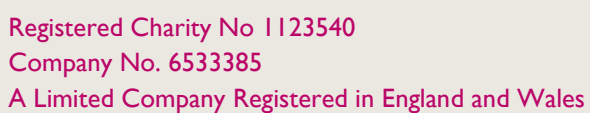




— ESTABLISHED 1273 —



Here for Everyone



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Introduction

“The mission of the Hospital of God is to be a good friend to older people and communities in the north east by providing excellent housing, support and care and by making grants to other charities”.

This annual report describes the achievements of the Hospital of God during the last year as well as the charity’s ambitions for the future. It describes how we work to achieve our objects and how we bring public benefit to the north east of England.

During the year in question we celebrated the 744th anniversary of the founding of the Hospital of God and we continue to remember the vision of our founder Robert de Stichell, the Bishop of Durham to provide shelter and care for the elderly and poor. The way we do this changes constantly and over more than seven centuries the charity has continually adapted to meet the needs of the times.

Enjoying
our
garden
party



Chair's foreword



Seems such a short time ago that I was completing my comments for last year's report!

Having recently attended our Founder's Day celebration in Greatham it is certainly a time to reflect on the past and look forward to the future – we have just celebrated 745 years. I am pleased to report the charity continues to meet its objectives and on behalf of myself and the Board of Trustees I would like to thank all of the staff at The Hospital of God for their hard work in continuing to provide the very highest levels of care and attention to the individuals we aim to help. The feedback I receive from staff, residents and indeed anyone who knows of the work we do all speak with the highest regard for what we stand for and what we deliver to the communities within which we operate.

Once again we have been able to provide financial assistance, through our grant aid, to various organisations in the North East who in turn can deliver benefits and services to the local communities they operate in. This is another area of our work that all members of the board find immensely satisfying. Indeed we have managed to donate £108,380 this financial year.

The provision of care and housing services continues to have a major impact in driving the charity forward. Legal, financial and compliance issues are always there to be dealt with and I am very proud to say we have a first class team working for The Hospital of God – never standing still but always seeking new ways to move forward and deliver exceptional services.

On a sad note we will be saying goodbye to our Director, David Granath who will be retiring shortly. David has been a significant driving force behind the charity and we will all be sad to see him go but wish him all the best for his retirement and a big THANK YOU for all his hard work over the years. We will also be welcoming a new Director shortly and wish him well.

The Hospital of God will continue to change, adapt and evolve as do the areas in which it operates. The challenge of underfunding which we are able to meet somewhat though our endowment will continue to enable us to provide high quality services in the social care sector and continue to meet the needs of the elderly within our communities.

So all in all we are in very good shape to meet the demands of the sector – here's to another 745 years!!

J. Michael Poole JP, DL
Chair of Trustees
March 2018

Director's statement



Welcome to our 2016/17 annual report in which we describe the progress of the Hospital of God over the past year and the opportunities and challenges that lie in front of the charity as we move forward.

The background to this year's report continues to be the financial and organisational challenges that face health and social care due to continuing austerity which is now coupled with disquiet in parts of the public mind as to the reputation and behavior of some charities.

With regard to austerity the Hospital of God continues to support most of its social care services from its own charitable funds. This is being done in a controlled and planned way but it underlines the fact that often statutory authorities are unable or unwilling to pay a fair price for the services they commission. This means that service delivery organisations have to make choices to either cut costs and possibly lower standards, subsidise services or withdraw from the publicly funded market and instead focus upon the more viable private market. This of course then raises moral issues for charities that are obliged to provide public benefit to people in need, not just those who are able to pay.

Alongside this there are some issues in the public mind about the reputation of the charity sector. These range from problems around fundraising approaches which have been around for a while and more recently whether charities can effectively safeguard the wellbeing of their beneficiaries.

In all of these areas the Hospital of God must continue to be guided by its founding values of compassion, care and respect for those it serves. It can only do this if it retains its independent mindedness and follows its own mission.

We might remember that Robert de Stichell, Bishop of Durham who established the Hospital of God exercised his own independence of mind by challenging the monarchy. He defied King Henry III by making a claim for the Manor of Greatham and when he won it he used it to establish the Hospital of God.

The challenge for the Hospital of God as it moves towards its 750th birthday is to remain independent, relevant and respected and to retain its duty to provide public benefit to the greatest possible extent.

As Michael our Chair has mentioned this will be my final annual report before I retire from the role of Director of the Hospital of God.

I would therefore like to take this opportunity to thank our dedicated group of trustees and staff for all their hard work, support and commitment which goes to make the Hospital of God the very special charity that it is.

Finally a quote from one of the families whose loved one lives in our nursing home, Gretton Court says it all;

“To Andrea and staff at Gretton Court you are all special, if you want to see devotion take a trip to Gretton Court. The family could not have wished for a more caring and dedicated team”

David Granath
Director

March 2018

Our Charitable Objectives

This is what the memorandum of association of the Hospital of God says we are here to achieve:

- 1 The provision of housing accommodation and extra care accommodation for beneficiaries.
- 2 The provision of grants not exceeding £5,000 in any one year for such parochial or charitable purposes within the parish of Greatham as the trustees think fit.
- 3 The relief of persons who are in conditions of need, hardship or distress, including but not limited to people living with Alzheimer's disease and related disorders. The charity may relieve persons in need by:
 - a) making grants of money to them or for their benefit;
 - b) providing or paying for goods, services or facilities for them;
 - c) making grants of money to other persons or bodies who provide goods, services or facilities to those in need.



Helping to get to our day centres

- 4 The appropriation of bungalows, almshouses and other property belonging to the Charity for the use of residents and brethren of the charity and
- 5 The maintenance of the chapel which is devoted to the performance of divine service for the benefit the brethren and residents of the charity.

These objects are achieved through the provision of:

- residential care for older people
- nursing care for older people with dementia
- community support services for people with dementia and their carers
- the provision of almshouses for older people
- the making of grants to other charities.

What we delivered in 2016/17



We provided **26,280** days of residential and nursing care at Stichell House and Gretton Court and their occupancy levels were **99.5%** and **98%** respectively

We supported **191** people with advice at The Bridge dementia advisory service during the year

We provided **11,031** hours of our Community Pastimes service to **67** clients during the year



We provided carer support to **164** people caring for a loved one with dementia or memory loss

We had **45,260** almshouse occupancy days available across our 114 almshouses during the year and were occupied for 44,769 days – an occupancy level of **98.9%**

We provided **9,214** days of day care for **219** people with dementia and memory loss during the year

We provided **68** memory cafes throughout the year



What we achieved in 2016/17

The trustees continue to provide a range of social care and housing services that are accessible and affordable to those people that need them and are of the best possible quality.

We provide residential and nursing care at Stichell House and Gretton Court for those people who can no longer live independently in their own homes. We now find that people living in residential care have increasingly complex needs either due to frailty or cognitive impairment or both. This has implications for the resources and skills required for dignified, safe and effective care.

We provide day care, community support and advice services for people with dementia to enable them to maintain the greatest degree of independence and well-being and to live at home for as long as possible.

We recognise that people with dementia and their families often need advice and support and this is available at The Bridge dementia advisory service which is run in partnership with the local authority and NHS colleagues. It is encouraging for us to see so much joint working between agencies in the field of dementia and memory loss and we do all we can to encourage this by being a part of local dementia friendly communities initiatives.

We also believe it is vital to support carers and our carer support team provides individual support to families and memory cafes where people can receive advice and support in an informal and relaxed setting.

We recognise the importance of creating dementia friendly environments to enable people to be independent and feel relaxed and we have invested in our premises to achieve this goal. We are particularly interested in providing effective wayfinding in our two homes in order to enable residents to find their way around independently.

Our almshouses provide sheltered, warden supported housing for older people and our aim is to enable older people to live independently and to take part in community activities if they so wish.

Through the above services we are able to provide a complete range of services from informal low level support through to the most complex end of life care for people in our care homes.

The Hospital of God continues to work at virtually full capacity all the time. We believe that this is because of the reputation and quality of what we offer but also because in the field of social care, sadly, there is little incentive for providers to invest in new publicly funded services because fee levels and contract prices are so low. Particularly affected are the low level preventive services that can do so much to prevent crisis but can be the first to be cut.

One of the greatest challenges in the NHS is the problem of delayed discharge from hospital because of either care home shortage or a lack of resources to support people in their own homes. We have initiated a new Home from Hospital service in partnership with a local clinical commissioning group to support people to successfully return home from a period in hospital. However getting the message across to persuade NHS colleagues to use this service has proved to be more of a challenge than we anticipated and more work needs to be done in this area.

The regulatory framework continues to challenge us and throughout the year the charity has paid a great deal of attention to the standards required by the Care Quality Commission in relation to the care of vulnerable adults for whom we have responsibility. In particular we have paid attention to governance, audit and improvement in our care homes. It is not enough to provide good, safe,

compassionate care but we also have to demonstrate effective quality control systems. We had a very positive inspection resulting in a Good rating in one home and look forward to the next inspection at the other home. Both homes continue to be rated at grade one, the highest possible rating, by local authority commissioners.

The charity suffered an equipment failure in one of its homes in December 2016 and this is currently the subject of a Care Quality Commission criminal investigation, the outcome of which is not yet known. All relevant agencies including the Charity Commission have been informed of this event.

