

ANNUAL REPORT AND GROUP ACCOUNTS
OF
GREAT HOSPITAL, NORWICH
FOR THE YEAR ENDED 31 MARCH 2019

GREAT HOSPITAL, NORWICH
ANNUAL REPORT AND STATEMENT OF ACCOUNTS
YEAR ENDED 31 MARCH 2019

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GREAT HOSPITAL, NORWICH
ANNUAL REPORT AND STATEMENT OF ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2019

The Trustees of the Great Hospital are:

Mrs C Jeffries	Chairman
Mr J Stanley MA (Oxon) FCA	Vice Chairman
Mr J Banham FCA CF	
Mr M Brookes	
Mr D H Buck FCA DChA	
The Hon Mrs A de Bunsen JP DL	
Mrs E Crocker BA JP	
Mrs J James SRN SCM (retired 15 February 2019)	
Mr D Marris Dipl Arch. RIBA	
Mrs G Pearson (appointed 15 February 2019)	
Dr J S Powell MB ChB MRCP	
Dr C A Singh MB ChB MRCP DRCOG DCH	
Mr W J Walker BSc FRICS	

The Officers, Senior Managers and principal external advisors were:

Master and Chief Executive	Mr A J Barnes
Clerk & Company Secretary	Mr W R C Riley
Executive Manager	Miss N S Tansley BA
Finance Manager	Miss E Tabora ACCA
Care Manager	Ms A M Loveday Registered Care Manager R.G.N.
Chaplain	The Rev'd Canon B Oake MRICS (retired 30 November 2018)
Chaplain	The Rev'd Canon E Langan (instituted on 14 February 2019)
Steward	Mr N Saffell FRICS

Principal Office	The Great Hospital Bishopgate Norwich NR1 4EL
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Bankers	Barclays Bank Plc 5-7 Red Lion Street Norwich NR1 3QH
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Solicitors	Leathes Prior 74 The Close Norwich NR1 4DR
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Auditors	Larking Gowen LLP King Street House 15 Upper King Street Norwich NR3 1RB
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Investment Managers	Investec Wealth and Investment Limited 30 Gresham Street London EC2V 7QN
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GREAT HOSPITAL, NORWICH

REPORT OF THE TRUSTEES

YEAR ENDED 31 MARCH 2019

The Trustees have pleasure in presenting their report and the financial statements for the year ended 31 March 2019. The purpose of these is to discharge the Trustees' duty of public accountability and stewardship.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the Charity's Trust Deed, the Accounting Direction for Private Registered Providers of Social Housing in England 2019, and with the Accounting and Reporting by Charities: 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) (effective 1 January 2015) – (Charities SORP (FRS 102)).

Reference and administrative details of the Charity, its Trustees and Advisors

The Great Hospital, situated in Bishopgate in the City of Norwich, is an unincorporated association, founded in 1249 by Walter de Suffield, Bishop of Norwich.

The Great Hospital is a Registered Charity (number 211953), governed by a Scheme of the Charity Commissioners dated 12 January 1983 (as amended by Schemes dated 2nd July 1996 and 15th January 2001). It is a Registered Social Landlord with the Regulator of Social Housing (number A0846) and also registered by the Care Quality Commission as a provider of Domiciliary Care.

The Charity has significant endowments in the form of directly-owned property and financial instruments of various types which the Trustees and Master manage with the advice of professional advisors. The income is used for the purposes as specified in the Scheme.

The names of the Trustees who have served during 2018/19 are set out on page 1, together with the names of Officers and Senior Managers of the Charity and external advisors.

Structure, governance and management

A Board of Trustees is responsible for the governance of the Great Hospital. Each Trustee is appointed by the Board of Trustees for a term of office of five years, after which period they may put themselves forward for re-appointment. All Trustees on appointment must live within a radius of 25 miles of the Cathedral Church of Norwich.

The Board of Trustees elects new Trustees who have the knowledge and experience to ensure that there is an appropriate skill mix to meet the needs of the Charity. New Trustees are required to complete an induction course which enables them to fully understand the aims and ethos of the Great Hospital and help them to identify the risks, benefits and opportunities that exist.

The full Board of Trustees meets quarterly and the Policy Committee meets biannually. There are two other major Committees which meet quarterly: the Finance Committee and the House Committee. These committees oversee all policy and investment matters pertaining to the operation of the Charity. The Committees' meetings allow for effective input from Trustees in their particular area of expertise, and for close working relationships with the senior management team. Each Committee Chairman reports to the full Trustee Board quarterly (the Policy Committee biannually).

Trustee training sessions are held annually and also when needed for specific requirements. The Policy Committee keeps this under review on a regular basis. Strategic reviews are conducted annually by the Policy Committee.

Different aspects of the work of the Great Hospital are regulated by three external statutory bodies, the Charity Commission, the Regulator of Social Housing and the Care Quality Commission. Historic England has formal oversight of the management of the heritage buildings which are of national and international significance and the Great Hospital is a member of the Almshouse Association.

The Master has the delegated authority to manage the Charity within the terms of the Scheme and in accordance with agreed policies and budgets, which are set by the various committees and ratified at the Trustees' plenary sessions.

GREAT HOSPITAL, NORWICH

REPORT OF THE TRUSTEES

YEAR ENDED 31 MARCH 2019

Salaries for the senior management team are set by the Master who monitors similar executive positions in the charity sector both locally and nationally. The Master's (CEO's) salary is determined by the Trustees, taking into account the skill set needed for the position and remuneration packages offered for similar appointments both locally and nationally.

Connected Charities

There are two connected Charities. They are the Preachers' Charity, (registered number 212127) and the Sir Peter Seaman's Charity, (registered number 311101). The Trustees of the Great Hospital are also Trustees of both of these Charities and both are managed by the Master of the Great Hospital in accordance with the various Schemes.

