



^{the}Charterhouse

(Formally known as Sutton's Hospital in Charterhouse)

ANNUAL REPORT AND ACCOUNTS

for the year ended 25 March 2019

Charterhouse Square
London EC1M 6AN

Registered Charity No. 207773

www.thecharterhouse.org

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For the year ended 25 March 2019

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The Governors also establish small working parties to deal with specific issues that arise in the management of directly to the Assembly or through the appropriate committee.

SENIOR STAFF

Master	Ann Kenrick OBE
Head of Finance	Bethlehem Haile ACCA
Communications Manager	Charlotte Borger
Bursar	David R Phillips BSc MCMl (to November 2018)
Clerk to the Brothers	Donna Birkwood BA (to December 2018) Hannah Crane (Appointed 1 December 2018)
Development Director	Dominic Tickell BA FRSA
Director of Operations	Julian Marczak
Director of Health & Wellbeing	Karen Singleton
Head of HR	Leslie Kosovsky
Preacher and Deputy Master	The Reverend Robin Isherwood

These staff constitute the Charity's Senior Management Team and Key Management Personnel who are responsible for the day to day running of the Charity. The Team meets monthly. In addition, every six weeks there are briefings of the Chairman of the Governors and the Chairman's Management Group.

ADVISERS

Auditor	RSM UK Audit LLP 25 Farringdon Street, London, EC4A 4AB
Bankers	Barclays Bank plc Level 27, 1 Churchill Place, Canary Wharf, London, E14 5HP
Investment Managers	Newton Investment Management Limited 160 Queen Victoria Street, London, EC4V 4LR Troy Asset Management Limited Brookfield House, 44 Davies Street, London, W1K 5JA Waverton Investment Management Limited 21 St. James Square, London, SW1Y 4HB
Independent Valuers	Jones Lang LaSalle Limited The Walbrook building, 25 Walbrook, London, EC4N 8AF
Property Advisers	General Fund - Ingleby Trice LLP 10 Foster Lane, London EC2V 6HR Hospital Fund – Daniel Watney LLP 165 Fleet Street, London, EC4A 2DW
Solicitors	Stone King LLP Boundary House, 91 Charterhouse Street, London, EC1M 6HR

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GOVERNORS

Royal Governors Her Majesty The Queen
His Royal Highness The Duke of Edinburgh KG KT OM GBE ONZ QSO
His Royal Highness The Prince of Wales KG KT GCB OM AK QSO ADC AC GCL CC CMM

Archiepiscopal Governor The Most Reverend and Right Honourable Justin Welby MA BA DipMin
Lord Archbishop of Canterbury

Governors (Charity Trustees) Maj General Andrew Ritchie CBE (appointed as Chair 20 November 2018)
Baroness Andrews of Southover OBE MA DPhil DLaws
Tim Boxell LLB
Caroline Cassels LVO RGN DMS
David Farnsworth
Dr Michael Harding MBBS MRCS LRCP DRCOG (appointed 21 March 2019)
Dr Clare Heath MA MB BS MRCP
Peter Hodgson CBE FCA DL
Daniel Hodson MA FCT
Simon Kitching FRICS
Rebecca Munns
Wilf Weeks OBE

The following Governors served during the year until the dates noted:
Lord Glenarthur DL FCILT FRAeS (retired 21 March 2019)
Air Chief Marshal Sir Michael Graydon GCB CBE FRAeS – Chairman (retired 20 November 2018)
The Right Honourable the Lord Wakeham PC JP FCA DL (retired 20 November 2018)
Michael Power ACA (retired 2 Aug 2018)

The responsibility for the management of the Charterhouse is vested in its Charity Trustees, who are the Governors. The Royal Governors and the Archiepiscopal Governor have no management responsibilities and are not Charity Trustees. Each Governor takes a specific interest in the individual welfare of up to three Brothers.

New Governors are appointed by the body of the existing Governors, known as the Assembly, based on their professional experience and their expected contribution towards the furtherance of the objectives of the Charity.

PATRONS

The following have agreed to be Patrons of the Charterhouse:

The Duke of Norfolk
The Right Reverend & Right Honourable Richard Chartres KCVO DD FSA
Michael Cassidy CBE
The Most Honourable The Marquess of Salisbury KCVO PC DL

STRUCTURE, GOVERNANCE AND MANAGEMENT

In order to discharge their functions effectively, the Governors delegate certain aspects of the management of the Charity to the committees of the Assembly. The terms of reference of each of these committees were reviewed and approved by the Assembly in the current year. Trustees are required to disclose all relevant interests and register them with the Clerk to the Governors and in accordance with the Trust's policy withdraw from decisions where a conflict of interest arises.

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Outlined below are both the membership of each committee at 25 March 2019 and brief highlights of their respective terms of reference:

Audit Committee

Peter Hodgson – Chair
Rebecca Munns

- ▶ To liaise with the external auditors
- ▶ To review risk management issues
- ▶ To monitor internal controls
- ▶ To ensure compliance with Financial Reporting Standards
- ▶ To oversee all matters of compliance and regulatory reporting

Finance and General Purposes Committee

Daniel Hodson – Chair
Andrew Ritchie
Peter Hodgson
Rebecca Munns
Simon Kitching
Wilf Weeks

- ▶ To monitor the financial and legal/constitutional conduct of the Charity and advise the Assembly on financial performance
- ▶ To approve financial terms and conditions for the staff
- ▶ To oversee the management of the Charity's investments and monitor income
- ▶ To oversee management of investment properties
- ▶ To safeguard the condition of the historic buildings of the Charity
- ▶ To ensure the buildings are suitable for occupation by the Brothers
- ▶ To implement a short and medium term programme of repairs and maintenance

Hospital Care Committee

Clare Heath – Chair
Andrew Ritchie
Caroline Cassels
Michael Harding
Tim Boxell

- ▶ To oversee all aspects of the care and welfare of the Brothers
- ▶ To oversee all aspects of Health and Safety
- ▶ To ensure compliance with procedures and rules of the regulatory agencies
- ▶ responsible for medical and care matters

Nominations Committee

Andrew Ritchie – Chair
Clare Heath
Daniel Hodson
Kay Andrews
Peter Hodgson
Simon Kitching
Wilf Weeks

- ▶ To scrutinise nominations for new Governors
- ▶ To review performance and terms of office of individual Governors
- ▶ To nominate Governors to Committees
- ▶ To review training needs of individual Governors

Heritage Committee

Kay Andrews - Chair
Simon Kitching

- ▶ To advise Governors on the heritage, conservation and sustainability of the site and its contents
- ▶ To have oversight of site development plans
- ▶ To make recommendations to F & GP on the allocation of resources for their repair and conservation

Development Committee

Wilf Weeks – Chair
Andrew Ritchie
David Farnsworth
Tim Boxell

- ▶ To approve Development strategy including all Cases for Support
- ▶ To approve methods of fundraising and development
- ▶ To monitor and support the Friends Scheme with a view to growing the number of members

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REPORT OF THE GOVERNORS

The financial statements have been prepared in accordance with the accounting policies set out in notes to the accounts and comply with the Charity's governing document, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland published on 16 July 2014.

History

The Charity was incorporated by Letters Patent on 22 June 1611 under the name of "The Hospital of King James founded in Charterhouse" and was confirmed by Act of Parliament in 1628. The latest Order in Parliament relating to its affairs is The Charities (Sutton's Hospital in Charterhouse) Order 1983 (1983 No 588). On 8 December 2009, the Charity Commission sealed a new Scheme to regulate the affairs of the Charity ("the 2009 Scheme"). The Commission has advised the Governors that Parliamentary approval for the 2009 Scheme is not required. The Charity's registered number with the Charity Commission is 207773.

The site upon which Sutton's Hospital in Charterhouse stands was acquired in the middle of the fourteenth century as a burial ground for victims of the Black Death. As not all the space was used, a Carthusian Monastery was established in 1371 by Sir Walter de Manny, one of Edward III's senior advisers. A prior and twenty-four monks were accommodated in two-storey houses arranged around a characteristically large cloister garth, and the church built alongside the burial ground became the priory church.