An increasing issue is providing a safe living environment for residents with cognitive impairment while allowing them freedom of movement and in particular enabling safe access to outside space and fresh air. We have achieved this but there is always more that we can do to increase the quality of life and the fulfillment of the people we care for.

We are always encouraged by what our service users and families say about our services and here are a few quotations:

"My dad was always content (at Gretton Court), thank you for the care you gave him over his last three weeks I can never thank you enough

Thank you for all the care and compassion and that little tot of whiskey to round the day off"

"You treat (at Stichell House) the most precious things in our life with dignity, respect and most importantly love and for that we will be forever grateful"

"My dad cannot speak highly enough of all the Community Pastimes staff, we both feel they go above and beyond to do all they possibly can for him and we are both extremely happy and grateful for the care and support they provide."

"Mam is much more cognitively alert and brighter in her outlook. When she realises she is going to the day centre she is up and off to get ready. There is such a vast difference in her now; I believe it is slowing the disease down"

Underpinning the ability of the Hospital of God to move forward is the performance of its investments within the permanent endowment and how these are managed. It is important that the strategic objectives of the charity and those of the endowment are properly aligned and the trustees believe that this has been achieved with our investment managers during the year in question.

The year saw significant continuing political and economic uncertainty and at the time of writing some market turbulence. This is not expected to have an adverse effect on the Hospital of God as we are long term investors. However it is a warning that charities are not insulated from events in the world around them.

Payments for social care services from local authorities and the National Health Service do not always reflect the costs of running these services. It is undoubtedly true that the Hospital of God could not run its services at the level of quality and reliability required without subsidy from the charity. Trustees believe that such subsidy at its present level is a justifiable use of the charity's resources and as explained elsewhere in the report is an example of how the Hospital of God creates public benefit.

During the year much work has been carried out to get the message across that the Hospital of God is open and accessible to all those that need its services and that the Hospital of God is **"Here for Everyone"** and we have endeavored to make sure that as many people as possible in the north east are aware of our services and how they might be accessed.

Enjoying the sunshine at Minerva House



A chat at one of our day centres – helping people to feel a part of something

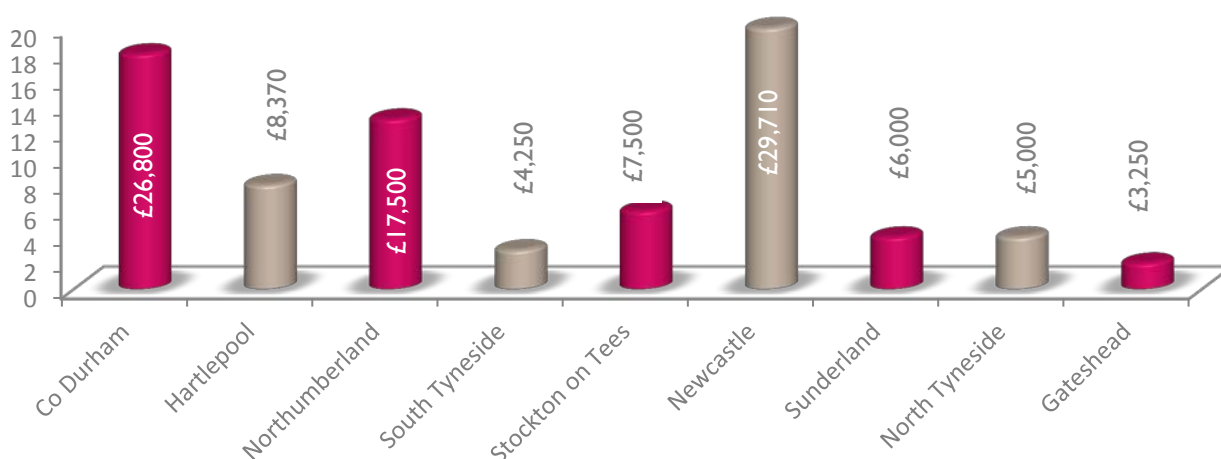
Hospital of God Grant Making in 2016/17

The grant making policy of the charity is to apply funding in a strategic manner in order to make as much impact as possible on the Hospital of God objective to alleviate need, hardship and distress in the region.

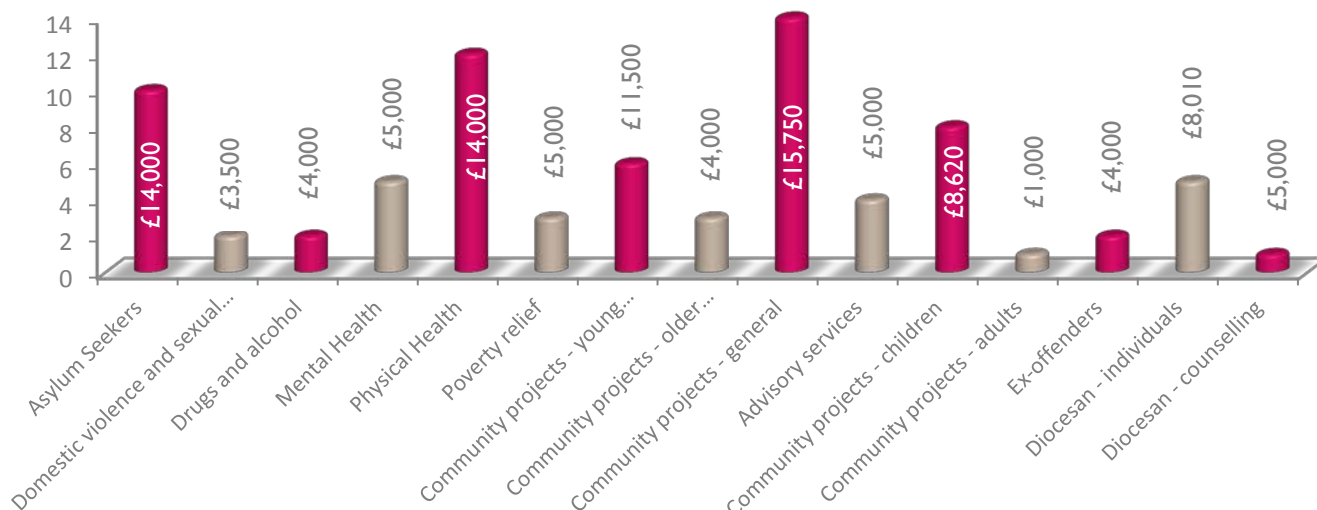
The Hospital of God grant making criteria are published on our website. These criteria are that the project to be funded must enhance the ability of individuals or communities to achieve self-determination, show evidence of need and have effective governance arrangements in place.

The tables below illustrate how we made grants totaling £108,380 in 2016/17:

No of Grants awarded by Location



No of Grants awarded by type of organisation



We continue to reach out to groups that may not know about Hospital of God grants in order to spread our benefit as widely as possible. In particular we attend funders' fairs and use social media in order to publicise our grants programme.

We recognise that grant recipients place great value on grants that repeat for more than one year and the policy of the charity is to allocate up to 10% of its annual grant-making budget to multi-year grants in order to give them a little more predictability for the future.



Projects we supported through grants

Our Statement of Public Benefit

The Hospital of God provides public benefit by virtue of its objects which are to relieve need, hardship and distress. In particular we work to ensure the independence, health, wellbeing and social integration of the people we work with.

Where individuals are not able to pay fees, for example in our residential homes, because they cannot afford them, the charity would encourage them to seek state funding.

The Hospital of God to a greater or lesser extent subsidises all of its services from charitable income and this is considered to be an appropriate use of the charitable endowment in accordance with the legal objectives of the charity.

Examples of the way in which charitable funds are used to create public benefit during the year are:

- The use of Hospital of God funds to enhance the quality and variety of the service in our care home, nursing home and day centres.
- The operation of a transport service for our 4 day centres which is subsidised by the charity but which enables people to attend who would otherwise not be able to do so.
- The expenditure of capital in order to modernise and improve our almshouses for the benefit of beneficiaries.
- The use of charitable funds to provide carer support services and memory cafes free of charge to the public.



An advice session at The Bridge

Further public benefit is provided by making grants to other charities and individuals in need throughout the north east. These grants being made in accordance with the objective of the charity to relieve need, hardship or distress.

It is confirmed that the trustees have given due consideration to the Charity Commission guidance on public benefit under the Charities Act 2011.