The objects of the Preachers' Charity are to distribute two-thirds of the Charity's net income for the benefit of the Dean and Chapter of Norwich Cathedral and the remaining one third for the benefit of the inhabitants of the City of Norwich. The City is defined as the electoral area of the City and the contiguous parishes of Old Catton, Sprowston, Thorpe St Andrew, Trowse with Newton, Cringleford, Colney, Costessey, Taverham, Drayton, Hellesdon and Horsham and Newton St Faiths. The Charity distributed £9,330 for the benefit of the inhabitants of the City of Norwich during the year ended 31 March 2019.

The objects of the Sir Peter Seaman's Charity are to promote the education, including social and physical training, of young persons under the age of 21 living in the City of Norwich who, in the opinion of the Trustees, are in need of financial assistance. The City is defined as the electoral area of the City and the contiguous parishes of Old Catton, Sprowston, Thorpe St Andrew, Trowse with Newton, Cringleford, Colney, Costessey, Taverham, Drayton, Hellesdon and Horsham and Newton St Faiths. In the year ended 31 March 2019 the Trustees distributed £11,219.

Risk assessment and management

The Trustees have a formal risk management process to assess operational risks and implement risk management strategies. This has involved identifying the types of risks the Charity faces, prioritising them in terms of potential impact and likelihood of occurrence, and identifying appropriate means of managing the risks. The risk register is reviewed at least annually but more often if other risks to the organisation emerge.

Key risks considered include the ongoing financial viability of the Great Hospital and operational risks relating to health and safety. The Great Hospital relies on a combination of resident contributions mostly funded from state benefits and returns from its investment portfolio in order to provide care and support for its residents and preserve the fabric of its heritage buildings. In order to attract and retain residents a regular programme of refurbishment is carried out to ensure accommodation remains of an appropriate standard while also remaining mindful of the need to offer value for money. In order to maintain flexibility in generating investment returns the Great Hospital has adopted a "total return" approach to investments allowing the portfolio of investments to be constructed to maximise returns within an acceptable level of risk. As a part medieval site with numerous steps and uneven surfaces accessed both by older residents and increasing numbers of visitors, the Trustees and Managers are very conscious of potential health and safety hazards. Residents also have cooking facilities within their accommodation. The Great Hospital has therefore developed a comprehensive health and safety framework and culture led by the Master, supported by the Health and Safety Committee, with regular training for all employees, fire marshals and first aiders permanently on site, and regular risk assessments, safety checks and inspections.

Statement of responsibilities of the Board of Trustees

Charity and registered social housing legislation requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the Charity and of the surplus or deficit 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in operation.

GREAT HOSPITAL, NORWICH

REPORT OF THE TRUSTEES

YEAR ENDED 31 MARCH 2019

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Charity and to enable it to ensure that the financial statements comply with the Trust Deed, the Charities Act 2011, schedule 1 to the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing in England 2019. They are also responsible for safeguarding the assets of the Charity and for taking appropriate measures to ensure the prevention and detection of fraud and other irregularities.

Public Benefit

In setting the objectives for the year, the Trustees have once again given careful consideration to the Charity Commission's general guidance on public benefit and continue to be mindful of their responsibilities in this regard. The Great Hospital was originally founded to provide relief for the poor and needy of the City of Norwich through the provision of shelter and sustenance and the wellbeing and interests of the residents remains the primary focus. Further, the Trustees are fully committed to maintaining the unique and important set of medieval and other heritage buildings and continue to fund a significant programme of maintenance and refurbishment. The Great Hospital site is being increasingly opened up to the public with open days and many other events organised by the subsidiary company, TGH (Commercial) Limited.

The Charity's Fundraising Work

The Charity is clear about its purpose and how donations it receives are used. It respects the rights, dignities and privacy of its supporters and beneficiaries. It does not put undue pressure on any prospective donor to make a gift and will respect a decision by a donor who wishes to cease giving or a person who does not wish to make a donation at all.

The Charity does not employ professional telephone or street fundraisers or commercial participators to carry out its fundraising activities nor does it directly approach members of the public.

The Charity complies with all relevant statutory regulations, including the Charities Act 2011, Data Protection Act 2018, the General Data Protection Regulation 2016/679 and the Privacy and Electronic Communications Regulations 2003. There were no breaches of these regulations in the period. The Charity always seeks to act in ways that are legal, open, honest and respectful – striving for best practice in fundraising. This includes logging, recording and responding to all complaints. No complaints were received in the period.

Objects and activities

The 'objects' of the Charity as set out in its Scheme are:

'The object of the Charity shall be the provision and maintenance in the City of Norwich of the Parish Church of St Helen and of the almshouses known as the Great Hospital founded in accordance with the benevolent designs of King Edward the Sixth'.

Eligibility for residency at the Great Hospital is in accordance with the Scheme of Charity and as detailed in the Admissions Policy. Applicants who satisfy the age criteria, must be resident in the greater Norwich area (as defined in the Scheme), must be in need and would, in the view of the Trustees as advised by the Master, benefit from being a resident. Persons who are resident elsewhere but who have lived or worked in Norwich will also be considered.

The 'aims' of the Charity are:

1. To preserve the fabric of the heritage building stock.
2. Whenever possible, to provide a home for life for the residents in a secure and safe community.
3. To provide care and support principally on a domiciliary basis.
4. To continue to grow future investment income by investing endowment funds in appreciating assets as market conditions permit.
5. To use the heritage assets to generate revenue and to be accessible to the public at large while acknowledging the sensitivity of the site and the wishes of the residents who live here.