In 1535, the monks refused to align themselves with Henry VIII's Act of Supremacy and some were executed at Tyburn in a most brutal way. The monastery was suppressed in 1538 and passed to the Crown. Subsequently it was granted to Sir Edward North, who constructed a fine Tudor mansion which was later sold in 1564 to the fourth Duke of Norfolk, who further embellished it. The mansion is the principal building in which the Charity undertakes its activities to this day.

In 1611 Norfolk's son, Thomas Howard, first Earl of Suffolk, sold the mansion to Thomas Sutton. Sutton was said to be the wealthiest commoner in England. He had held the post of Master of the Ordnance in the Northern Parts from 1568 to 1594 and his involvement in the coal trade, advantageous property dealings and money lending had allowed him to amass a considerable fortune. He used much of his wealth to endow a charitable foundation to care for elderly gentlemen and educate boys. The school developed to such an extent that in 1872 it moved to a new site in Godalming, near Guildford, Surrey. It was reconstituted as a separate registered Charity in 1905.

Sutton's Hospital sustained much damage during the Second World War, but was faithfully restored by the architects Seely and Paget, opening its doors again in 1951.

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OBJECTIVES, ACHIEVEMENTS AND PERFORMANCE

The Charity provides accommodation and care for defined categories of men and women who are in need of assistance – the Brothers of Charterhouse. Frail Brothers are accommodated in the Queen Elizabeth II Infirmary, which is a care home providing nursing, regulated by the Care Quality Commission (CQC). The Charity also provides financial support to Charterhouse School for Bursaries. These two objectives carry equal weight and reflect Thomas Sutton's wishes. This support is calculated by reference to the provisions of the 2009 Scheme. Other than this payment the Charity is not a grant paying charity. Some trading activities are conducted within a trading subsidiary, Carthusia Limited.

The Charity controls both the General Fund, Thomas Sutton's endowment and the Hospital Branch Fund which manages the Almshouse. The net surplus from the General Fund is equally divided between Charterhouse School and the Charterhouse, Hospital Branch Fund. This division is known as the Moiety.

The Brothers of Charterhouse

The Charterhouse is a residential community of single men and women. To qualify for entry Brothers must be over 60 years of age. Originally for those "who could supply good testimony and certificate of their good behaviour and soundness in religion", those who had been servants to the King "either decrepit or old captaynes either at sea or land, maimed or disabled soldiers, merchants fallen on hard times, those ruined by shipwreck or other calamity", the community now consists of single men and women who are in financial, housing and social need and have pursued various careers including the clergy, law, military, diplomatic service, teaching and the arts.

On 25 March 2019 the community of Brothers stood at 41 (43 in 2018), including 4 Brothers (6 in 2018) who resided in the Infirmary. In addition, there are five permanent external residents in the Infirmary. During the year four Brothers died.

Actions taken to recruit more Brothers include promotion to Islington Head of Housing, London housing associations, benevolent societies and via the website and social media, as well as distribution of 750 promotional flyers to local GPs, libraries, supermarkets and community centres.

Queen Elizabeth II Infirmary

The Queen Elizabeth II Infirmary has eleven units of accommodation with en-suite facilities. The Infirmary is managed by the Director of Health & Wellbeing with a team of nurses and health care assistants. There is regular medical attendance from the local general practice in nearby Half Moon Court. During the year under review the average occupancy has been 90%.

The Infirmary is registered, under certificate of registration dated 20 January 2011, with the Care Quality Commission (CQC) in compliance with the Health and Social Care Act 2008. It is registered as a Care Home providing Nursing Care. The Infirmary also became registered with CQC for Domiciliary Care, which will support Brothers wishing to continue living in their rooms rather than move to the Infirmary. During the year, the Assembly approved to change the registration to non nursing care home.

'Revealing the Charterhouse'

The project was completed in March 2017 and the museum and learning centre formally opened by Her Majesty the Queen, accompanied by His Royal Highness the Duke of Edinburgh, on 28 February 2017. The capital works for this project were completed during the year and the completion certificate was issued in March 2019.

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PUBLIC BENEFIT

The Governors confirm that they have had regard to the Charity Commission's published guidance on public benefit and have taken this into account in connection with the Charity's activities. The benefits of the Charity's activities and achievements and their relationship with its objects are described above. It is not considered that those activities give rise to any detriment or harm. In setting the policy for admission of Brothers, the Governors seek to ensure that the opportunity to benefit is extended to those in greatest need of the assistance the Charity can provide, at the same time maintaining a balanced and harmonious community. It is not considered that the activities of the Charity give rise to any private benefits other than those which are incidental to the carrying out of the objects.

PRINCIPAL FUNDS

The Charity operates two principal endowment funds, the General Fund and the Hospital Branch Fund. The income of both funds comprises rents from property and dividends and interest from the Charity's other investments. As defined by the 2009 Scheme, the General Fund meets a proportion of the residential costs and the whole of the management and support costs of the Charity. The net income of the General Fund is divided equally (the Moiety) between Charterhouse School and the Hospital Branch Fund.

Under the terms of the original Charity Commission Scheme of 1872, the Charity continues to support the School by distributing a prescribed amount of its income. The Moiety for the 2018/19 year under the provisions of the 2009 Scheme is £424,829 (2018: £464,672) and this sum is distributed to both Charterhouse School and the Hospital Fund once the accounts have been approved by the Governors and audited.

The Hospital Branch Fund meets the majority of the costs of providing long term residential care for the Brothers, who also make a contribution to the overall care costs. The Hospital Branch Fund also meets 75% of the costs of the repair and maintenance of the Charity's historic buildings.

INVESTMENT POLICY

The Charity's General Fund and Hospital Branch Fund are permanently endowed. This means that it is entitled to spend income to support its operations but cannot spend its capital or any capital growth. The investment strategy therefore focuses on the need to provide adequate income over the long term to fund both the operations of the Hospital, and provide financial support to the School, having due regard to the need to protect and enhance the capital value of the endowments. Each of our three Investment Managers is responsible for the management of a proportion of the Charity's financial investments, and manages the investments of the General Fund and the Hospital Branch Fund on a consolidated basis. The Assembly has instructed each Investment Manager to pursue a policy which sets a target for the overall performance of the portfolio; these targets have been established at RPI plus 4% per annum on a rolling five year basis.

The Governors adopted a Total Return Distribution Policy from 26 March 2015 for both the General and Hospital funds. The resolution was approved by the Charity Commission under section 282 of the Charity act 2011. The policy is based on a transfer of 3% of the 5 year average capital value of the fund, less actual income for the year. The unapplied total return at the year end is annualised in note 12.

The total return on the listed securities portfolio for the year was 11.1 % (2018: 3.35%). This compares to the RPI plus 4% benchmark calculated at +6.4% for the year (2018: 6.83%).

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FINANCIAL REVIEW

	Actual March 2019 £	Actual March 2018 £
Net outgoing resources for the period before Total Return Distribution / gains on investments	(920,888)	(542,430)
Total Return Distribution	566,813	504,698
Realised and unrealised gains on investments	5,213,927	4,227,679
Tax on gains on investment freehold property	(615,000)	-
Net increase in funds	4,244,852	4,189,947
Opening funds	92,555,190	88,365,243
Closing funds	96,800,042	92,555,190
Recurring movement of funds	(1,101,764)	(1,272,583)
Restricted Income including Revealing the Charterhouse project	192,852	753,616
Revealing the Charterhouse project expenditure	(11,976)	(23,463)
Total Return Distribution Policy transfer treated as income	566,813	504,698
Net Movement in funds for the year per SOFA before gains on investment	(354,075)	(37,732)

The Governors resolved to adopt a total return distribution policy (TRDP) from 26 March 2015. The resolution was approved by the Charity Commission under section 282 of the Charities Act 2011. This policy applies to both funds and is set at 3% of the average investment value of the previous five years. The unapplied total return at the year end is analysed in note 12.