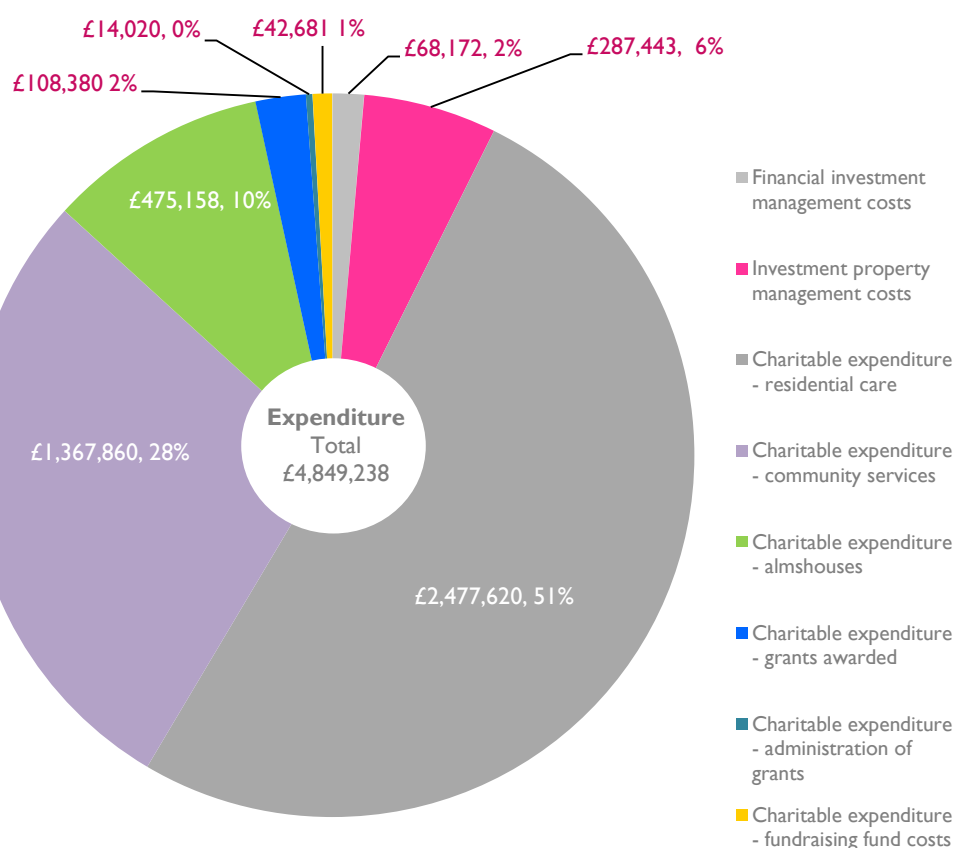
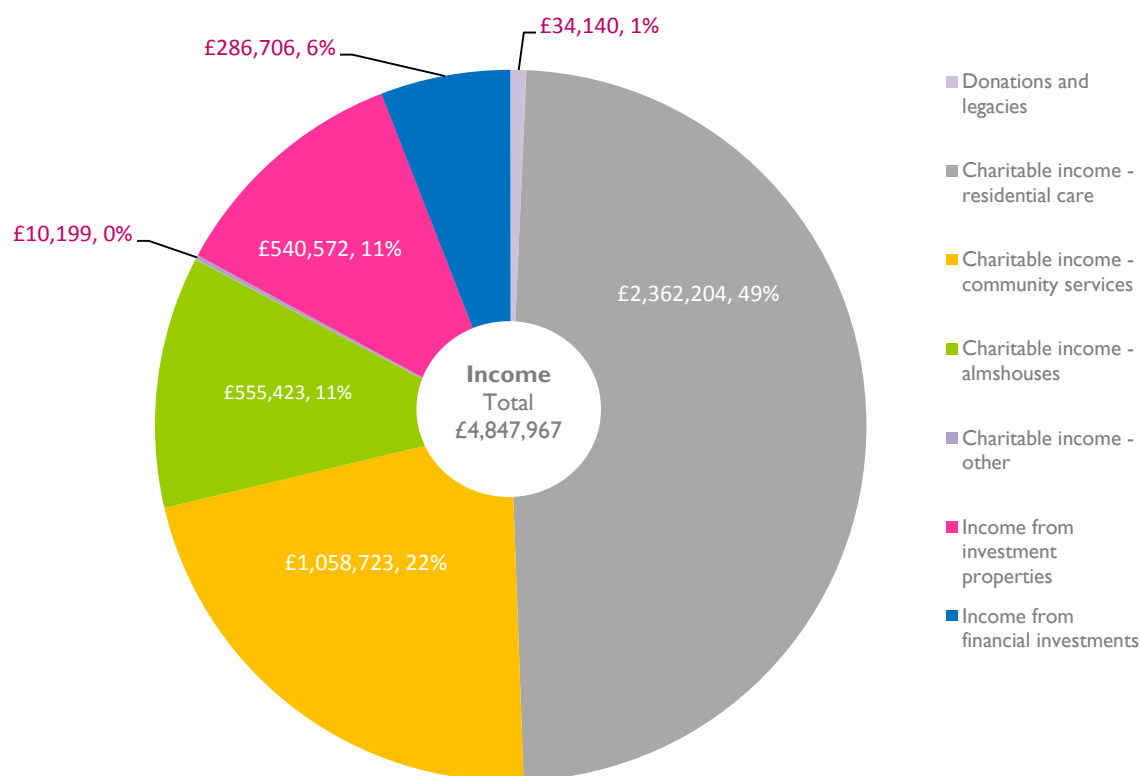
Financial Report

- a) The principal funding sources of the Hospital of God are shown in the statement of financial activities and are, in order of magnitude, income derived from charitable activities (fees, contract payments and grants), investment income and local fundraising. These incoming resources fund our social care and charitable housing services and the infrastructure of the organisation that supports the delivery of our charitable objectives and our grant-making programme.

There have been no significant events that have affected the financial performance of the organisation during the reporting period.

- b) An examination of the Statement of Financial Activities reveals that during the year ended 31st October 2017 the charity had a net increase in funds of £2,923,119 after the revaluation of investments, the addition of the assets of another charity (The Charity of Emma Simpson for Almshouses) taken over during the year and the reduction under FRS102 of the Greatham Hospital Pension Scheme deficit. Included within the surplus there was an increase in the value of the charity's financial investments of £1,679,727.
- c) There was a small operating deficit of £1,271 across all of our charitable services which is considered to be acceptable in the context of the overall financial position of the charity although it should be noted that investment income (from both property and endowment funds) made a significant contribution of £827,278 to income and without this income the operational deficit would have been significantly greater.
- d) Carrying these figures forward from 2016 to 2017 has resulted in total funds of £43,970,534 as at 31st October 2017. As a result of these figures the Trustees consider the charity to be in good financial health although there is a caution to be made that without its endowment and resulting investment income and the growth in value of investment assets the Hospital of God could not operate and provide public benefit to the extent that it current does.
- e) The Hospital of God raises funds and receives unsolicited donations. The sums raised and received are used to provide additional resources for local services and are not used to meet the core costs of running services. There is no material expenditure incurred in raising these funds as they are incidental to activities that are already taking place. The amount raised by these means in 2016/17 was £34,140.
- f) The Trustees have examined the main risks to the charity and have established a policy whereby if, in the unlikely event, all sources of income ceased at once the charity could operate for a period of three months. Reserves of £750,000 are held for this purpose.
- g) At 31st October 2017 the unrestricted funds used as working capital and for service development totalled £2,214,270.

The pie charts below show the sources of income and expenditure of the Hospital of God:



- h) The investment policy of the charity in relation to the endowment is to maximise income and capital growth in order to support charitable operations while accepting a moderate level of risk.

Trustees believe that during the period in question the performance of our various investment managers was satisfactory as may be seen from the net gains on investments shown in the statement of financial activities where the figure for the year in question is a gain of £1,679,727, last year's figure being £478,316.

Our fund managers are instructed to achieve the best possible return on investments without being concerned about producing income. This flexibility is possible because the charity has sufficient working capital in hand to allow a "holiday" to be taken from income generation for a period of time.

The charity's investment managers have been instructed that the charity has an ethical investment policy. This encourages investment in companies that can demonstrate success in business and financial matters, that adopt responsible employment practices, are conscientious in relation to corporate governance and environmental matters and are sensitive to the communities in which they operate.

- i) Trustees received on 15th November 2010 an order from the Charity Commission to allow a total return approach whereby they could, if necessary, draw upon capital growth in the portfolio and use it as income. In so doing trustees agreed to follow Charity Commission guidance in taking such an approach and in particular to ensure due consideration is given to the needs of both present and future beneficiaries of the charity.

The date of the initial value of the trust for investment was 31st October 2010 and the value of the initial trust at that date was £14,110,111 and at 31st October 2017 there was unapplied total return of £3,835,807.

The Hospital of God endowment fund is a permanent endowment and should therefore be managed in a way that at least maintains its real value as time passes. It is therefore incumbent upon the trustees to consider whether some part of the unapplied total return while it is available should be allocated to the trust value for this purpose. Using an appropriate measure for the level of inflation between 2010 and 2017 the trustees have allocated the sum of £2,846,150 from unallocated total return to the value of the trust for investment and the new value at 31st October 2017 is £17,000,421.

The remaining unapplied total return, which is held in the charity investment portfolio, of £989,657 remains available for services for current beneficiaries should trustees choose.

The basis for these calculations is contained in note 17 of the accounts.

Prior to this reporting period the amount of the unapplied total return allocated to income was determined by the trustees in the light of their policy to take a proportion of the unapplied total return in order to create a development fund to be used to further the objects of the charity. The sums involved are £1,250,000 in November 2010, £300,000 in February 2012, £200,000 in July 2012 and £400,000 in June 2013. There has been no further drawdown of unapplied total return.

Examples of the way in which these funds have been used include the extension of our nursing home, creating dementia friendly environments in our facilities and the development of our Home from Hospital service.