Each year the Trustees review the objectives and activities to ensure they continue to reflect the aims. As noted earlier, in carrying out this review the Trustees have considered the Charity Commission's general guidance on public benefit and have also assessed the outcomes in terms of value for money.

GREAT HOSPITAL, NORWICH

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YEAR ENDED 31 MARCH 2019

Details of the specific objectives of the Great Hospital for the year ended 31 March 2019 and of the progress achieved in relation to these are as follows:

To submit a planning application for residents' accommodation and office facilities on the Elaine Herbert House site.

More detailed work has been undertaken and planning and listed building applications were submitted as appropriate and permissions were granted for-

- The internal and external remodelling of the unused plant room in the East Wards into community space, dated 22 May 2019.
- The change of use of White Cottages to sheltered housing and associated external alterations, dated 28 May 2019.
- The demolition of the care unit and the construction of a 19 unit sheltered housing building and associated landscaping, dated 25 June 2019.

To develop the Great Hospital events operation through its subsidiary company.

The events operation is being promoted actively, resulting in increased turnover.

Overview of the accounts

Summary

Our targeted occupancy level this financial year was achieved at 95%, and this has resulted in net expenditure before gains and losses for the year of £81,100 (2018: £55,818) with a 6.09% increase in income to £2,036,231 and a 7.2% increase in expenditure to £2,117,331. The charity's actual performance is being measured against the budget on a monthly basis and any variances against the budget are investigated to improve efficiency and performance.

In accordance with its charitable and strategic objectives, the Great Hospital maintains, repairs and improves the buildings on its site and seeks to provide enhanced accommodation for the benefit of its residents. It has achieved savings and greater value for money from procuring services from alternative suppliers and in reviewing its working practices. The intention is to introduce regular tendering procedures for procurement where they do not currently exist and to plan in the long term for investment in more efficient energy provision to realise cost savings, environmental benefits and increased comfort for residents, including heating installations and improvements in thermal efficiency.

The total net assets of the Charity increased by 2.16% to £33,468,638 primarily due to an increase in the value of the non-property investment portfolio.

Investment policy

The Trustees have the power to administer and manage the assets of the Charity. The Trustees have delegated the management of its investment portfolio of stocks and shares to Investec Wealth and Investment Limited, a firm of independent investment managers.

Investment returns are a critical source of funding both in respect of the provision of services to residents and in terms of the maintenance of the heritage buildings. Trustees agree a target real rate of return (over and above the return required to maintain the inflation adjusted value of the Endowment Fund) with Investment Managers based on their expert view of potential future returns. The benchmark portfolio recognises the Great Hospital's long-term investment horizon and risk appetite. In the year to 31 March 2019 the financial investments portfolio achieved a total return of 7% compared to a benchmark return of 6.2%.

The Trustees have also delegated the day to day management of its property portfolio to Brown & Co – Property and Business Consultants LLP, a firm of independent Chartered Surveyors. Brown & Co have been instructed to maximise the rental income from properties, reporting to the Master and Trustees as necessary and also to advise the Trustees of any new investment opportunities.

Total Return policy

The Trustees continue to take advice from their investment advisers on expected long term real rates of return from the investment portfolio. The advice takes into consideration a number of factors including the construction of the Charity's investment portfolio, the position in the investment cycle and the outlook for inflation.

GREAT HOSPITAL, NORWICH

REPORT OF THE TRUSTEES

YEAR ENDED 31 MARCH 2019

Total Return policy (continued)

The total return approach enables the Trustees to decide each year how much of the unapplied total return is transferred to income funds and is available for expenditure.

To determine the transfer each year the Trustees review the balance of the unapplied total return, the latest view from Investec on sustainable real returns, and the operational requirements of the Charity. Further information is disclosed in note 22.

Following this review a provisional allocation to income funds is set for budgeting purposes and performance is monitored on a quarterly basis during the year. The actual allocation to income funds for the year is confirmed at the final Finance Committee meeting each year. During the year the Trustees reviewed the performance of the investment portfolio in order to satisfy themselves that the current levels of transfer remained sustainable. The Trustees were pleased to note that the value of the Charity's assets had outperformed the target of keeping pace with inflation and had in fact increased in real terms over the 6 years since the total return approach had been introduced.

Reserves policy

The Great Hospital aims to hold around £500,000 in Income as working capital, representing 3 months worth of expenditure. The balance at 31 March 2019 was £1,022,508 (2018: 898,747).

It is not considered necessary to hold reserves at a higher level as the Total Return Approach to investment management means additional funds can be transferred from the Endowment Fund as and when required.

The Endowment Fund stood at £23,830,526 at 31 March 2019. Under the Total Return Approach, the entirety of the Endowment Fund can be utilised for the benefit of current and future beneficiaries other than an amount of £5,091,310 known as the Investment Fund, representing the value of original donations.

Assets

The overall value of the Charity's net assets on 31 March 2019 was £33,468,638. Fixed and current assets are as set out in the balance sheet.

The value of the Charity's non-property investments other than those held as cash deposits was £15,885,073.

The investment property portfolio, which comprises residential, commercial and agricultural land and buildings, was valued on 31 March 2019 at £5,719,786 (note 14) using the formal valuation.

Value for money

In accordance with the Great Hospital's charitable purpose, its obligation to maintain the accommodation occupied by residents and the other buildings on its site, along with the Charity's operational expenses, are subsidised from the return on its capital funds and investments.

The value of that subsidy in the current financial year amounts to £697,643 (operating deficit from Social Housing operation), which is 36.25% of the total expenditure incurred.

The Trustees intend to benefit the residents in future years by increasing the value of the services they receive through continued monitoring and scrutiny of operational expenses across the Charity.

In April 2018, the Regulator has introduced a new Value for Money Standard in order to measure economy, efficiency and effectiveness.