Reserves

The Governors established a balance of free reserves held in the Unrestricted Income Fund of the Hospital Branch Fund. These are designed to finance working capital requirements and to protect the operations of the Charity against any unexpected fluctuations in income. The Governors have set a target of one year's expenditure (excluding the Moiety) as the desired level of free reserves.

The Hospital branch Unrestricted Income Fund is in surplus at the year end £45,607 (2018: deficit £413,710). As anticipated the 2018 deficit on this fund has been replenished in the current year.

The General endowment fund and Hospital endowment fund have increased to £68 million and £29 million respectively primarily due to investment gains.

Charitable donations

The Charity made no charitable donations during either year outside the scope of its own activities. No donations were made for any political purpose in the current or previous year.

Key management personnel remuneration

The remuneration of all staff is reviewed annually by the Master and approved by the Governors. Details of senior salaries is provided in the notes to these accounts.

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RISK MANAGEMENT

A new policy, approved in 2016, created an improved version of the Risk Register which is finally approved by the Audit Committee and the Assembly annually. The Register categorises the likelihood of risk events occurring and their potential impact on the Charity. The major risks (which were most recently formally reviewed on 15 March 2019) affecting the charity are:

- ▶ Downturn in economy affecting income
- ▶ Site security breach
- ▶ Breach of care standards
- ▶ Unforeseen adverse investment/property market conditions
- ▶ Drop below CQC standards in one or more areas
- ▶ Project assessment incorrect
- ▶ Fire, flood, tempest - risk to historic fabric
- ▶ Failure to meet targets for raising Endowment funding

The Governors consider that these risks, and others also identified, are mitigated by controls (such as effective budgeting and appropriate fire precautions systems) to an acceptable level.

In this way, the management team is able to submit its controls to the scrutiny of the Governors to ensure compliance with law and good practice in areas including: charity regulation, care home regulation, health and safety, employment law, property management and financial stewardship. The Governors are then able to prioritise those areas to which they should direct their attention and supervise delegation to management.

CARTHUSIA LTD

The company is a wholly owned subsidiary of the Hospital Fund which conducts all non-primary purpose trading activities for the Charterhouse. It operates on an arms-length basis from the Charity and has a separate board of directors. The share capital of £1 is wholly owned by the Hospital Fund. All profit before tax is Gift-Aided to the Hospital. The accounts of the company for 2019 and 2018 are consolidated within those of the charity.

PLANS FOR THE FUTURE

The Charity's objectives continue to be the provision of accommodation and care for the Brothers and financial support to Charterhouse School. The Governors are also aware of their responsibilities to maintain the Grade One listed historic buildings in which the Charity operates. The specific steps that the Governors propose to take to implement their strategy can be summarised as follows:

- ▶ To continue to promote all aspects of the welfare of the Brothers
- ▶ To continue to maintain the highest standards of care in the Infirmary
- ▶ To continue to provide income to support Charterhouse School
- ▶ To increase public access to the Charterhouse

It is within this framework that Governors current plans are:

- ▶ To implement financial and property strategies that permit the Charity to undertake its stated objectives
- ▶ To continue to implement the repairs and maintenance programme for the buildings and to work with appropriate agencies to preserve and where possible enhance the unique heritage legacy
- ▶ To continue to investigate options for a new Infirmary, as part of maximising the number of beneficiaries

A Strategic Review took place over the last year involving Brothers, staff and Governors. The following recommendations were agreed:

- ▶ Gradual increase of Brothers to a target of fifty (from 42)
- ▶ Piloting 'Good Neighbour' projects to provide support to older people in need in the local community whilst also benefiting Brothers
- ▶ Exploring the potential for the development of a 'sheltered housing' offer on site aimed at older people who can afford the market rate rental and additional services from the Charity

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STATEMENT OF THE GOVERNORS' FINANCIAL RESPONSIBILITIES

The Governors, as Trustees, are responsible for preparing the Annual Report and the financial statements, in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to Charities in England & Wales requires the Governors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and the charity and of the incoming resources and application of resources of the group for that period. In preparing these financial statements, the Governors are required to:

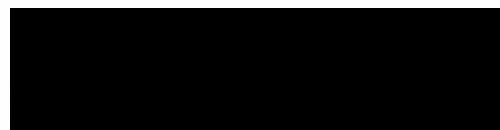
- ▶ select suitable accounting policies and apply them consistently;
- ▶ observe the methods and principles in the Charities Statement of Recommended Practice;
- ▶ make judgements and estimates that are reasonable and prudent;
- ▶ state whether applicable United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- ▶ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in business.

The Governors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the 2009 Scheme. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITOR

RSM UK Audit LLP has indicated its willingness to continue in office.

On behalf of the Governors



Maj General Andrew Ritchie CBE
Chairman
18 July 2019

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INDEPENDENT AUDITOR'S REPORT TO THE GOVERNORS OF SUTTON'S HOSPITAL IN CHARTERHOUSE

For the year ended 25 March 2019

Opinion on financial statement

We have audited the financial statements of Sutton's Hospital In Charterhouse (the 'charity') and its subsidiaries (the 'group' for the year ended 25 March 2019 which comprise the Group and parent charity Statements of Financial Activities, the Group and parent charity Balance Sheets, the Group Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- ▶ application of resources for the year
- ▶ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ▶ have been properly prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We have been appointed as auditors under section 151 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- ▶ the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- ▶ the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or parent charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report and Accounts other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance in conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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INDEPENDENT AUDITOR'S REPORT TO THE GOVERNORS OF SUTTON'S HOSPITAL IN CHARTERHOUSE (continued)

For the year ended 25 March 2019

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- ▶ the information given in the Annual Report is inconsistent in any material respect with the financial statements; or
- ▶ sufficient accounting records have not been kept by the parent charity; or
- ▶ the parent charity financial statements are not in agreement with the accounting records and returns; or
- ▶ we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page 9, the Governors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Governors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Governors are responsible for assessing the group's and parent charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Governors either intend to liquidate the group or parent charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's Governors as a body, in accordance with the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's Governors 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 Governors as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

Statutory Auditor

Chartered Accountants

25 Farringdon Street

London EC4A 4AB

9 August 2019

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CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

Year ended 25 March 2019

	Notes	General Fund		Hospital Branch Fund					
		Restricted Income Fund £	Endowment Fund £	Unrestricted Income Fund £	Restricted Income Funds £	Designated Tangible fixed asset Fund £	Endowment Fund £	March 2019 Total £	March 2018 Total £
INCOME AND ENDOWMENTS FROM:									
Income from Generated funds									
Donations and legacies		-	-	10,715	192,851	-	1,600	205,166	808,510
Income from Charitable activities - Brothers' Contributions		-	-	722,756	-	-	-	722,756	656,070
Trading activities		-	-	1,122,375	-	-	-	1,122,375	922,667
Other trading activities		-	-	104,962	-	-	-	104,962	307,789
Investment income		1,747,222	-	877,660	-	-	-	2,624,882	2,424,098
Transfer from Capital to Income (TRDP)		531,481	(531,481)	35,332	-	-	(35,332)	-	-
TOTAL	2	2,278,703	(531,481)	2,873,800	192,851	-	(33,732)	4,780,141	5,119,134
EXPENDITURE									
Expenditure on raising funds									
Investment management Expenses		479,516	89,401	201,319	-	-	6,007	776,243	691,025
Trading Activity Costs		-	-	583,983	-	-	-	583,983	798,248
Fundraising		-	-	155,063	-	-	8,694	163,757	153,381
Governance		293,723	-	-	-	-	-	293,723	266,255
Charitable activities									
Support and Management		625,823	-	-	-	-	-	625,823	513,143
Infirmity care, including depreciation		-	-	959,373	-	18,761	-	978,134	874,074
Sheltered accommodation		-	-	902,279	-	248,111	-	1,150,390	1,153,018
RTC & other expenditure including depreciation		-	-	-	11,976	58,080	-	70,056	172,494
Moiety to Charterhouse School		424,829	-	-	-	-	-	424,829	464,672
Other costs (pensions in payment)		29,983	-	37,295	-	-	-	67,278	70,556
TOTAL EXPENDITURE	3	1,853,874	89,401	2,839,312	11,976	324,952	14,701	5,134,216	5,156,866
Total		424,829	(620,882)	34,488	180,875	(324,952)	(48,433)	(354,075)	(37,732)
Gains (losses) on unutilised investments		-	1,840,277	-	-	-	123,650	1,963,927	(610,211)
Gains on Investment freehold property	8	-	3,250,000	-	-	-	-	3,250,000	4,837,890
Tax on gains on investment freehold property	8	-	(615,000)	-	-	-	-	(615,000)	-
NET INCOMING RESOURCES BEFORE TRANSFERS		424,829	3,854,395	34,488	180,875	(324,952)	75,217	4,244,852	4,189,947
Transfer between funds									
Transfers- Moiety to Hospital Fund		(424,829)	-	424,829	-	-	-	-	-
Transfer from restricted income to tangible fixed assets		-	-	-	(127,054)	127,054	-	-	-
NET MOVEMENT IN FUNDS		-	3,854,395	459,317	53,821	(197,898)	75,217	4,244,852	4,189,947
Reconciliation of funds:									
Total funds brought forward		-	63,903,938	(413,710)	343,149	7,713,832	21,007,981	92,555,190	88,365,243
Total funds carried forward		-	67,758,333	45,607	396,970	7,515,934	21,083,193	96,800,042	92,555,190