The Trustees, under the discretion allowed to them in the Charity Commission total return order of 15th November 2010; have concluded that it is unnecessary or inappropriate to take external professional advice in this matter

- j) The assets of the Greatham Hospital Pension Scheme are held separately from The Hospital of God which sponsors the scheme. The scheme had a deficit, under FRS 102 of £264,000 at 31st October 2016 and has a deficit of £105,000 under the same measure at 31st October 2017. This reduction in deficit of £159,000 is shown on the statement of financial activities of the charity.
- k) Under the actuarial valuation of 31st October 2016 the scheme has a technical deficit of £388,000 and the Hospital of God as the employer and sponsor of the scheme has agreed a recovery plan with the scheme trustees whereby the employer will make an annual payment of £48,000 over 10 years to meet the current known deficit. The first such payment was made on 1st November 2017. The recovery plan will be reviewed at the point of each triennial actuarial valuation the next being due on 31st October 2019.

*A day at
Hartlepool Day
Centre*



*Bowls at
Gretton
Court*

Our strategy and what we intend to achieve in 2016/17

At the core of what we do are the values of the Hospital of God. These values being the promotion of dignity, wellbeing and independence and the sacredness of life.

The history of the Hospital of God allows us to take a long view of the development of the charity and the use of its assets in order to achieve its objectives.

The objectives for the coming year are guided by the 2016-2018 strategic plan as agreed by the trustees in the autumn of 2015 and reviewed in the autumn of 2017.

Our strategy going forward remains to continue to provide directly managed services to the greatest possible degree but to recognise the possibility that the charity could become over stretched in terms of either infrastructure or financial resources. The most important priority at this time is to ensure the quality, safety and financial viability of what we do. There is a “slippery slope” that charities can go down where they put increasing amounts of their own charitable funding into services that are not financially viable and nowhere is that more apparent than in the field of social care.

In this sense the Hospital of God should be robust in seeking a fair price for the services it provides and withdraw from funding agreements that are not adequate. In future we may find that an independent trading model where services are sold to a market rather than contractual models where the price is set by an external body suits the Hospital of God better in terms of meeting its objectives.

With regard to care services we will invest in new community based services in new areas in the north east using the resources of the charity as seed corn money. These services may be for people with dementia but we are open minded about developing services that also address frailty, ill health and loneliness. As statutory funding for lower level and informal support services falls away we should consider what contribution the Hospital of God can make to ensuring that such services are able to continue. One of the charity’s strategic aims is to continue to work across all levels of need from the most complex and challenging such as good end of life care in our residential homes to completely informal drop in services that provide support and companionship in the community.

Out and about with Community Pastimes



The Hospital of God has many funding arrangements to be considered, and preserved if it suits the charity, and we recognise the turbulence associated with any form of statutory funding and in particular the risks involved when a charity becomes too dependent upon any single source of funding. Therefore the financial policy of creating a diverse funding base for the organisation as well as the strategic use of the charity's own funds will be continued.

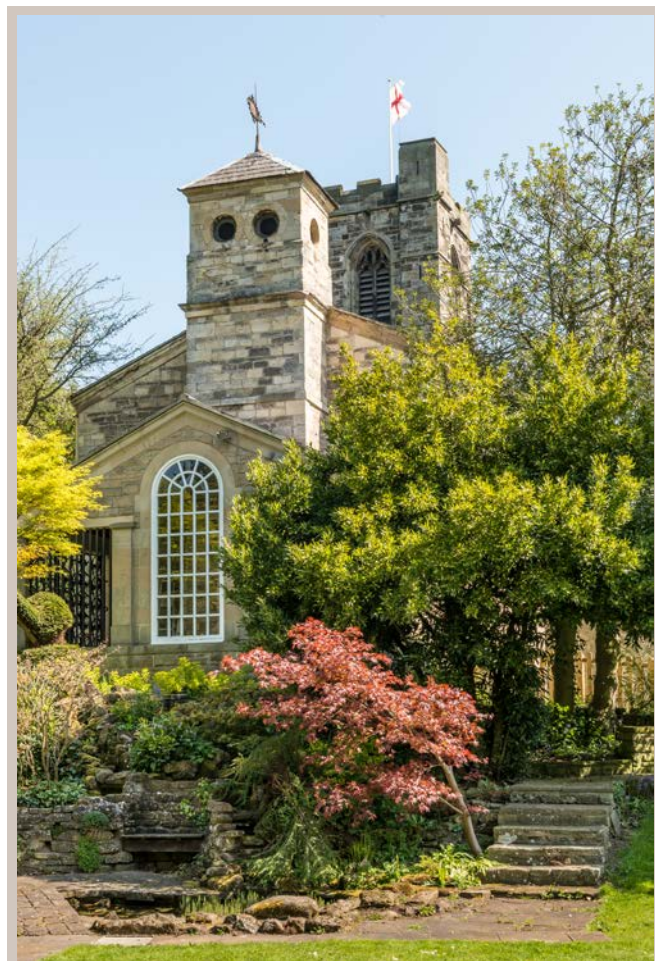
Alongside this is the need to work closely with our investment managers in order to maximise, within agreed risk parameters, the value of endowment funds in order that the charity has the resources it needs to move forward. This may involve a consideration of alternative investments within the portfolio that may bring greater returns but also carry greater risk. These investments may also have a longer time horizon and should therefore be seen in the light of how long the charity wants investments to be locked up.

The charity also directly manages its own portfolio of investment properties and these will be continue to be managed in a competent and business-like manner to produce a return to be used for charitable purposes.

A very important strategic area for the Hospital of God is to promote awareness of the charity amongst potential service users and the general public and it is planned to continue to devote voluntary income to this task.

The message is that while the Hospital of God has a Christian foundation it is **"Here for Everyone"** who needs its services.

All charities need a robust infrastructure in terms of both staffing and, increasingly, IT systems. With regard to the latter we recognise the risks involved in becoming reliant upon IT systems and the resulting hazards and this is under constant review.



The chapel at Greatham

Care services

Our care services enjoy high levels of occupancy and we will maintain our compassionate and caring approach to the care of our service users. We will improve governance and care planning in order to ensure compliance with all regulatory standards. There will be the targeted application of additional resources in order to achieve this.

Almshouses

Our almshouses enjoy very high levels of occupancy but we need to ensure that they are upgraded in order to ensure that they meet modern expectations. We will develop the warden service in order to ensure that those people with greater needs are able to remain in their almshouse for as long as possible.

Service development

In accordance with the Hospital of God strategic plan we will apply the charity's resources to the promotion of new developments. These will generally be for lower level services that would not otherwise be provided by statutory agencies and will be aimed at people living with dementia and memory loss and experiencing social isolation. Targeted funds will be made available for this purpose as seedcorn money intended to develop services that become financially sustainable.

Grant making

We recognise the value of supporting local charities and in particular we will continue to support smaller grassroots organisations with grants of up to £3,000.

Health and safety compliance

In order to increase our capability in this area we have commissioned and implemented external support to provide a more systematic approach, particularly in our care homes. We recognise the level of resources required to ensure compliance and these will be made available.



The gardens at the Hospital of God

Financial and investment strategy

The Hospital of God will continue to apply its own financial resources to services alongside statutory funding sources but will continue to be aware that these resources are finite and their use must be kept under review in order to ensure that the charity does not get into an unsustainable financial situation. In doing this we will ensure that the investment strategy serves the overall charity strategy. An exercise will be carried out to model the various strategic directions the charity may take and the financial and investment requirements of these approaches.

Property

The Hospital of God has a significant portfolio of both investment and charitable properties and we should continue to maintain and improve these properties in order to meet current expectations and

The Hospital of God at Greatham

ensure that they remain competitive in their market. Targeted funds will be made available for this purpose.

Promotion and brand

Significant progress has been made in this area and the Hospital of God is becoming better known. We have a new website which gives a much more modern image. Our new house style is proving effective and recognisable. We will continue to focus on the message that the Hospital of God is **“Here for Everyone”** and develop our conventional and social media profile.

Charity infrastructure

The Hospital of God has increased its infrastructure over the past two years with additional resources for service development and administrative support. However we should remain mindful of the costs involved and make sure that the charity does not become over extended by the costs of its own infrastructure.

Finally we should always recognise that the Hospital of God is about translating the values of the charity into a real living, breathing organisation that brings fulfilment to the lives of our beneficiaries and the people who work for us.



Playing Jenga at Minerva House

Reference and administrative details of the charity, its trustees and professional advisers

I) Details of the charity, its trustees and advisers

The charity is The Hospital of God at Greatham also known as Greatham Hospital. It is a charity and company limited by guarantee.

The company registration number is 6533385 and the charity registration number is 1123540.

The address of the principal office is:

The Estate Office, Greatham Hall, Greatham, Hartlepool, TS25 2HS

The names of the charity Trustees (who are also directors for the purposes of company law) who served during the year and up to the date this report was approved (28th March 2018) are:

Mr John Allen (retired 14th February 2017)
 Mrs Margaret Bousfield (appointed 8th March 2017)
 Mr Stephen Croft (retired 14th February 2017)
 Mr John De Martino
 Mr Christopher Dickinson
 The Venerable Ian Jagger
 The Venerable Geoff Miller
 Ms Annette Nylund
 Mr Michael Poole (Chair)
 Mr Peter Shields
 Ms Philippa Sinclair
 Mr Mike Taylerson

The Director (chief executive and company secretary) is Mr David Granath.