Due to the unique nature of the charity's operations and the way housing activities are financed, it is not possible to make meaningful comparisons with an appropriate peer group.

The below Value for Money metrics shows how the Great Hospital had performed since the introduction of the standard.

GREAT HOSPITAL, NORWICH

REPORT OF THE TRUSTEES

YEAR ENDED 31 MARCH 2019

Value for money (continued)

Metrics and Basis

2019 2018

1. Reinvestment

The metrics looks at the Investment in properties both new and existing as a percentage of the value of total properties held.

Reinvestment	2%	2%
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2. New Supply delivered

New Supply Delivered	-	-
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3. Gearing

This metric assesses how much of the assets are made up of debt and The degree of dependence on debt finance.

Gearing	-10%	-8%
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4. Earnings before interest, tax, depreciation, amortisation, major Repairs included (EBITDA MRI) Interest Cover

This is a key indicator for liquidity and investment capacity.

EBITDA MRI	1,323%	1,454%
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5. Headline social housing cost per unit

This metric assess the headline social housing cost per unit as defined by the Regulator.

Social Housing cost per unit	£16,946	£15,753
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6. Operating Margin

This metric measures profitability, and is a way of measuring the financial efficiency of a business.

Operating Margin (A)	-57%	-46%
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Operating Margin (B)	-4%	-3%
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7. Return on Capital Employed

This metric measures the efficiency of investment of Capital resources.

Return on Capital Employed	2%	1%
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GREAT HOSPITAL, NORWICH
REPORT OF THE TRUSTEES
YEAR ENDED 31 MARCH 2019

Future plans

The Trustees' specific objectives for 2019/20 are as follows:

To work towards the demolition of the former care unit and the construction of the 19 unit sheltered housing building at Elaine Herbert House, and the other building works to the East Wards and to White Cottages, all in accordance with the planning and listed building permissions obtained.

To continue to maintain and repair the buildings, and to improve the facilities otherwise, on the Great Hospital site.

To continue to develop the Great Hospital events operation through its subsidiary company to generate funds for charitable purposes.

Thanks

Once again, the Trustees and Master would like to express their thanks to the Great Hospital staff for the significant contribution they have made to the continuing success of the Great Hospital during the year.

On behalf of the Trustees



Mrs C Jeffries
Chairman

Date: 20 September 2019

Independent auditors' report to the Trustees of the Great Hospital

Opinion

We have audited the financial statements of The Great Hospital (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 March 2019 which comprise the Report of the Trustees, Consolidated Statements of Financial Activities, Consolidated and Parent Charity Balances Sheets, Consolidated 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 Financial Reporting Standard 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:

- give a true and fair view of the state of the group's and parent charity's affairs as at 31 March 2019, and of the group's incoming resources and application of resources 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 Charities Act 2011, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2019.

Basis for opinion

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, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance 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.

Independent auditors' report to the Trustees of the Great Hospital

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

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

In addition, we have nothing to report in respect of the following matter where the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 3, the trustees are responsible for the preparation of financial statements which give a true and fair view, and for such internal control as the trustees 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 trustees 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 trustees either intend to liquidate the group or the 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

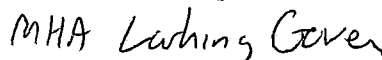
We have been appointed as auditor under section 144 of the Charities Act 2011 and section 136 of the Housing and Regeneration Act 2008 and report in accordance with regulations made under section 154 of the Charities Act 2011 and section 137 of the Housing and Regeneration Act 2008

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 located on the Financial Reporting Council's website at: 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 trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008 and section 137 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the charity's trustees 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 trustees as a body, for our audit work, for this report, or for the opinions we have formed.


Larking Gowen LLP
Chartered Accountants and Statutory Auditors
NORWICH

24 September 2019

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

GREAT HOSPITAL, NORWICH

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES YEAR ENDED 31 MARCH 2019

	Notes	Unrestricted Fund £	Restricted Fund £	Endowment Fund £	2019 Total £	2018 Total £
Income and endowments from:						
<i>Donations and legacies</i>		3,520	-	-	3,520	2,522
<i>Income from charitable activities:</i>						
Net contributions from residents	2	1,226,934	-	-	1,226,934	1,234,224
<i>Other trading activities:</i>						
Functions		97,010	-	-	97,010	96,921
Shop Income		6,639	-	-	6,639	5,157
<i>Investments:</i>						
Property Income	3	-	-	237,592	237,592	209,824
Interest and investment income	9	-	-	459,095	459,095	368,622
<i>Other income</i>	10	5,441	-	-	5,441	2,097
Total income and endowments		1,339,544	-	696,687	2,036,231	1,919,367
Expenditure on:						
<i>Cost of raising funds:</i>						
Investment management costs	4	-	-	126,224	126,224	110,725
<i>Expenditure on charitable activities:</i>						
Services	5	1,066,596	-	-	1,066,596	1,006,835
Management	6	460,539	-	-	460,539	449,480
Maintenance	7	171,131	-	-	171,131	124,981
Depreciation	8	246,958	17,104	-	264,062	257,102
<i>Expenditure on other trading activities:</i>						
Functions expenditure		28,424	-	-	28,424	25,430
<i>Other expenditure</i>		355	-	-	355	632
Total expenditure		1,974,003	17,104	126,224	2,117,331	1,975,185
Net income / (expenditure) before gains and losses on investments		(634,459)	(17,104)	570,463	(81,100)	(55,818)
Net gains / (losses) on investments 14&15		-	-	790,243	790,243	436,363
Net income / (expenditure)		(634,459)	(17,104)	1,360,706	709,143	380,545
Transfers between funds	22&23	831,187	-	(831,187)	-	-
Net movement in funds		196,728	(17,104)	529,519	709,143	380,545
Reconciliation of funds:						
Total funds brought forward		8,911,161	547,327	23,301,007	32,759,495	32,378,950
Total funds carried forward		9,107,889	530,223	23,830,526	33,468,638	32,759,495