The Charterhouse

STATEMENT OF FINANCIAL ACTIVITIES - Charity only

Year ended 25 March 2019

INCOME AND ENDOWMENTS FROM:

Income from Generated funds

	General Fund		Hospital Branch Fund				March 2019	March 2018
	Restricted Income Fund	Endowment Fund	Unrestricted Income Fund	Restricted Income Funds	Designated Tangible fixed asset Fund	Endowment Fund	Total	Total
	£	£	£	£	£	£	£	£
Donations and legacies	-	-	10,715	192,851	-	1,600	205,166	808,510
Income from Charitable activities - Brothers' Contributions	-	-	722,756	-	-	-	722,756	656,070
Other trading activities	-	-	643,354	-	-	-	643,354	482,476
Investment income	1,747,222	-	877,660	-	-	-	2,624,882	2,424,098
Transfer from Capital to Income (TRDP)	531,481	(531,481)	35,332	-	-	(35,332)	-	-
TOTAL	2,278,703	(531,481)	2,289,817	192,851	-	(33,732)	4,196,158	4,371,154

EXPENDITURE

Expenditure on raising funds

Investment management Expenses	479,516	89,401	201,319	-	-	6,007	776,243	691,025
Fundraising	-	-	155,063	-	-	8,694	163,757	153,381
Governance	293,723	-	-	-	-	-	293,723	266,255

Charitable activities

Support and Management	625,823	-	-	-	-	-	625,823	563,410
Infirmity care, including depreciation	-	-	959,373	-	18,761	-	978,134	874,074
Sheltered accommodation	-	-	902,279	-	248,111	-	1,150,390	1,153,018
RTC & other expenditure including depreciation	-	-	-	11,976	58,080	-	70,056	172,494
Moiety to Charterhouse School	424,829	-	-	-	-	-	424,829	464,672
Other costs (pensions in payment)	29,983	-	37,295	-	-	-	67,278	70,556

TOTAL EXPENDITURE

	1,853,874	89,401	2,255,329	11,976	324,952	14,701	4,550,233	4,408,886
	424,829	(620,882)	34,488	180,875	(324,952)	(48,433)	(354,075)	(37,732)
Gains (losses) on unutilised investments	-	1,840,277	-	-	-	123,650	1,963,927	(610,211)
Gains on Investment freehold property	-	3,250,000	-	-	-	-	3,250,000	4,837,890
Tax on gains on investment freehold property	-	(615,000)	-	-	-	-	(615,000)	-

NET INCOMING RESOURCES BEFORE TRANSFERS

	424,829	3,854,395	34,488	180,875	(324,952)	75,217	4,244,852	4,189,947
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Transfer between funds

Transfers- Moiety to Hospital Fund	(424,829)	-	424,829	-	-	-	-	-
Transfer from restricted income to tangible fixed assets	-	-	-	(127,054)	127,054	-	-	-

NET MOVEMENT IN FUNDS

	-	3,854,395	459,317	53,821	(197,898)	75,217	4,244,852	4,189,947
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Reconciliation of funds:

Total funds brought forward	-	63,903,938	(413,710)	343,149	7,713,832	21,007,981	92,555,190	88,365,243
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Total funds carried forward

	-	67,758,333	45,607	396,970	7,515,934	21,083,198	96,800,042	92,555,190
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The Charterhouse

CONSOLIDATED BALANCE SHEET

Year ended 25 March 2019

	Note	March 2019		March 2018	
		£	£	£	£
Fixed assets					
Tangible	7		7,658,357		7,906,522
Investments	8		88,166,638		84,415,240
			<u>95,824,995</u>		<u>92,321,762</u>
Current Assets					
Stock		35,849		41,393	
Debtors and prepayments	9	800,046		606,735	
Cash on fixed deposit		1,000,000		-	
Cash at bank and in hand		<u>1,160,631</u>		<u>963,808</u>	
		<u>2,996,526</u>		<u>1,611,936</u>	
Creditors					
Corporation Tax	8	615,000		-	
Charterhouse School		424,829		464,672	
Other creditors and accruals	10	<u>981,650</u>		<u>913,836</u>	
		<u>2,021,479</u>		<u>1,378,508</u>	
Net current assets			<u>975,047</u>		<u>233,428</u>
			<u>96,800,042</u>		<u>92,555,190</u>
Represented by:					
Endowment Fund – General			67,758,333		63,903,938
Unrestricted Income Fund			45,607		(413,710)
Designated Revealing the Charterhouse Fund			396,970		343,149
Designated Tangible fixed assets			7,515,934		7,713,832
Endowment Fund – Hospital			<u>21,083,198</u>		<u>21,007,981</u>
			<u>96,800,042</u>		<u>92,555,190</u>

Approved by the Governors and authorised for issue on 18 July 2019 and signed on their behalf by:



Maj General Andrew Ritchie CBE
Charman

The Charterhouse

BALANCE SHEET - Charity only

Year ended 25 March 2019

	Note	March 2019		March 2018	
		£	£	£	£
Fixed assets					
Tangible	7		7,658,357		7,906,522
Carthusia Limited			1		1
Investments	8		88,166,638		84,415,240
			<u>95,824,996</u>		<u>92,321,763</u>
Current Assets					
Debtors and prepayments	9	633,762		520,973	
Due from Carthusia Limited	9	600,048		167,891	
Cash on fixed deposit		1,000,000		-	
Cash at bank and in hand		<u>718,136</u>		<u>880,761</u>	
		<u>2,951,946</u>		<u>1,569,625</u>	
Creditors					
Corporation Tax	8	615,000		-	
Charterhouse School		424,829		464,671	
Other creditors and accruals	10	<u>937,071</u>		<u>871,527</u>	
		<u>1,976,900</u>		<u>1,336,198</u>	
Net current assets			<u>975,046</u>		<u>233,427</u>
			<u>96,800,042</u>		<u>92,555,190</u>
Represented by:					
Endowment Fund – General			67,758,333		63,903,938
Unrestricted Income Fund			45,607		(413,710)
Designated Revealing the Charterhouse Fund			396,970		343,149
Designated Tangible fixed assets			7,515,934		7,713,832
Endowment Fund – Hospital			<u>21,083,198</u>		<u>21,007,981</u>
			<u>96,800,042</u>		<u>92,555,190</u>

Approved by the Governors and authorised for issue on 18 July 2019 and signed on their behalf by:

Maj General Andrew Ritchie CBE
Charman

SUTTON'S HOSPITAL IN CHARTERHOUSE
CONSOLIDATED CASH FLOW STATEMENT
Year ended 25 March 2019

	March 2019		March 2018	
	£	£	£	£
Net cash (outflow) from Operating Activities		<u>(2,763,534)</u>		<u>(2,062,796)</u>
- Investment Income received	2,624,882		2,424,098	
Net cash inflow from returns on investments and payment of Moiety		2,624,882		2,424,098
Capital expenditure and Financial Investment				
Purchase of shares				
Investments purchased	(4,779,146)		(5,748,363)	
Movement in Cash held as Investment	(446,949)		(206,538)	
Purchase of fixed assets	(62,401)		-	
Construction of property	<u>(64,653)</u>		<u>(528,288)</u>	
	(5,353,149)		(6,483,189)	
Receipts from sale of:				
- Investments	<u>6,688,624</u>		<u>6,991,350</u>	
Net cash inflow from investing activities		<u>1,335,475</u>		<u>508,161</u>
Net cash inflow for the Year		<u>1,196,823</u>		<u>869,464</u>
Notes to Cash flow statement		March 2019		March 2018
(a) Reconciliation of net incoming resources to net cash outflow from Operating activities				
Loss for the year (per statement of financial activities)		(354,075)		(37,731)
Less: investment income receivable		<u>(2,624,882)</u>		<u>(2,424,098)</u>
Operating Result		(2,978,957)		(2,461,829)
Depreciation		375,219		328,014
Decrease in stock		5,544		5,130
Increase in debtors		(193,311)		(70,490)
(Decrease)/ increase in balance due to Charterhouse School		(39,843)		143,573
Increase / (decrease) in creditors		<u>67,814</u>		<u>(7,194)</u>
Net cash (outflow)from operating activities		<u>(2,763,534)</u>		<u>(2,062,796)</u>
(b) Movement in Bank and Deposit balances				
Balance at beginning of year		963,808		963,808
Balance at end of year (cash book)		2,160,631		94,344
Net cash inflow/(outflow) for the year		<u>1,196,823</u>		<u>869,464</u>

The Charterhouse

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 25 March 2019

1 ACCOUNTING POLICIES

Basis of Accounting

The accounts are prepared under the historical cost accounting rules, modified by the valuation of investment property and listed securities, and in accordance with applicable United Kingdom accounting standards.

The accounts have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015.

The accounts have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn. The date of transition is 26 March 2014.

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

The accounts are presented in sterling which is also the functional currency of the charity. The amounts are presented to the nearest £1.

Going concern

The Charity's activities, its current financial position and factors likely to affect its future development are set out in the Report of the Governors. On this basis the Board has a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in the financial statements.

The Governors consider there are no material uncertainties about the charity's ability to continue as a going concern.

Investments and cash balances

Investments in securities are shown at bid-market value. Freehold Property investments are shown at their year-end market value. Any realised or unrealised gains or losses are included in the Consolidated Statement of Financial Activities in the year in which they occur. Investments include cash held by investment managers. Other cash balances, not held for working capital requirements, are held on deposit.

Tangible Fixed Assets

The original 1611 purchase price of the Hospital and the site has been included at a cost of £13,000 and fully depreciated.

No cost or value is attributed to historic items such as artwork and silverware donated to the charity because no reliable cost or value can be determined. The original costs of these assets are not known and no value has been placed upon them. The Governors consider that the cost of obtaining a value for these assets outweighs the benefit of being able to disclose a value. The insurance valuation is not considered to be a true indicator of the value of the artefacts to the charity.

The Charterhouse

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 25 March 2019

All other tangible fixed assets are valued at historic cost. Expenditure on the historic buildings which results in enhancement or improvement and costing more than £50,000 in aggregate for each major component project is capitalised, with depreciation charged at 2% per annum.

Operational Fixtures and Fittings and infrastructure for the Hospital (including the Infirmary), Museum, Learning Centre and Café are capitalised, with depreciation charged over an estimated life of 5 years except in the case of minor additions costing less than £5,000 which are expensed in the year in which the cost is incurred.

Assets in the course of construction are recorded at cost and transferred to the appropriate asset category when the asset was brought into use.

The cost of sundry office equipment and fixtures and fittings used in the administration of the Charity is considered immaterial and written off on acquisition. The cost of these assets is not available and such items are generally dealt with on a replacement basis.

Stock

Stock is valued at the lower of cost or net realisable value.

Funds

The Charity maintains two endowment funds, the General Fund and the Hospital Fund, the capital of which is not available to be spent. Income arising on the General Fund may only be spent as specified in the 2009 Scheme, whereas Hospital Fund income is unrestricted. Designated Funds represent amounts set aside by the Governors for specific purposes. The Restricted Funds represent funds received for specific projects in accordance with the donors' wishes.

Group Financial Statements

These financial statements consolidate the results of the Charity and its wholly-owned subsidiary company Carthusia Limited on a line by line basis. A separate detailed Statement of Financial Activities is presented for the Charity with the turnover and resources expended for Carthusia Limited in the consolidated Statement of Financial Activities replaced in the Charity's Statement of Financial Activities by the amount of the Gift Aid income payable to the Charity by Carthusia Limited.

Incoming Resources

Income from the Charity's investment and property portfolio, Brothers' Contributions and other income are all accounted for on a receipts basis. Donations received for the general purposes of the Hospital Fund are credited to unrestricted funds, and those that are subject to the specific wishes of donors credited to the relevant fund.

Donations raised by specific fundraising for the Charterhouse Fund, and unrestricted legacies, are included in full on a receivable basis, and allocated to that Fund.

For legacies, entitlement is taken as the earlier of the date on which either: the Charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the Charity has been notified of the executor's intention to make a distribution.

Where legacies have been notified to the Charity, or the Charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

The Charterhouse

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 25 March 2019

Resources Expended

Resources expended are included in the Consolidated Statement of Financial Activities on an accruals basis, inclusive of any VAT which cannot be recovered. Liabilities are recognised when there is a legal or constructive obligation committing the Charity to the expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Charitable expenditure comprises of costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly and those costs of an indirect nature apportioned on an appropriate basis.

In accordance with the 2009 Scheme, the Hospital's repairs and maintenance expenditure is apportioned between the General Fund and the Hospital Branch Fund in the ratio of 25:75. These are apportioned across all operations of the Charity.

Costs of raising funds include investment expenses and management fees, including fees charged for revaluations and disposals, are charged directly against the capital of the respective funds. These fees can be specifically identified by reference to the investments held by each respective fund.

The Moiety

The Moiety from the General Fund to Charterhouse School and the Hospital Fund is calculated as a distribution of the General Fund's net incoming resources for the year excluding investment management fees and gains or losses on investments.

Governance

Governance costs represent the costs associated with the constitutional and statutory requirements of the Charity. These include costs relating to statutory audit and legal fees, together with apportionment of management costs and related overheads. These are apportioned across all operations of the Charity on the same basis as indirect support costs.

Pension Costs

The Charity established and makes contributions to a defined contribution scheme for those staff who elected to become members. With effect from July 2014 and following new pension legislation the Charity auto enrolled and made contributions to all staff that had not previously elected into a new defined contribution scheme. The assets of both schemes are held separately in an independently administered fund.

Pensions in payment, shown as other costs in the Consolidated Statement of Financial Activities, represent pension payments made to retired members of staff in respect of their service to the Charity before the independent pension scheme was established.

Total Return Investment Policy

The Governors adopted a Total Return Distribution policy in 2015 for both the General and Hospital Funds. The policy is based on a transfer of 3% of the 5 year average capital value of the fund, less the actual income for the year.

The Charterhouse

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 25 March 2019

Financial Instruments

The Charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 in full to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Charity becomes a party to the contractual provisions of the instrument and are offset only when the Charity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Trade, group investment income & rent recoverable and other debtors (including accrued income) which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses. Investigation has indicated that a significant reclaim of VAT is due. This is being pursued with HMRC.