The names and addresses of other relevant organisations are:

- Auditors: William Fortune & Son, Chartered Accountants, Collingwood House, Hartlepool, TS24 7EN
- Banker: Barclays Bank PLC, Stockton Business Centre, The Tees Group (North), P O Box 7, Stockton-On-Tees, TS18 1AH
- Investment Manager: JP Morgan Private Wealth Management Ltd, PO Box 68214, 1 Knightsbridge, London SW1P 9UH
- Solicitors: Archers Law LLP, Lakeside House, Kingfisher Way, Stockton-On-Tees, TS18 3NB
- Solicitors: Ward Hadaway, Sandgate House, 102 Quayside, Newcastle upon Tyne, NE1 3DX
- Pension Scheme Adviser: Barnett Waddingham, West Riding House, 67 Albion Street, Leeds, LS1 5AA

2. Structure, governance and management

- a) The charity was founded in 1273 by Robert de Stichell, Bishop of Durham and was re-founded by King James I in 1610.
- b) The present company governing document is the memorandum and articles of association dated 13th March 2008.
- c) The present charity governing document is the scheme of the Charity Commission dated 27th June 2002 as amended by the uniting order of the Charity Commission of 26th March 2009 which appointed the company as the corporate trustee of the charity.
- d) The Hospital of God charity holds the permanent endowment on behalf of the company. The company is corporate trustee of the Hospital of God charity. Income generated from investments within the permanent endowment becomes available for use by the charitable company in furtherance of its objectives.
- e) There is provision for eight co-opted trustees and they are elected by the existing trustees at a general meeting as vacancies arise and in accordance with the needs of the charity. There is a one year trial period for new co-opted trustees. Each co-opted trustee may serve for two periods of five years.

There are three ex – officio trustees. The Archdeacons of Durham and Northumberland and the Bishop of Durham. The archdeacons take up the role of trustee by virtue of their position and hold office for as long as they remain in post. The Bishop of Durham holds office for as long as he or she remains in post. Bishops may and historically have nominated someone to act on their behalf for a five year period which can be repeated.

- f) The trustees are required to elect a chair of their meetings at the first meeting of each calendar year.
- g) As part of their induction and training new trustees receive the following documents:
 - The trustee handbook
 - The latest set of audited accounts
 - The scheme of the charity
 - The memorandum and articles of association
 - The budget for the current financial year
 - The trustee code of conduct
 - The trustee declaration of interests which is updated annually
 - Relevant Charity Commission publications via their website
 - The latest timetable of meetings
- h) The board of trustees meets four times each year and is responsible for establishing structures for the proper governance and management of the charity and the development of the vision and strategy of the charity in accordance with its objects.

The trustees have the following committees:

- Finance and Property Committee which meets four times a year
- Grants Committee which meets three times a year

The trustees ensure that the charity has a development strategy in place and that effective monitoring and governance arrangements are in place. The day to day running of the charity and the exercise of executive responsibility is delegated to the Director and the management team.

- i) The charity is not part of a formal network of other charities. It does, however, have contractual and working relationships with local authorities for the provision of social care services and housing support services. In addition it has contractual relationships with the local clinical commissioning groups for the funding of community services and nursing services.

There is a relationship with a local charity the Waddington Street Centre in Durham. The Hospital of God provides a house that is managed by Waddington Street Centre as a halfway house for people recovering from mental illness.

The Hospital of God absorbed the Fox Almshouses in Norton on 1st February 2008.

The Hospital of God absorbed the work of Hartlepool and East Durham Alzheimer's Trust on 1st April 2008.

The Hospital of God absorbed Stockton Almshouses Charity and Stockton Relief in Need Charity on 12th July 2010.

The Hospital of God absorbed the Charity of Emma Simpson for Almshouses on 28th July 2017.

- j) The Trustees have conducted a review of the major risks to which the charity is exposed. A risk register has been established and is updated annually. Control systems have been put in place to mitigate such risks. The Director reports to trustees on any new risks that might arise during the course of the year.

The three most serious risks that have been identified and the measures taken to mitigate them are:

Identified risk	Mitigating action
Failure of standards in relation to the care of service users and in particular any such failure leading to injury or harm.	Ensuring adherence to all relevant regulations and standards relating to the care of vulnerable adults. In particular ensuring that the culture of the charity is centred around the health and wellbeing of the people we care for and there are effective governance, audit and improvement systems in place.
Reputational risk following an adverse event.	To ensure that the organisation, as a matter of routine day to day practice, is prepared for any external scrutiny and to challenge if justified the outcomes of any external inspection.
Failure of IT systems or cyber-attack that leads to financial loss or paralysis and the inability of the charity to conduct its business.	Ensuring that we have in place robust financial and IT systems and the procedures needed to ensure their safe and effective operation and an appropriate disaster recovery plan.

In addition to these three major risks there is a full and comprehensive register in place that is monitored and revised as is necessary.

Statements as to disclosure of information to auditors

In so far as the trustees are aware:

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

On behalf of the Trustees

.....

Mr David Granath,
Director/Company Secretary

.....

Date

Statements of trustee's responsibilities

The trustees are responsible for preparing the annual report and the financial statements in accordance with applicable law and UK 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 charity and of the surplus or deficit of the charity for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Wm Fortune & Son are deemed to be reappointed in accordance with Section 487(2) of the Companies Act 2006.

On behalf of the Trustees

.....
Mr Michael Poole
Chair)

.....
Date

The Hospital of God at Greatham

Independent Auditor's Report to the Members of the Hospital of God at Greatham

Year ended 31 October 2017

We have audited the financial statements of The Hospital of God at Greatham for the year ended 31 October 2017 which comprise the statement of financial activities (including income and expenditure account), statement of financial position, statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

Respective responsibilities of trustee and auditor

As explained more fully in the trustee's responsibilities statement, the trustee (who is also the director for the purposes of company law) is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustee; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the trustee's report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 October 2017 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

The Hospital of God at Greatham

Independent Auditor's Report to the Members of the Hospital of God at Greatham *(continued)*

Year ended 31 October 2017

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the trustee's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustee's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Thomas Atkinson (Senior Statutory Auditor)

For and on behalf of
Wm Fortune and Son
Chartered accountant & statutory auditor
Collingwood House
Church Square
Hartlepool
TS24 7EN

28 March 2018

The Hospital of God at Greatham

Statement of Financial Activities (including income and expenditure account)

Year ended 31 October 2017

					2017	2016
	Note	Unrestricted funds £	Restricted funds	Endowment funds £	Total funds £	Total funds £
Income and endowments						
Donations and legacies	5	34,140	–	–	34,140	34,013
Charitable activities	6	3,956,002	30,547	–	3,986,549	3,702,700
Investment income	7	566,556	–	260,722	827,278	813,572
Total income		<u>4,556,698</u>	<u>30,547</u>	<u>260,722</u>	<u>4,847,967</u>	<u>4,550,285</u>
Expenditure						
Expenditure on raising funds:						
Investment management costs	8	(287,443)	-	(68,172)	(355,615)	(263,823)
Expenditure on charitable activities	9,10	(4,472,955)	(20,668)		(4,493,623)	(4,213,899)
Total expenditure		<u>(4,760,398)</u>	<u>(20,668)</u>	<u>(68,172)</u>	<u>(4,849,238)</u>	<u>(4,477,722)</u>
Total income less total expenditure		(203,700)	9,879	192,550	(1,271)	72,563
Net unrealised gains on investments	11	72,037	5,403	1,602,287	1,679,727	478,316
Net unrealised gains on tangible fixed assets	15	–	876,492	–	876,492	–
Net income/(expenditure)		<u>(131,663)</u>	<u>891,774</u>	<u>1,794,837</u>	<u>2,554,948</u>	<u>550,879</u>
Transfers between funds		47,865	–	(47,865)	–	–
Transfer from other charity		–	209,171	–	209,171	–
Other recognised gains and losses						
(Increase)/decrease in pension fund deficit		159,000	–	–	159,000	(264,000)
Net movement in funds		<u>75,202</u>	<u>1,100,945</u>	<u>1,746,972</u>	<u>2,923,119</u>	<u>286,879</u>
Reconciliation of funds						
Total funds brought forward		<u>4,268,370</u>	<u>–</u>	<u>36,779,045</u>	<u>41,047,415</u>	<u>40,760,536</u>
Total funds carried forward		<u>4,343,572</u>	<u>1,100,945</u>	<u>38,526,017</u>	<u>43,970,534</u>	<u>41,047,415</u>

The statement of financial activities includes all gains and losses recognised in the year.
All income and expenditure derives from continuing activities.