GREAT HOSPITAL, NORWICH
BALANCE SHEET
AS AT 31 MARCH 2019

	Notes	Consolidated 2019	2018	Parent Charity 2019	2018
		£	£	£	£
Fixed assets					
Housing Association Scheme properties	13a&b	787,868	813,283	787,868	813,283
Equipment	13a&b	88,502	109,444	88,502	109,444
Improvements to Great Hospital buildings	13a&b	7,628,959	7,766,567	7,628,959	7,766,567
Property in the course of construction	13a&b	169,485	74,569	7,343	7,343
Investment properties	14	5,719,786	10,379,874	5,719,786	10,379,874
Investments	15&21	15,885,073	12,865,614	15,885,074	12,865,615
Programme related investment	16	-	-	145,000	95,000
		<u>30,279,673</u>	<u>32,009,351</u>	<u>30,262,532</u>	<u>32,037,126</u>
Current assets					
Stock	17	4,240	3,972	4,240	3,972
Debtors and prepayments	18	1,690,718	136,651	1,728,173	171,827
Debtors falling due after one year		740,457	-	740,457	-
Cash at bank and in hand		356,064	426,773	322,084	354,482
Cash held by investment brokers		666,444	471,974	666,444	471,974
		<u>3,457,923</u>	<u>1,039,370</u>	<u>3,461,398</u>	<u>1,002,255</u>
Less:					
Creditors:					
Amounts falling due within one year	19	(174,475)	(194,142)	(160,809)	(184,802)
		<u>3,283,448</u>	<u>845,228</u>	<u>3,300,589</u>	<u>817,453</u>
Net current assets					
		<u>3,283,448</u>	<u>845,228</u>	<u>3,300,589</u>	<u>817,453</u>
Total assets less current liabilities		<u>33,563,121</u>	<u>32,854,579</u>	<u>33,563,121</u>	<u>32,854,579</u>
Less:					
Creditors:					
Amounts falling due after one year	20	(94,483)	(95,084)	(94,483)	(95,084)
		<u>33,468,638</u>	<u>32,759,495</u>	<u>33,468,638</u>	<u>32,759,495</u>
Total net assets		<u>33,468,638</u>	<u>32,759,495</u>	<u>33,468,638</u>	<u>32,759,495</u>
Represented by:					
The funds of the charity:					
Endowment fund	22	23,830,526	23,301,007	23,830,526	23,301,007
Restricted fund	23	530,223	547,327	530,223	547,327
Income fund (unrestricted)	23	9,107,889	8,911,161	9,107,889	8,911,161
		<u>33,468,638</u>	<u>32,759,495</u>	<u>33,468,638</u>	<u>32,759,495</u>

The financial statements on pages 11 to 32 were approved by the Board of Trustees on 20 September 2019 and were signed on their behalf by:

Mrs C Jeffries



Mr J Banham



The notes on pages 14 to 32 form part of these financial statements

GREAT HOSPITAL, NORWICH
CONSOLIDATED CASHFLOW STATEMENT
AS AT 31 MARCH 2019

	2019 £	2018 £	
Net cash outflow from operating activities (see below)	(589,773)	(418,124)	
Cash Flows from investing activities			
Interest, dividends and rents received	631,490	578,446	
Purchase of fixed assets	(175,015)	(153,894)	
Investment property transactions	(500,000)	603,891	
Proceeds from sale of investments property	3,133,129	-	
Proceeds from sale of investments	1,274,937	1,698,766	
Purchase of investments	(3,650,426)	(1,840,637)	
Net cash provided by investing activities	714,115	886,572	
Cash flows from financing activities			
Repayment of borrowing	(581)	(505)	
Net cash provided by financing activities	(581)	(505)	
Change in cash and cash equivalents in the year	123,761	467,943	
Cash and cash equivalents brought forward	898,747	430,804	
Cash and cash equivalents carried forward	1,022,508	898,747	
Reconciliation of net income to net cash outflow from operating activities			
	2019 £	2018 £	
Net income / (Loss)	709,143	380,545	
Interest, dividends and rents received	(696,687)	(578,446)	
Gains on investments	(790,243)	(436,363)	
Depreciation	264,064	257,102	
Decrease / (increase) in debtors	(56,096)	19,417	
Decrease / (increase) in stock	(268)	2,418	
Increase / (decrease) in creditors	(19,686)	(62,797)	
Net cash outflow from operating activities	(589,773)	(418,124)	
Analysis of changes in cash and cash equivalents:			
	1 Apr 2018 £	Cash flows £	31 Mar 2019 £
Cash at bank and in hand	426,773	(70,709)	356,064
Cash held by investment brokers	471,974	194,470	666,444
Total	898,747	123,761	1,022,508

The notes on pages 14 to 32 form part of these financial statements

GREAT HOSPITAL, NORWICH

NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2019

1. Accounting Policies

a) Basis of accounting

The accounts are prepared under the historical cost convention, modified to include the revaluation of certain fixed assets. The Housing SORP 2014 requires any almshouse that is not governed by the Landlord and Tenant Act 1985, and operates predominantly for charitable purposes, to adopt the Charities SORP when preparing its financial statements. The Great Hospital is a registered almshouse (membership number 333), and meets the other listed conditions and has therefore prepared the financial statements 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 (FRS102) issued on 16 July 2014, the accounting requirements of the Accounting Direction for Private Registered Providers of Social Housing 2019 and with charity law.

The Great Hospital meets the definition of a public benefit entity under FRS 102.