Financial liabilities

Financial instruments are classified as liabilities according to the substance of the contractual arrangements entered into.

Critical Accounting Estimates and Areas of Judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Charity makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are the valuations attributable to the Charity's investment holdings in its stocks and shares and property portfolios and the return from these that will determine the amount of income that can be taken into account under the Charity's total return investment policy.

In categorising leases as finance leases or operating leases, management makes judgements as to whether significant risks and rewards of ownership have transferred to the Charity as lessee, or the lessee, where the Charity is a lessor.

The Charterhouse
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 25 March 2019

2 Incoming resources

	Generated funds		Charitable Activities			Restricted Funds	Other		
	Investment and other Income	Fundraising Activities	Infirmity care	Sheltered accommod.	School Moiety		(pensions in payment)	March 2019	March 2018
	£	£	£	£	£	£	£	£	£
Property rentals	1,996,908	-	-	-	-	-	-	1,996,908	1,708,029
Securities income	1,179,863	-	-	-	-	-	-	1,179,863	1,126,546
Turnover of Carthusia Ltd	-	1,122,375	-	-	-	-	-	1,122,375	922,667
Interest	4,924	-	-	-	-	-	-	4,924	166
Activities for generating funds	-	10,715	-	-	-	194,451	-	205,166	808,510
Voluntary income	-	83,749	-	-	-	-	-	83,749	61,828
Brothers contributions	-	-	74,808	647,948	-	-	-	722,756	656,070
Other incoming resources	-	31,213	-	-	-	-	-	31,213	340,016
Total return distribution	(566,813)	-	-	-	-	-	-	(566,813)	(504,698)
Total income	2,614,882	1,248,052	74,808	647,948	-	194,451	-	4,780,141	5,119,134

3 Resources expended

	Costs of generating funds		Charitable Activities			Restricted Funds	Other	Total	Total
	Investment and other Income	Fundraising Activities	Infirmity care	Sheltered accommod.	School Moiety		(pensions in payment)	March 2019	March 2018
	£	£	£	£	£	£	£	£	£
Property related costs	507,560	-	-	-	-	-	-	507,560	484,485
Trading costs for Carthusia Ltd	-	583,983	-	-	-	-	-	583,983	798,248
Salaries and Pensions	134,476	237,403	37,027	215,769	-	-	-	624,675	521,086
Pensions in payment	-	-	-	-	-	-	67,278	67,278	70,556
Infirmity Service costs	-	-	722,301	78,087	-	-	-	800,388	745,358
Catering	48,320	-	129,069	228,694	-	-	-	406,083	419,926
Repairs and Maintenance inc Square service charges	-	-	46,552	654,743	-	-	-	701,295	697,746
Security	32,048	-	9,379	86,764	-	-	-	128,191	128,364
Household and general	44,766	-	96,160	170,382	-	-	-	311,308	238,826
Development office costs	-	158,028	-	-	-	-	-	158,028	153,381
Audit	5,851	7,597	1,185	6,906	-	-	-	21,539	21,600
Non Audit service including payroll	1,192	1,548	241	1,407	-	-	-	4,388	3,506
Other professional charges	11,904	15,459	2,411	14,052	-	-	-	43,826	33,122
Depreciation	-	50,267	18,761	248,111	-	58,080	-	375,219	328,014
Irrecoverable VAT	(9,874)	(12,822)	(2,000)	(11,655)	-	-	-	(36,351)	24,513
Revealing the Charterhouse' & other fundraising	-	-	-	-	-	11,976	-	11,976	23,463
Moiety to School	-	-	-	-	424,829	-	-	424,829	464,672
Total expenditure	776,243	1,041,463	1,061,086	1,693,260	424,829	70,056	67,278	5,134,216	5,156,866

The Charterhouse
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 25 March 2018

PRIOR YEAR COMPARATIVES

The comparative information contained in Notes 2 and 3 for the year ended 25 March 2018 are shown below

2 Incoming resources

	Generated funds Investment and other Income	Fundraising Activities	Charitable Activities Infirmary care	Sheltered accommod.	School Moiety	Restricted Funds	Other (pensions in payment)	March 2018	March 2017
	£	£	£	£	£	£	£	£	£
Property rentals	1,708,029	-	-	-	-	-	-	1,708,029	1,448,382
Securities income	1,126,546	-	-	-	-	-	-	1,126,546	1,145,505
Turnover of Carthusia Ltd	-	922,667	-	-	-	-	-	922,667	551,549
Interest	166	-	-	-	-	-	-	166	67
Activities for generating funds	-	52,606	-	-	-	755,904	-	808,510	2,737,752
Voluntary income	-	61,828	-	-	-	-	-	61,828	17,134
Brothers contributions	-	-	77,838	578,232	-	-	-	656,070	568,996
Other incoming resources	-	340,016	-	-	-	-	-	340,016	70,436
Total return distribution	(504,698)	-	-	-	-	-	-	(504,698)	(477,056)
Total Income	2,330,043	1,377,117	77,838	578,232	-	755,904	-	5,119,134	6,062,765

3 Resources expended

	Costs of generating funds Investment and other Income	Fundraising Activities	Charitable Activities Infirmary care	Sheltered accommod.	School Moiety	Restricted Funds	Other (pensions in payment)	Total March 2018	Total March 2017
	£	£	£	£	£	£	£	£	£
Property related costs	484,485	-	-	-	-	-	-	484,485	298,559
Trading costs for Carthusia Ltd	-	798,248	-	-	-	-	-	798,248	405,320
Salaries and Pensions	133,446	191,533	21,722	174,385	-	-	-	521,086	527,053
Pensions in payment	-	-	-	-	-	-	70,556	70,556	74,249
Infirmary Service costs	-	-	37,268	708,090	-	-	-	745,358	635,296
Catering	-	-	151,496	268,430	-	-	-	419,926	327,087
Repairs and Maintenance inc Square service charge	-	-	-	697,746	-	-	-	697,746	771,785
Security	32,092	-	10,028	86,244	-	-	-	128,364	117,346
Household and general	17,400	-	79,883	141,543	-	-	-	238,826	421,683
Development office costs	-	153,381	-	-	-	-	-	153,381	184,622
Audit	5,532	7,939	900	7,229	-	-	-	21,600	20,950
Non Audit service including payroll	898	1,289	146	1,173	-	-	-	3,506	62,060
Other professional charges	10,895	6,217	1,773	14,237	-	-	-	33,122	31,829
	-	50,267	-	128,716	-	149,031	-	328,014	55,866
Total expenditure									
Total expenditure									
Irrecoverable VAT	6,278	9,010	1,022	8,203	-	-	-	24,513	
Revealing the Charterhouse	-	-	-	-	-	23,463	-	23,463	
Moiety to School	-	-	-	-	464,672	-	-	464,672	321,099
	691,026	1,217,884	304,238	2,235,996	464,672	172,494	70,556	5,156,866	4,254,804

The Charterhouse

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 25 March 2019

4. Support costs allocated to activities

	Charitable activities		Actual	Actual
	Infirmity care	Sheltered Accom	March 2019	March 2018
	£	£	£	£
Direct cost				
Infirmity Service costs	716,195	21,609	737,804	651,686
Salaries and pensions (cleaners)	6,106	56,478	62,584	93,672
Depreciation	18,761	248,111	266,872	128,716
	741,062	326,198	1,067,260	874,074
Indirect support costs				
Salaries and pensions (admin.)	37,027	215,769	252,796	196,107
Catering	129,069	228,694	357,763	419,926
Repairs and maintenance	46,552	654,743	701,295	697,746
Security	9,379	86,764	96,143	96,272
Household and general	96,160	170,382	266,542	221,426
Professional charges	3,838	22,365	26,203	25,459
VAT irrecoverable charge	(2,000)	(11,655)	(13,655)	9,225
	320,025	1,367,062	1,687,087	1,666,161
Total	1,061,087	1,693,260	2,754,347	2,540,235