The Hospital of God at Greatham

Statement of Financial Position

Year ended 31 October 2017

		2017 £	2016 £
Fixed assets			
Tangible fixed assets	15	9,668,606	8,935,644
Investments	16	30,435,587	28,416,642
		<u>40,104,193</u>	<u>37,352,286</u>
Current assets			
Debtors	18	380,609	282,943
Cash at bank and in hand		4,079,556	4,049,085
		<u>4,460,165</u>	<u>4,332,028</u>
Creditors: amounts falling due within one year	19	393,066	276,430
Net current assets		<u>4,067,099</u>	<u>4,055,598</u>
Total assets less current liabilities		44,171,292	41,407,884
Creditors: amounts falling due after more than one year	20	95,758	96,469
Provisions for liabilities	21,22	105,000	264,000
Net assets		<u>43,970,534</u>	<u>41,047,415</u>
Funds of the charity			
Endowment funds		38,526,017	36,779,045
Restricted funds		1,100,945	–
Unrestricted funds		4,343,572	4,268,370
Total charity funds	23	<u>43,970,534</u>	<u>41,047,415</u>

These financial statements were approved by the board of trustees and authorised for issue on 28 March 2018, and are signed on behalf of the board by:

Michael Poole
Chair of Trustees

The Hospital of God at Greatham

Statement of Cash Flows

Year ended 31 October 2017

	2017 £	2016 £
Cash flows from operating activities		
Net income	2,554,948	550,879
<i>Adjustments for:</i>		
Depreciation of tangible fixed assets	238,392	246,848
Net gains on investments	(1,679,727)	(478,316)
Net gains on tangible fixed assets	(876,492)	-
Dividends, interest and rents from investments	(827,278)	(813,572)
Interest payable and similar changes	10,786	10,851
Accrued (income)/expenses	87,358	(36,297)
<i>Changes in:</i>		
Trade and other debtors	(97,666)	23,128
Trade and other creditors	29,205	(53,603)
Cash generated from operations	(560,474)	(550,082)
Interest paid	(10,786)	(10,851)
Net cash used in operating activities	<u>(571,260)</u>	<u>(560,933)</u>
Cash flows from investing activities		
Dividends, interest and rents from investments	827,278	813,572
Purchase of tangible assets	(35,121)	(26,436)
Disposal of tangible assets	8,767	-
Purchases of other investments	(238,555)	(255,885)
Proceeds from sale of other investments	40,000	-
Net cash from investing activities	<u>602,369</u>	<u>531,251</u>
Cash flows from financing activities		
Proceeds from borrowings	(638)	(572)
Net cash used in financing activities	<u>(638)</u>	<u>(572)</u>
Net decrease in cash and cash equivalents	30,471	(30,254)
Cash and cash equivalents at beginning of year	4,049,085	4,079,339
Cash and cash equivalents at end of year	<u>4,079,556</u>	<u>4,049,085</u>

The Hospital of God at Greatham

Notes to the Financial Statements

Year ended 31 October 2017

1. General information

The charity is a private company limited by guarantee, registered in England and Wales and a registered charity in England and Wales.

The charity constitutes a public benefit entity as defined by FRS 102.

As corporate trustee the company administers the endowment fund of the Hospital of God at Greatham which is an unincorporated charity. The endowment funds thus do not form part of the corporate assets of the company, but are held on trust by the charitable company. In accordance with Charity Commission recommendations the endowment fund held on trust is included in the financial statements of the charitable company but is distinguished from the charitable company's other funds. In accordance with the Charity Commission scheme of 27th June 2002 income generated from investments within the charity's endowment fund becomes available for use by the charitable company in furtherance of its objectives as does capital growth on the financial investments covered by the order for total return dated 15th November 2010 referred to in Note 17 of this report.

Under an order of the Charity Commission dated 28 July 2017 the charitable company was appointed sole trustee of the Charity of Emma Simpson for Almshouses (charity reg. 222517, now 1123540-2), an unincorporated charity. The charitable company, as corporate trustee, thereby administers the endowment and other funds of the Charity of Emma Simpson for Almshouses, which do not form part of the corporate assets of the company, but are held on trust by the charitable company in a restricted fund. In accordance with the order, the Charity of Emma Simpson for Almshouses is treated as forming part of The Hospital of God at Greatham for the purpose of Part 8 (accounting) of the Charities Act 2011 for the whole of the financial year ended 31 October 2017.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland', the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)) and the Charities Act 2011.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through income or expenditure.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

There are no material uncertainties about the charity's ability to continue as a going concern.

The Hospital of God at Greatham

Notes to the Financial Statement *(continued)*

Year ended 31 October 2017

3. Accounting policies

Fund accounting

Unrestricted funds are available for use at the discretion of the trustees to further any of the charity's purposes.

Designated funds are unrestricted funds earmarked by the trustee for particular future projects or commitments.

Restricted funds are subjected to restrictions on their expenditure declared by the donor or through the terms of an appeal, and fall into one of two sub-classes: restricted income funds or endowment funds. The charity's restricted funds comprise its permanent endowment, the Stockton Relief in Need endowment fund and restricted funds relating to The Charity of Emma Simpson for Almshouses as referred to in Note 1.

Income recognition

Income is included in the statement of financial activities when entitlement has passed to the charity, it is probable that the economic benefits associated with the transaction will flow to the charity and the amount can be reliably measured. The following points are applied to particular categories of income:

- Income from donations or grants is recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably.
- Donated facilities and services are recognised in the accounts when received if the value can be reliably measured. No amounts are included for the contribution of general volunteers.
- Income from contracts for the supply of services is recognised upon the delivery of the contracted service. This is classified as unrestricted funds unless there is a contractual requirement for it to be spent on a particular purpose and returned if unspent, in which case it may be regarded as restricted.

Expenditure recognition

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any value added tax which cannot be fully recovered, and is classified under headings of the statement of financial activities to which it relates:

- expenditure on raising funds includes the costs of all fundraising activities, events, non-charitable trading activities, and the sale of donated goods.
- expenditure on charitable activities includes all costs incurred by the charity in undertaking activities that further its charitable aims for the benefit of its beneficiaries, including those support costs and costs relating to the governance of the charity apportioned to charitable activities.
- other expenditure includes all expenditure that is neither related to raising funds for the charity nor part of its expenditure on charitable activities.

All costs are allocated to expenditure categories reflecting the use of the resource. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs are apportioned between the activities they contribute to on a reasonable, justifiable and consistent basis.

The Hospital of God at Greatham

Notes to the Financial Statement *(continued)*

Year ended 31 October 2017

3. Accounting policies *(continued)*

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Increases and decreases in the carrying amount of assets as a result of revaluation are recognised in the statement of financial activities.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Freehold property	-	2.5% reducing balance
Equipment	-	20% reducing balance

Investments

Listed investments are measured at fair value with changes in fair value being recognised in income or expenditure.

Investment property

Investment property is revalued to its fair value at each reporting date and any changes in fair value are recognised in income or expenditure.

Financial instruments

A financial asset or a financial liability is recognised only when the charity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the amount receivable or payable including any related transaction costs.

Current assets and current liabilities are subsequently measured at the cash or other consideration expected to be paid or received and not discounted.

Where investments in shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in income and expenditure.

The Hospital of God at Greatham

Notes to the Financial Statement *(continued)*

Year ended 31 October 2017

3. Accounting policies *(continued)*

Defined contribution pension schemes

Contributions to defined contribution pension schemes are recognised as an expense in the period in which the service is provided.

4. Limited by guarantee

The charity is a company limited by guarantee and has no share capital. In the event of the charity being wound up the liability in respect of the guarantee is limited to £1 per member of the charity.

5. Donations and legacies

	Unrestricted Funds £	Total Funds 2017 £	Unrestricted Funds £	Total Funds 2016 £
Donations				
Donations and legacies	17,091	17,091	22,595	22,595
Sponsorship				
Sponsorship income	17,049	17,049	11,418	11,418
	<u>34,140</u>	<u>34,140</u>	<u>34,013</u>	<u>34,013</u>

6. Income from charitable activities

	Unrestricted Funds £	Restricted Funds £	Total Funds 2017 £
Residential care	2,362,204	-	2,362,204
Community services	1,058,723	-	1,058,723
Supported almshouses	524,876	30,547	555,423
Other charitable activities	10,199	-	10,199
	<u>3,956,002</u>	<u>30,547</u>	<u>3,986,549</u>

	Unrestricted Funds £	Restricted Funds £	Total Funds 2016 £
Residential care	2,231,599	-	2,231,599
Community services	953,120	-	953,120
Supported almshouses	510,875	-	510,875
Other charitable activities	7,106	-	7,106
	<u>3,702,700</u>	<u>-</u>	<u>3,702,700</u>

The Hospital of God at Greatham

Notes to the Financial Statement *(continued)*

Year ended 31 October 2017

7. Investment income

	Unrestricted Funds £	Endowment Funds £	Total Funds 2017 £
Income from investment properties	540,572	–	540,572
Interest and dividends	25,984	260,722	286,706
	<u>566,556</u>	<u>260,722</u>	<u>827,278</u>
	Unrestricted Funds £	Endowment Funds £	Total funds 2016 £
Income from investment properties	545,812	–	545,812
Interest and dividends	36,321	231,439	267,760
	<u>582,133</u>	<u>231,439</u>	<u>813,572</u>