Preparation of the financial statements require management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include: useful economic lives of tangible assets - the annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of assets. The useful economic lives and residual values are reassessed annually. See note 13 for the carrying amount of property, plant and equipment and note 1 (e) and (h) for the useful economic lives for each class of assets; investment property valuations - the treatment of investment property is explained in note 1 (f) and the carrying value can be found in note 14.

The most significant area of uncertainty that affects the future value of the charity's assets is the performance of the property and listed investment market.

b) Consolidation

Under statute group financial statements are required. These consolidate the Charity and its subsidiary TGH (Commercial) Limited.

c) Income and Expenditure

All income is recognised once the group has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Expenditure is recognised once there is a legal or constructive obligation to make payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. All expenditure is accounted for on an accruals basis. All expenses including support costs and governance costs are allocated to the applicable expenditure headings.

d) Fixed assets - Housing Association scheme properties

Properties included under Housing Association scheme properties are stated at cost less depreciation which includes the following:

- i Cost of acquiring land and buildings
- ii Development expenditure
- iii Interest charged on the mortgage loans raised to finance the scheme, including notional interest.

Interest on the mortgage loan financing the development is capitalised up to the relevant date of interim SHG payment, (see note 1j). Interest on the residual mortgage loan after this date is charged to the Statement of Financial Activity.

GREAT HOSPITAL, NORWICH
NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2019

e) Fixed assets - Great Hospital buildings

Buildings and improvements to buildings are shown at cost and depreciated over the estimated useful life of the asset, as follows:

Improvements to buildings - 50 years (2% straight line) - other than for additions below:

Housing Association properties - 50 years (2% straight line)

Assets in the course of construction are not depreciated

The Trustees have considered the application of component accounting and have depreciated improvements to building additions on the following basis:

Main fabric - 100 years

Roof - 75 years

Mechanical installations - 50 years

Electrical installations - 30 - 40 years

Windows and Doors - 30 years

Kitchen installation - 15 years

Lift installation - 20 years

Shower installation - 15 years

Fittings and furnishings - 15 years

f) Fixed assets - investment properties

A triennial valuation of investment properties at open market value is provided by Brown & Co - Property and Business Consultants LLP. In the intervening periods, investment property valuations are updated based on professional advice provided to the Trustees by Brown & Co - Property and Business Consultants LLP. The review conducted by the Great Hospital's advisors on behalf of the Trustees for the purpose of the interim valuation does not give rise to a formal valuation.

g) Heritage assets - Historical Bishopgate property

The Great Hospital maintains a collection of historic buildings at Bishopgate, Norwich, including the medieval church and cloisters. These have been acquired since the Charity was founded in 1249, and have no historic cost.

The Trustees feel that owing to the incomparable nature of the buildings, conventional valuation lacks sufficient reliability and that, even if valuations could be obtained, the costs would be onerous compared with the additional benefits derived by the Charity and users of the accounts. As a result, no value is reported for these assets in the Charity's accounts.

The cost of associated major maintenance and refurbishment is reported in the Statement of Financial Activity in the year it is incurred.

Further information is given in Note 13c to the accounts.

h) Fixed assets - Other assets

Other assets are depreciated over a period of 3-10 years on a straight-line basis.

i) Investments - Other investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The statement of financial activity includes the net gains and losses arising on revaluation and disposals throughout the year.

The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities within particular sectors or sub sectors.

Programme related investments are carried at the amount invested less any impairments.

GREAT HOSPITAL, NORWICH
NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2019

j) Social Housing Grants

Social Housing Grants (SHG) are made by the Housing Association and are utilised to reduce the amount of mortgage loan in respect of an approved scheme to the amount which it is estimated can be serviced by the net annual income of the scheme. The amount of SHG is calculated on the qualifying costs of the scheme in accordance with instructions issued from time to time by the Regulator of Social Housing.

Where developments have been financed wholly or partly by SHG, the SHG is recognised in income when the charity has entitlement to it.

SHG are repayable under certain circumstances, primarily following the sale of a property. Provision for repayment is made in the balance sheet when properties, which have SHG funding, are sold.

k) Fund accounting

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity.

Restricted funds are those funds that can only be used for particular restricted purposes. Restrictions arise when specified by the donor or when funds are raised for particular restrictive purposes.

Following an application to the Charity Commission the Great Hospital moved to a total return approach to accounting for investments from 1 April 2013.

l) Pension scheme

The Great Hospital operates defined contribution pension schemes for members of staff of the Charity. The pension costs charged to the Statement of Financial Activity represents the employer's contributions payable under the rules of the schemes.

m) Stock

Stocks are carried at the lower of cost and net realisable value.

n) Going concern

The charity has generated sufficient financial resources from its activities to allow the Trustees to believe that the charity is well placed to manage its operational risks successfully in the current economic climate. Accordingly, the Trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern.

o) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

p) Creditors

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably.

Short term creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due. Other financial liabilities are measured at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

q) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due. Other receivables are measured initially at fair value, net of transaction costs, and are measured subsequently as amortised cost using the effective interest method, less any impairment. If settlement of debt is deferred, the consideration is discounted at an appropriate interest reflecting the financing transaction involved.

