        |
| Retained profit   | -                        | -                        |
| <b>Net assets</b>   | <b>1</b>                 | <b>1</b>                 |

### 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 £699,961 (2011: deficit £316,254) which is dealt with in the financial statements of the charity.

Notes

Notes

Further copies of this document are available from:

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