8. Investment management costs

	Unrestricted Funds £	Endowment Funds £	Total Funds 2017 £
Portfolio management	–	68,172	68,172
Property repairs and maintenance charges	233,938	–	233,938
Support costs	48,361	–	48,361
Depreciation	5,144	–	5,144
	<u>287,443</u>	<u>68,172</u>	<u>355,615</u>
	Unrestricted Funds £	Endowment Funds £	Total Funds 2016 £
Portfolio management	–	71,185	71,185
Property repairs and maintenance charges	140,934	–	140,934
Support costs	46,378	–	46,378
Depreciation	5,326	–	5,326
	<u>192,638</u>	<u>71,185</u>	<u>263,823</u>

The Hospital of God at Greatham

Notes to the Financial Statement (continued)

Year ended 31 October 2017

9. Expenditure on charitable activities by fund type

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2017
	£	£	£	£
Residential care	2,118,342	-	-	2,118,342
Community services	1,112,488	-	-	1,112,488
Supported almshouses	290,456	20,668	-	311,124
Grants	108,380	-	-	108,380
Fundraising fund costs	42,681	-	-	42,681
Support costs	792,704	-	-	792,704
Other charitable activities	7,904	-	-	7,904
	<u>4,472,955</u>	<u>20,668</u>	<u>-</u>	<u>4,493,623</u>

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2016
	£	£	£	£
Residential care	1,991,569	-	-	1,991,569
Community services	978,896	-	-	978,896
Supported almshouses	326,595	-	-	326,595
Grants	102,820	-	3,999	106,819
Fundraising fund costs	28,737	-	-	28,737
Support costs	781,283	-	-	781,283
	<u>4,209,900</u>	<u>-</u>	<u>3,999</u>	<u>4,213,899</u>

10. Expenditure on charitable activities by activity type

	Activities undertaken directly	Support costs	Total funds 2017	Total fund 2016
	£	£	£	£
Residential care	2,118,342	359,278	2,477,620	2,342,864
Community services	1,112,488	255,372	1,367,860	1,231,409
Supported almshouses	311,124	164,034	475,158	490,738
Grants	108,380	14,020	122,400	120,152
Fundraising fund costs	42,681	-	42,681	28,736
Other charitable costs	7,904	-	7,904	-
	<u>3,700,919</u>	<u>792,704</u>	<u>4,493,623</u>	<u>4,213,899</u>

The Hospital of God at Greatham

Notes to the Financial Statement (continued)

Year ended 31 October 2017

11. Net unrealised gains on investments

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2017 £
Unrealised gains on listed investments	<u>72,037</u>	<u>5,403</u>	<u>1,602,287</u>	<u>1,679,727</u>
	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2016 £
Unrealised gains on listed investments	<u>87,354</u>	<u>-</u>	<u>390,962</u>	<u>478,316</u>

12. Net income

Net income is stated after charging:

	2017 £	2016 £
Auditor's remuneration	8,500	8,000
Depreciation of tangible fixed assets	<u>238,392</u>	<u>246,848</u>

13. Staff costs

The total staff costs and employee benefits for the reporting period are analysed as follows:

	2017 £	2016 £
Wages and salaries	2,783,637	2,385,130
Social security costs	158,800	145,973
Employer contributions to DC pension schemes	18,214	17,214
Employer contributions to DB pension schemes	38,208	37,997
Operating costs of DB pension scheme	39,603	22,643
	<u>3,038,462</u>	<u>2,608,957</u>

The average head count of employees during the year was 178 (2016: 174), analysed as follows:

	2017 No	2016 No
Management and administration	11	10
Care services	164	161
Estate	3	3
	<u>178</u>	<u>174</u>

The Hospital of God at Greatham

Notes to the Financial Statement (continued)

Year ended 31 October 2017

The number of employees whose remuneration for the year fell within the following bands, were:

	2017 No.	2016 No.
£70,000 to £79,999	1	1

Key Management Personnel

Key management personnel include all persons that have authority and responsibility for planning, directing and controlling the activities of the charity. The total compensation paid to key management personnel for services provided to the charity was £200,916 (2016: £196,977).

14. Trustee remuneration and expenses

No remuneration was paid to the trustees.

15. Tangible fixed assets

	Freehold property £	Equipment £	Total £
Cost			
At 1 November 2016	12,121,062	564,449	12,685,511
Additions at cost	23,421	11,700	35,121
Transfer from other charity	68,507	-	68,507
Revaluation of almshouse properties	876,493	-	876,493
	-	-	-
Disposals	-	(366,040)	(366,040)
At 31 October 2017	13,089,483	210,109	13,299,592
Depreciation			
At 1 November 2016	3,264,433	485,434	3,749,867
Charge for the year	222,002	16,390	238,392
Disposals	-	(357,273)	(357,273)
At 31 October 2017	3,486,435	144,551	3,630,986
Carrying amount			
At 31 October 2017	9,603,048	65,558	9,668,606
At 31 October 2016	8,856,629	79,015	8,935,644

The Hospital of God at Greatham

Notes to the Financial Statement *(continued)*

Year ended 31 October 2017

16. Investments

	Listed investments £	Investment properties £	Total £
Cost or valuation			
At 1 November 2016	16,958,392	11,458,250	28,416,642
Additions	328,184	–	328,184
Transfer from other charity	51,034	–	51,034
Disposals	–	(40,000)	(40,000)
Fair value movements	1,679,727	–	1,679,727
At 31 October 2017	<u>19,017,337</u>	<u>11,418,250</u>	<u>30,435,587</u>
Impairment			
At 1 November 2016 and 31 October 2017	<u>–</u>	<u>–</u>	<u>–</u>
Carrying amount			
At 31 October 2017	<u>19,017,337</u>	<u>11,418,250</u>	<u>30,435,587</u>
At 31 October 2016	<u>16,958,392</u>	<u>11,458,250</u>	<u>28,416,642</u>

All investments shown above are held at valuation.

Listed investments

The charity's listed investments are largely held within a portfolio of investments managed by the charity's professional fund managers with some additional direct holdings in common investment funds. The managed portfolio holds investments in the form of equities, fixed income securities, hedge funds and commodities all of which are part of publicly traded markets where trading is on the basis of quoted prices. The fair value of all holdings is based upon the quoted market prices of the various holdings. The managed portfolio also includes foreign currency contracts which act as a hedge against the effect of currency fluctuations within the portfolio. The fair value of foreign currency forward contracts within the managed portfolio is based on the difference between the exchange rate agreed at the inception of the forward contract and the exchange rate prevailing at the reporting date.

Investment properties

All fixed asset investments are held within the United Kingdom. The investment properties are stated at open market valuation. A full professional valuation was carried out at 31st October 2013 by Thomas Stevenson, chartered surveyors. The trustees are of the opinion that this valuation continues to represent the open market value of the portfolio at the balance sheet date.

The Hospital of God at Greatham

Notes to the Financial Statement *(continued)*

Year ended 31 October 2017

17. Total return approach to investment of permanent endowment

The charity's listed investments include the charity's managed endowment fund investment portfolio. This portfolio is accounted for on a total return basis in accordance with an order for total return received on 15th November 2010 from the Charity Commission.

During the year the charity made a transfer from unapplied total return to the trust for endowment in order to maintain the real value of the trust for investment. The amount transferred is based on an average of the RPI and CPI indices pertaining during the period since the trust value for endowment was established in 2010.

The movements in the trust for investment and the unapplied total return during the year are as follows:

Endowment investments subject to total return	Trust for investment £	Unapplied total return £	Total £
At 31 October 2016			
Gift component of the permanent endowment	14,110,111	-	14,110,111
Unapplied total return	-	1,957,789	1,957,789
Total at 31 October 2016	14,110,111	1,957,789	16,067,900
Movements in the reporting period			
Investment returns - dividends and interest	-	255,641	255,641
Investment returns – realised and unrealised gains and (losses)	-	1,589,833	1,589,833
Additions to trust for investment	44,160	-	44,160
Income repaid to unapplied total return in year	-	100,716	100,716
Less: Investment management costs	-	(68,172)	(68,172)
Total movements in the reporting period before transfers	44,160	1,878,018	1,922,178
Transfer from unapplied total return to maintain real value of trust for investment	2,846,150	(2,846,150)	-
Net movements in the reporting period	2,890,310	(968,132)	1,922,178
At 31 October 2017			
Gift component of the permanent endowment	17,000,421	-	17,000,421
Unapplied total return	-	989,657	989,657
Total at 31 October 2017	17,000,421	989,657	17,990,078

The Hospital of God at Greatham

Notes to the Financial Statement *(continued)*

Year ended 31 October 2017

18. Debtors

	2017	2016
	£	£
Trade debtors	323,098	264,243
Prepayments and accrued income	57,511	18,700
	<u>380,609</u>	<u>282,943</u>

19. Creditors: amounts falling due within one year

	2017	2016
	£	£
Mortgage loan	710	637
Trade creditors	238,399	211,207
Accruals and deferred income	117,888	30,530
Social security and other taxes	36,069	34,056
	<u>393,066</u>	<u>276,430</u>

20. Creditors: amounts falling due after more than one year

	2017	2016
	£	£
Mortgage loan	<u>95,758</u>	<u>96,469</u>

The mortgage loan was transferred to the charity from the Stockton Almshouses Charity during the year ended 31 October 2010. The mortgage loan is secured by a legal charge over the property at Trinity Gardens, Stockton on Tees.