GREAT HOSPITAL, NORWICH
NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2019

2. Social Housing Income and Expenditure

	Regulated Social Housing Activities	Unregulated Activities	Total 2019	Total 2018
	£	£	£	£
Accommodation charge	857,796	-	857,796	860,621
Service charges (see below)	369,138	-	369,138	373,603
Contribution from Residents	1,226,934	-	1,226,934	1,234,224
Social housing operating costs	(1,924,577)	-	(1,924,577)	(1,800,764)
Operating deficit	(697,643)	-	(697,643)	(565,540)
Void losses	(43,408)	-	(43,408)	(20,762)
Service Charges				
Gas and Electricity	105,826	-	105,826	107,809
Care service	136,073	-	136,073	134,809
Catering	68,765	-	68,765	70,048
Cleaning	58,474	-	58,474	60,937
	369,138	-	369,138	373,603

3. Property income

Investment properties	-	237,592	237,592	209,824
Expenses				
Agent's commission	-	(11,018)	(11,018)	(8,383)
Professional fees	-	(47,729)	(47,729)	(40,044)
Repairs etc	-	(1,901)	(1,901)	(1,294)
Net income from investment properties	-	176,944	176,944	160,103

GREAT HOSPITAL, NORWICH
NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2019

	Regulated Social Housing Activities £	Unregulated Activities £	Total 2019 £	Total 2018 £
4. Cost of raising funds				
Property agent's commission	-	11,018	11,018	8,384
Professional fees	-	47,729	47,729	40,044
Repairs etc	-	1,901	1,901	1,294
Investment managers fees	-	54,961	54,961	51,517
Irrecoverable VAT	-	10,615	10,615	9,486
	-	126,224	126,224	110,725
5. Services				
Staff costs	792,763	-	792,763	745,782
Food	51,889	-	51,889	50,997
Energy	97,194	-	97,194	112,460
Laundry & cleaning	23,248	-	23,248	22,242
Water and council tax	31,099	-	31,099	24,755
Amenities	12,635	-	12,635	13,355
Care consumables	2,900	-	2,900	1,674
Irrecoverable VAT	54,868	-	54,868	35,570
	1,066,596	-	1,066,596	1,006,835
6. Management				
Administration	124,042	18,846	142,888	120,950
Staff costs	268,596	-	268,896	261,897
Insurance	30,740	18,315	49,055	66,633
	423,378	37,161	460,539	449,480
7. Maintenance				
Building maintenance	170,973	158	171,131	124,981
8. Depreciation				
Housing Association scheme properties	25,415	-	25,415	25,416
Equipment	28,095	158	28,253	26,289
Improvements to Great Hospital buildings	210,394	-	210,394	205,397
	263,904	158	264,062	257,102
9. Interest and investment income receivable				
Securities Income	-	393,821	398,821	368,326
Deposit interest receivable	-	77	77	296
Other Finance Income	-	65,197	65,197	-
	-	459,095	464,095	368,622

GREAT HOSPITAL, NORWICH
NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2019

	Regulated Social Housing Activities £	Unregulated Activities £	Total 2019 £	Total 2018 £
10. Other income				
Sundry income	-	4,961	4,961	1,752
Booklet Sales	-	480	480	345
	<hr/>	<hr/>	<hr/>	<hr/>
	-	5,441	5,441	2,097
11. Taxation	<hr/>	<hr/>	<hr/>	<hr/>

The Great Hospital is a registered Charity within the meaning of the Taxes Act and is, therefore, eligible to claim certain exemptions to income tax and capital gains tax. As a consequence no charge to taxation arises for the year.

12. Surplus after interest	2019	2018
	£	£
The net income before gains and losses is stated after charging / (crediting):		
Interest payable	13,846	13,922
Depreciation	264,062	257,102
Auditors remuneration – audit	15,125	13,900
Auditors remuneration – non audit services	973	554

GREAT HOSPITAL, NORWICH
NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2019

13a. Fixed Assets - Group

	Housing Assoc. Scheme Properties £	Building Improvements £	Equipment £	Property in the course of construction £	Total £
Cost					
At 1 April 2018	1,270,755	9,143,153	361,783	74,569	10,850,260
Additions	-	72,786	7,313	94,916	175,015
At 31 March 2019	1,270,755	9,215,939	369,096	169,485	11,025,275
Depreciation					
At 1 April 2018	457,472	1,376,586	252,339	-	2,086,397
Charge for the year	25,415	210,394	28,255	-	264,064
At 31 March 2019	482,887	1,586,980	280,594	-	2,350,461
Net book value					
At 31 March 2019	787,868	7,628,959	88,502	169,485	8,674,814
At 31 March 2018	813,283	7,766,567	109,444	74,569	8,763,863

The ancient Great Hospital buildings at Bishopgate, Norwich have not been valued (note 13c) and have an historical cost of £nil, with the cost of improvements to date shown above.

A new construction project is in contemplation and additional expenditure has been incurred this year. This project is reflected as an asset in the course of construction.

GREAT HOSPITAL, NORWICH
NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2019

13b. Fixed Assets – Parent Charity

	Housing Assoc. Scheme Properties £	Building Improvements £	Equipment £	Property in the course of construction £	Total £
Cost					
At 1 April 2018	1,270,755	9,143,153	361,783	7,343	10,783,034
Additions	-	72,786	7,313	-	80,099
At 31 March 2019	1,270,755	9,215,939	369,096	7,343	10,863,133
Depreciation					
At 1 April 2018	457,472	1,376,586	252,339	-	2,086,397
Charge for the year	25,415	210,394	28,255	-	264,064
At 31 March 2019	482,887	1,586,980	280,594	-	2,350,461
Net book value					
At 31 March 2019	787,868	7,628,959	88,502	7,343	8,512,672
At 31 March 2018	813,283	7,766,567	109,444	7,343	8,696,637

The ancient Great Hospital buildings at Bishopgate, Norwich have not been valued (note 13c) and have an historical cost of £nil, with the cost of improvements to date shown above.

A new construction project is in contemplation and additional expenditure has been incurred this year. This project is reflected as an asset in the course of construction.

GREAT HOSPITAL, NORWICH
NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2019

13c. Heritage assets not recognised in the balance sheet

The Great Hospital maintains a collection of historic buildings at Bishopgate, Norwich, including the medieval church and cloisters. These have been acquired since the Charity was founded in 1249, and have no historic cost.