PRIOR YEAR comparative support costs allocated to activities

	Charitable activities		Actual	Actual
	Infirmity care	Sheltered Accom	March 2018	March 2017
	£	£	£	£
Direct cost				
Infirmity Service costs	619,102	32,584	651,686	635,296
Salaries and pensions (cleaners)	4,684	88,988	93,672	142,338
Depreciation	6,436	122,280	128,716	134,306
	37,268	836,806	874,074	911,940
Indirect support costs				
Salaries and pensions (admin.)	21,722	174,385	196,107	203,475
Catering	151,496	268,430	419,926	316,130
Repairs and maintenance	48,842	648,904	697,746	771,784
Security	10,028	86,244	96,272	101,740
Household and general	79,883	141,543	221,426	168,556
Professional charges	2,820	22,639	25,459	54,678
VAT irrecoverable charge	1,022	8,203	9,225	46,000
	266,971	1,399,190	1,666,161	1,662,363
Total	304,239	2,235,996	2,540,235	2,574,303

The Charterhouse

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 25 March 2019

The Governors approve annually formulae to apportion support costs over all the activities of the Charity. The criteria for apportioning support and governance costs to charitable activities continue to be as follows:

- 1 Management staff costs, and related overheads, are apportioned across all the operations of the charity on a time spent basis.
- 2 Security costs are apportioned between costs of generating funds and charitable activities by reference to the respective values of the properties for insurance purposes.
- 3 Other costs which cover both Infirmary and the provision of sheltered accommodation are apportioned in the ratio of rooms available in the Infirmary and other rooms.

5 Staff costs

	March 2019	March 2018
	£	£
Wages and salaries	592,598	450,386
Employer's Social Security costs	30,904	42,783
Pension contributions	38,034	24,824
Agency costs	11,459	3,093
	<u>672,995</u>	<u>521,086</u>

The costs of staff employed in the infirmary, repairs and maintenance and catering are shown in Note 4 under their respective departmental costs.

The average head count during the year was 76 (2018: 66), composed of 45 (2018: 41) full-time and 31 (2018: 27) part-time staff. This represents the equivalent of 57 (2018: 54) full time members of staff.

Employees receiving total remuneration including taxable benefits in excess of £60,000:

Total remuneration including taxable benefits	Number of employees	Number of Employees
	2019	2018
£60,000 - £70,000	Nil	Nil
£70,000 - £80,000	1	1
£80,000 - £90,000	1	2

Governors do not receive any remuneration for their services. Governors were reimbursed for expenses for travel totalling £498 (2018: nil).

The Charity has taken out a Trustee Indemnity insurance policy in normal form to provide cover for the Governors in the event of a claim against them. The premium for this policy in 2019 was £3,641 (2018: £3,707).

The remuneration of key management personnel, who are the senior staff listed on page 2, including employer's National Insurance, was £517,564 (2018: £378,068).

6 Transfers

In accordance with the 2009 Scheme, the Moiety transfer represents the transfer of half of the General Restricted Income Fund surplus to the Hospital Unrestricted Income Fund.

The Governors adopted a Total Return Distribution policy in 2015 for both the General and Hospital Funds. The policy is based on a transfer of 3% of the 5-year average capital value of the fund, less the actual income for the year. This brought £566,813 (General Fund £531,481, Hospital Fund £35,332) (2018 £ 504,698 (General Fund £465,605, Hospital Fund £39,093)) from capital as income. The amounts are included as investment income.

An amount of £127,054 has been transferred from restricted income funds – Hospital to the designated tangible fixed asset fund – Hospital to match the capital expenditure on the Revealing the Charterhouse project and Capital improvement.

The Charterhouse

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 25 March 2019

7 Tangible Assets Charity and Group

	Buildings	Work in progress Buildings	Furniture and Fixtures	Infra-structure	2019 Total
	£	£	£	£	£
Cost at 26 March 2018	9,220,375	281,118	709,706	48,152	10,259,351
Additions	50,587	14,066	62,401	-	127,054
Transfers	41,106	(205,798)	164,692	-	-
Cost as 25 March 2019	9,312,068	89,386	936,799	48,152	10,386,405
Depreciation to 25 March 2018	2,159,852	-	165,599	27,378	2,352,829
Charge for the year	185,915	-	187,378	1,926	375,219
Depreciation to 25 March 2019	2,345,767	-	352,977	29,304	2,728,048
Net book value 25 March 2019	6,966,301	89,386	583,822	18,848	7,658,357
Net book value 25 March 2018	7,060,523	281,118	544,107	20,774	7,906,522

As at 25 March 2016, a full valuation of the Investment property portfolio was undertaken by Jones Lang Lasalle IP. A review by a qualified member of the Assembly indicated change in value as at 25 March 2019 which has been incorporated in the accounts.

The main historic building of the Charterhouse has been incorporated at a cost of £13,000, being the purchase value of the site in 1611. This cost has been treated as fully depreciated.

8 Fixed Assets Investments Charity and Group

	Investment Freehold property	Unitised investments, listed securities and bonds	2019	2018
	£	£	£	£
Market value at start of year	48,183,660	35,764,735	83,948,395	80,963,703
Acquisitions at cost	1,882,880	2,896,266	4,779,146	5,748,363
Disposals	(3,250,000)	(3,438,624)	(6,688,624)	(6,991,350)
Net gain in the period	3,250,000	1,963,927	5,213,927	4,227,679
	50,066,540	37,186,304	87,252,844	83,948,395
Cash held by the investment managers			913,794	466,845
			88,166,638	84,415,240

Realised gains on investment

Gain on Investment freehold property	3,250,000
Tax liability on Investment gains	(615,000)
Net gains on investment	2,635,000

Under the terms of the Lease Agreement with Helical Plc for the sale and purchase of the property known as '23-28 Charterhouse Square', the Charterhouse received overage of £3.25 million during the current financial year. This is subject to corporation tax at 19% giving a maximum liability of £615,000. The charity used £1.1 million of the proceeds to purchase 1.75% of additional shares in Helical Plc, thereby increasing its total holding of shares in the company from 8.25% to 10%.

The investments managed by Newton Investment Management Ltd and Troy Asset Management Ltd were both held in unit trusts.

The asset distribution of the total listed securities is:

	2019	2018
	%	%
UK Equities	20	18
Overseas Equities	45	50
Bonds	21	18
Commodities / gold	3	3
Other	11	11
	100	100

The Charterhouse

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 25 March 2019

9 Group debtors	2019	2018
	£	£
Investment income and rents receivable	2,254	3,000
Other debtors	621,858	397,693
Prepayments	175,934	206,042
	<u>800,046</u>	<u>606,735</u>

Charity debtors	2019	2018
	£	£
Investment income and rents receivable	2,254	3,000
Due from Carthusia Limited	600,048	167,891
Other debtors	494,739	331,125
Prepayments	136,769	186,848
	<u>1,233,810</u>	<u>688,864</u>

10 Group creditors	2019	2018
	£	£
Taxation and social security	57,186	46,185
Income in advance	586,400	341,879
Trade creditors	127,597	5,353
Other creditors and accruals	210,467	520,419
	<u>981,650</u>	<u>913,836</u>

Charity creditors	2019	2018
	£	£
Taxation and social security	53,361	42,412
Income in advance	586,400	334,264
Trade creditors	105,824	3,600
Other creditors and accruals	191,486	491,251
	<u>937,071</u>	<u>871,527</u>

The income in advance relates to rents received in advance for the next quarter. The closing balance as at March 2018 relates to the first quarter's rents in this current year and the carried forward at March 2019 relates to the first quarter for the next year.