21. Provisions for liabilities

	Pensions and similar obligations Note 21
	£
At 1 November 2016	264,000
Reduction in provision during the year	<u>(159,000)</u>
At 31 October 2017	<u>105,000</u>

The Hospital of God at Greatham

Notes to the Financial Statement *(continued)*

Year ended 31 October 2017

22. Pensions and other post-employment benefits

Defined contribution plans

The amount recognised in expenditure as an expense in relation to defined contribution plans was £18,214 (2016: £17,214).

Defined benefit plans

The charitable company is the sponsoring employer of the Greatham Hospital Pension Scheme ("the scheme"), a defined benefit pension scheme which provides benefits based in final salary and length of service on retirement, leaving service or death. The pension scheme was closed to new members on 14 December 2005.

The scheme is subject to the statutory funding objective under the Pensions Act 2004. A valuation of the scheme is carried out at least once every three years to determine whether the Statutory Funding Objective is met. As part of the process the employer must agree with the trustees of the scheme the contributions to be paid to address any shortfall against the statutory funding objective and contributions to pay for the accrual of future benefits.

The last full actuarial valuation was carried out at 31 October 2016. This valuation calculated an actuarial deficit of £388,000 as at that date. To eliminate this funding shortfall the trustees and the scheme have agreed a recovery plan whereby the charity must make an annual additional contribution of £48,000 to the scheme each November, with the first payment in November 2017 and the final payment in November 2026. This will be subject to review at each triennial full actuarial valuation.

As the scheme is still open to accrual, the employer pays contributions to the scheme for future service benefits. During the year ended 31 October 2017 the employer paid contributions at the rate of 21.5% of gross pensionable salary for active members. As a result of the full actuarial valuation dated 31 October 2016 the employer's contributions for future service benefits increased to 29.6% of gross pensionable pay with effect from 1 November 2017.

The charity administers the scheme and meets all running costs of the scheme.

The following disclosures have been provided by the scheme actuary to meet the requirements of FRS 102 for the purposes of these accounts.

At 31 October 2017 there was a deficit of £105,000. This compares with a deficit of £264,000 at the previous review date. The main reason for the reduction in the deficit over the period was the better than expected investment returns on the scheme's assets and lower inflation expectations which has reduced the value placed on the liabilities.

Explanation of amounts in the financial statements

The amounts recognised in the statement of financial position are shown in the following table.

Amounts recognised in the Statement of Net Assets	As at 31 October 2017 £'000	As at 31 October 2016 £'000
Fair value of assets	3,076	2,950
Present value of funded obligations	(3,181)	(3,214)
Surplus/(deficit) recognised in the Statement of Net Assets	(105)	(264)

The Hospital of God at Greatham

Notes to the Financial Statement *(continued)*

Year ended 31 October 2017

Explanation of amounts in the financial statements *(continued)*

The amounts recognised as income and expenditure during the year are shown in the following tables:

Costs/(income) recognised in the year	Year ended 31 October 2017 £'000	Year ended 31 October 2016 £'000
Current service cost	33	25
Administration costs	-	-
Interest on liabilities	89	101
Interest on assets	(82)	(105)
Past service cost	-	-
Settlement cost	-	-
Total costs/(income) recognised in the year	40	21

Re-measurement losses/(gains) recognised in the year	Year ended 31 October 2017 £'000	Year ended 31 October 2016 £'000
Loss/(gain) on scheme assets in excess of interest	(69)	(169)
Experience losses/(gains) on liabilities	-	(166)
Losses/(gains) from changes to assumptions	(92)	700
Total re-measurement losses/(gains) recognised in the year	(161)	365

The Hospital of God at Greatham

Notes to the Financial Statement *(continued)*

Year ended 31 October 2017

Net amount recognised in the Statement of Financial Activities	Year ended 31 October 2017 £'000	Year ended 31 October 2016 £'000
Surplus at beginning of year not previously recognised	-	84
Total income/(costs) recognised in the year, as above	(40)	(21)
Total re-measurement gains/(losses) in the year, as above	161	(365)
Employer contributions	38	38
Net amount recognised in the Statement of Financial Activities	159	(264)

Recognition of assets and defined benefit obligation

The change in the fair value of scheme assets over the year was:

	As at 31 October 2017 £'000	As at 31 October 2016 £'000
Fair value of assets at the beginning of the year	2,950	2,703
Interest on assets	82	105
Employer contributions	38	38
Contributions by scheme participants	0	0
Benefits paid	(63)	(65)
Administration costs	0	0
Change due to settlements	0	0
Return on plan assets less interest	69	169
Fair value of assets at the end of the year	3,076	2,950

The Hospital of God at Greatham

Notes to the Financial Statement *(continued)*

Year ended 31 October 2017

The change in the present value of the funded defined benefit obligation over the year was:

	As at 31 October 2017 £'000	As at 31 October 2016 £'000
Defined benefit obligation at the beginning of the year	3,214	2,619
Current service cost	33	25
Contributions by scheme participants	0	0
Past service cost	0	0
Interest cost	89	101
Benefits paid	(63)	(65)
Change due to settlements	0	0
Experience (gain)/loss on defined benefit obligation	0	(166)
Changes to assumptions	(92)	700
Defined benefit obligation at the end of the year	3,181	3,214

The major categories of assets as a percentage of total assets are as follows:

Asset category	31 October 2017
Diversified growth fund	61%
Index-linked gilts	19%
Corporate bonds	20%
Total	100%

The actual return on the Scheme's assets over the year was £151,000.

The Hospital of God at Greatham

Notes to the Financial Statement *(continued)*

Year ended 31 October 2017

The principal assumptions used to calculate scheme liabilities in accordance with FRS102 are as follows:

	31 October 2017	31 October 2016
Discount rate	2.8% pa	2.8% pa
Inflation assumption (RPI)	3.4% pa	3.6% pa
Inflation assumption (CPI)	2.5% pa	2.7% pa
CPI max 5% pension increases	2.4% pa	2.6% pa
RPI max 2.5% pension increases	2.3% pa	2.4% pa
Discretionary pension increases	1.2% pa	1.3% pa
Salary increases	3.4% pa	3.6% pa
Post retirement mortality assumption	S2NA CMI_2015 [with long term improvement rate of 1.25%]	
Tax free cash	Members are assumed to take 20% of their pension as tax free cash at retirement	

The Hospital of God at Greatham

Notes to the Financial Statement (continued)

Year ended 31 October 2017

23. Analysis of charitable funds

Unrestricted funds

	At 1 Nov 2016 £	Income £	Expenditure £	Transfers	Gains and losses £	At 31 Oct 2017 £
General fund	1,218,734	4,514,868	(4,449,907)	(198,588)	231,037	1,316,144
Fundraising fund	44,570	34,140	(42,746)	–	–	35,964
Building fund	426,451	160	–	–	–	426,611
Development fund	982,388	641	–	(84,903)	–	898,126
Extraordinary repair fund	1,596,227	6,889	(267,745)	331,356	–	1,666,727
	<u>4,268,370</u>	<u>4,556,698</u>	<u>(4,760,398)</u>	<u>47,865</u>	<u>231,037</u>	<u>4,343,572</u>

Restricted funds

	At 1 Nov 2016 £	Income £	Expenditure £	Transfers	Gains and losses £	At 31 Oct 2017 £
The Charity of Emma Simpson for Almshouses	<u>209,171</u>	<u>30,547</u>	<u>(20,668)</u>	<u>–</u>	<u>881,895</u>	<u>1,100,945</u>

Endowment funds

	At 1 Nov 2016 £	Income £	Expenditure £	Transfers	Gains and losses £	At 31 Oct 2017 £
Permanent endowment fund	36,644,811	256,336	(68,172)	(47,865)	1,594,413	38,379,523
Stockton Relief in Need fund	134,234	4,386	–	–	7,874	146,494
	<u>36,779,045</u>	<u>260,722</u>	<u>(68,172)</u>	<u>(47,865)</u>	<u>1,602,287</u>	<u>38,526,017</u>

24. Contingent liability

The charity is the subject of an investigation by the Care Quality Commission in connection with an incident at one of its residential care facilities in December 2016. The outcome of this investigation is unknown and no provision has been made in these financial accounts in relation to this matter.



Care Services & Almshouses Services

Stichell House, Greatham

Stichell House is our acclaimed care home for elderly people in Greatham. We take both private and local authority funded residents

Gretton Court, Hartlepool

Gretton Court is purpose built nursing home providing specialist care for 33 people with a dementia related illness.

Almshouses

We have more than one hundred almshouses for older people in Greatham, Stockton and Norton. These all have warden support and an alarm call system. They range from brand new purpose built units to sensitively adapted older properties some of which are listed buildings.

Grants

We make grants to other charities throughout the north east.

Day Centres in Hartlepool, Seaham Horden and Wheatley Hill

These provide high levels of care on a daily basis to people living in the community with a dementia related illness and support their carers.

Community Pastimes in Hartlepool, County Durham and Stockton

Where we provide support and activities for people with dementia in their own homes or in the community.

The Bridge, Hartlepool

Where we provide an advice and support service for people with dementia and their carers.

Home from Hospital

Based at the Bridge to support people to successfully return to home after a spell in hospital.



THE HOSPITAL OF GOD

— ESTABLISHED 1273 —

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Registered Charity Number 1123540

Registered Company Number 6533385

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