The Charterhouse

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 25 March 2019

11 Analysis of assets between funds (Group)

	General Fund	Hospital Branch Fund				
	Endowment	Unrestricted Income Fund	Restricted Fund	Designated tangible fixed assets fund	Endowment	
	£	£	£	£	£	
Investment freehold property	32,621,850	-	-	-	17,444,690	50,066,540
Other Investments (unlisted, listed and bonds)	35,006,596	-	-	-	3,093,502	38,100,098
Tangible assets	142,423	-	-	7,515,934	-	7,658,357
Cash at bank and in hand	516,887	-	-	-	643,744	1,160,631
Moiety transferred to Hospital Fund	(424,829)	424,829	-	-	-	-
Other current (liabilities) / assets	(104,594)	(379,222)	396,970	-	(98,738)	(185,584)
	67,758,333	45,607	396,970	7,515,934	21,083,198	92,555,190

The Designated Fixed Asset Fund comprises amounts set aside to represent the net book value of tangible fixed assets held.

11 Analysis of assets between funds (Group)

PRIOR YEAR COMPARATIVES

For the year ended 25 March 2018

	General Fund	Hospital Branch Fund				
	Endowment	Unrestricted Income Fund	Restricted Fund	Designated tangible fixed assets fund	Endowment	
	£	£	£	£	£	
Investment freehold property	30,751,770	-	-	-	17,431,890	48,183,660
Other Investments (unlisted, listed and bonds)	33,242,920	-	-	-	2,988,660	36,231,580
Tangible assets	192,690	-	-	7,713,832	-	7,906,522
Cash	817,270	-	-	-	146,538	963,808
Moiety transferred to Hospital Fund	(464,672)	464,672	-	-	-	-
Other current (liabilities) / assets	(636,040)	(878,382)	343,149	-	440,893	(730,380)
	63,903,938	(413,710)	343,149	7,713,832	21,007,981	88,365,243

The Charterhouse

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 25 March 2019

12 Analysis of fund movements

At beginning of the reporting period:

Gift component of the permanent endowment

Unapplied total return

Movements in the reporting period:

Net additions to and (withdrawals from) listed securities to fund investment property

Gift of endowment funds

Investment return: dividends and interest

Investment return: realised and unrealised gains and (losses)

Less: Investment management costs

Unapplied total return allocated to income in the reporting period

Net movements in reporting period

At end of the reporting period:

Gift component of the permanent endowment

Unapplied total return

Investment freehold Property

Tangible fixed assets

Cash

Net current assets/(liabilities)

Total Endowment Funds

	General Fund			Hospital Branch Fund		
	Trust for investment	Unapplied total return	Total endowment	Trust for investment	Unapplied total return	Total endowment
Total	25,977,599	-	25,977,599	807,724	-	807,724
	-	7,265,321	7,265,321	-	2,180,936	2,180,936
	25,977,599	7,265,321	33,242,920	807,724	2,180,936	2,988,660
	(38,431)	-	(38,431)	(9,407)	-	(9,407)
	-	-	-	1,600	-	1,600
	-	582,713	582,713	-	30,337	30,337
	-	1,840,277	1,840,277	-	123,650	123,650
	-	(89,401)	(89,401)	-	(6,007)	(6,007)
Total	(38,431)	2,333,589	2,295,158	(7,807)	147,980	140,173
	-	(531,481)	(531,481)	-	(35,332)	(35,332)
	(38,431)	1,802,108	1,763,677	(7,807)	112,648	104,841
	25,939,168	-	25,939,168	799,917	-	799,917
	-	9,067,429	9,067,429	-	2,293,584	2,293,584
Total	25,939,168	9,067,429	35,006,597	799,917	2,293,584	3,093,501
	32,621,849	-	32,621,849	17,444,691	-	17,444,691
	142,423	-	142,423	-	-	-
	516,887	-	516,887	643,744	-	643,744
	(529,423)	-	(529,423)	(98,738)	-	(98,738)
	58,690,904	9,067,429	67,758,333	18,789,614	2,293,584	21,083,198

The Charterhouse

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 25 March 2018

12 Total return

At beginning of the reporting period:

Gift component of the permanent endowment

Unapplied total return

Total balance

Movement during 2017 - 2018

Net additions / (withdrawals) to listed securities to fund investment property

Gifts of endowment funds

Recoupment of trust for investment

Allocation from Trust for investment

Investment returns: dividends and interest

Investment returns: realised and unrealised gains / (losses)

Less: Investment management costs

Unapplied total return allocated to income in the period

Net movement in the period

Balance as at 25 March 2018

Gift component of the permanent endowment

Unapplied total return

Total balance

Investment freehold property

Tangible fixed assets

Moiety transfer to Hospital Fund

Cash

Net current assets / (liabilities)

Total Endowment funds

General Fund			Hospital Branch Fund		
Trust for investment	Unapplied total return	Total endowment	Trust for investment	Unapplied total return	Total endowment
		-			-
32,024,141	-	32,024,141	1,728,222	-	1,728,222
-	3,993,361	3,993,361	-	1,159,806	1,159,806
32,024,141	3,993,361	36,017,502	1,728,222	1,159,806	2,888,028
(6,046,542)	-	(6,046,542)	(881,405)	-	(881,405)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	573,655	573,655	-	48,193	48,193
-	3,246,088	3,246,088	-	981,591	981,591
-	(82,178)	(82,178)	-	(8,654)	(8,654)
-	(465,605)	(465,605)	(39,093)	-	(39,093)
(6,046,542)	3,271,960	(2,774,582)	(920,498)	1,021,130	100,632
25,977,599	-	25,977,599	807,724	-	807,724
	7,265,321	7,265,321		2,180,936	2,180,936
25,977,599	7,265,321	33,242,920	807,724	2,180,936	2,988,660
30,751,770		30,751,770	17,431,890		17,431,890
192,690		192,690	-		-
(464,672)		(464,672)	-		-
817,270		817,270	146,538		146,538
(636,040)		(636,040)	440,893		440,893
56,638,617	7,265,321	63,903,938	18,827,045	2,180,936	21,007,981

The Charterhouse

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 25 March 2019

13 Related parties

In accordance with the 2009 Scheme, the Charity is liable to pay £424,829 (2018: £464,672) as financial support to Charterhouse School. The amount owing at the year-end is shown as a current liability in the Balance Sheet.

The charity recharged expenses to Carthusia Limited during the year of £110,100 (2018: £160,367). Carthusia Limited paid its surplus for the year to the charity £538,392 (2018: 124,420). At the year end, Carthusia Limited owed the charity £600,048 (2018: £ 167,891)

14 Capital commitments

At the accounting date, the Charity and Group had capital commitments is £300,000 (2018: £800,127).

15 Financial instruments

	Group		Charity	
	March 2019	March 2018	March 2019	March 2018
	£	£	£	£
Financial assets				
Equity instruments measured at valuation	38,100,098	36,231,580	38,100,098	36,231,580
Debt instruments measured at amortised cost	624,112	400,693	471,688	334,125
	<u>38,724,210</u>	<u>36,632,273</u>	<u>38,571,786</u>	<u>36,565,705</u>
Financial liabilities measured at amortised cost	<u>338,064</u>	<u>624,214</u>	<u>(317,066)</u>	<u>494,851</u>

The Charterhouse

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 25 March 2019

16. Carthusia Limited

The Charity owns the entire share capital of £1 of Carthusia Ltd. All functions and fundraising events held since 21 April 2011 have been conducted with the Trading subsidiary (company number 7612570). The year saw the opening of the Museum and Coffee House and both costs and income for the company have increased. The higher cost of sales is due to setting up costs. A summary of the trading results is shown below:

	Notes	2019 £	2018 £
Turnover		1,122,375	922,668
Cost of sales		511,632	725,959
Gross profit		610,743	196,709
Administrative expenses		72,351	72,289
Operating profit		538,392	124,420
Interest receivable and similar income		-	-
Interest payable and similar expenses		-	-
Profit on ordinary activities before taxation		538,392	124,420
Tax on profit on ordinary activities		-	-
Profit for the financial year and total comprehensive income		538,392	124,420
Current Assets			
Stock		35,847	41,394
Debtors		127,121	66,567
Prepayments and accrued income		39,165	19,195
Cash at bank and in hand		442,496	83,047
Total Current Assets		644,629	210,202
Creditors: amounts falling due in one year		644,628	210,201
Net Assets		1	1
Shareholders' funds		1	1