There have been no acquisitions or disposals of heritage assets.

The Charity is committed to maintaining these unique and important buildings, and continues to fund a significant programme of maintenance and refurbishment. The Great Hospital site is increasingly opened up to the public with open days and many other activities organised both internally and through the subsidiary company, TGH (Commercial) Limited.

14. Investment properties - Group and Charity

	2019	2018
	£	£
Valuation		
1 April 2018	10,379,874	9,939,936
Disposals	(5,306,361)	-
Additions	500,000	-
Realised gain on disposal	(64,227)	-
Gain / (loss) on revaluation	210,500	439,938
	<hr/>	<hr/>
31 March 2019	5,719,786	10,379,874
	<hr/>	<hr/>
Classification of properties		
Residential Estate	482,500	512,000
Commercial holdings	4,602,000	3,902,000
Agricultural holdings	635,286	5,965,874
	<hr/>	<hr/>
	5,719,786	10,379,874
	<hr/>	<hr/>

A formal valuation of investment properties was carried out at 31 March 2019 by Brown & Co Property and Business Consultants LLP, a firm of independent chartered surveyors, on behalf of the Trustees in accordance with the accounting policy set out in note 1f. A formal valuation of investment properties is carried out every three years. The review conducted by the Great Hospital's advisors on behalf of the Trustees for the purpose of the interim valuation does not give rise to a formal valuation.

GREAT HOSPITAL, NORWICH
NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2019

15. Investments

	2019 Cost £	2019 Market value £	2018 Cost £	2018 Market value £
Government stock	643,911	686,192	643,911	686,826
Ordinary shares	10,095,780	12,951,018	8,262,726	10,502,748
Fixed interest	2,122,609	2,247,863	1,576,936	1,676,040
	<hr/>	<hr/>	<hr/>	<hr/>
Total	12,862,300	15,885,073	10,483,573	12,865,614
	<hr/>	<hr/>	<hr/>	<hr/>
Un-quoted investments				
Shares in TGH (Commercial) Ltd	1	1	1	1
	<hr/>	<hr/>	<hr/>	<hr/>
Grand total - Charity	12,862,301	15,885,074	10,483,574	12,865,615
	<hr/>	<hr/>	<hr/>	<hr/>

TGH (Commercial) Limited is a 100% subsidiary and a property construction company that has expanded its activities to include the provision of hospitality. TGH (Commercial) Limited has been engaged by the Great Hospital to design and build new accommodation for residents. The results of the subsidiary company to 31 March 2019 are set out in note 29.

	2019 £	2018 £
Movements in quoted investments		
Market value 1 April 2018	12,865,614	12,727,317
Additions	3,650,426	1,840,638
Disposals	(1,274,937)	(1,698,766)
Net investment gains / (losses)	643,970	(3,575)
	<hr/>	<hr/>
Market value 31 March 2019	15,885,073	12,865,614
	<hr/>	<hr/>

All investments are included within the accounts at their current market value, 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 (FRS102)

Net investment gains / (losses) comprise realised gains of £19,030 (2018: (£6,199)) and unrealised gains of £624,940 (2018: £2,624).

GREAT HOSPITAL, NORWICH
NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2019

16. Programme related investment

	Charity 2019 £	2018 £
Loan to TGH (Commercial) Limited		
Balance at 1 April 2018	95,000	50,000
Additional loan	50,000	45,000
	<u>145,000</u>	<u>95,000</u>
Balance as at 31 March 2019	145,000	95,000

A loan has been made to TGH (Commercial) Limited, the Charity's subsidiary. TGH (Commercial) Limited has been engaged by the Charity to design and build new accommodation for its residents. The additional loan provides finance to the subsidiary company to allow it to do this and hence is reflected as a programme related investment.

17. Stock

	Group 2019 £	2018 £	Charity 2019 £	2018 £
Work in progress	-	-	-	-
Food and beverages	2,027	1,955	2,027	1,955
Booklets	2,213	2,017	2,213	2,017
	<u>4,240</u>	<u>3,972</u>	<u>4,240</u>	<u>3,972</u>

18. Debtors

	Group 2019 £	2018 £	Charity 2019 £	2018 £
Prepayments and accrued income	27,868	136,636	25,934	138,662
Other Debtors	1,644,978	-	1,644,978	-
Other Debtors due more than one year	740,457	-	740,457	-
Residents' contributions receivable	17,872	15	17,872	15
Donation from TGH (Commercial) Ltd	-	-	39,389	33,150
	<u>2,431,175</u>	<u>136,651</u>	<u>2,468,630</u>	<u>171,827</u>

19. Creditors: amounts falling due within one year

	Group 2019 £	2018 £	Charity 2019 £	2018 £
Trade Creditors	61,616	79,181	56,148	77,575
Taxation and social security	24,984	23,004	24,984	21,496
Accruals and deferred income	87,875	91,957	79,677	85,731
	<u>174,475</u>	<u>194,142</u>	<u>160,809</u>	<u>184,802</u>

GREAT HOSPITAL, NORWICH
NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2019

20. Creditors: amounts falling due after more than one year - Group and Charity

	2019	2018
	£	£
Housing Association schemes (see below)	94,483	95,084
	<u>94,483</u>	<u>95,084</u>
 Housing Association Schemes		
	Prior Court £	Youngs Green £
		Total £
Balances at beginning of year	47,280	48,385
Capital repaid in the year	(326)	(255)
Less capital due within one year	(337)	(264)
	<u>46,617</u>	<u>47,866</u>
Balances at end of year	46,617	47,866
	<u>44,388</u>	<u>46,178</u>
Balance included above repayable by instalments in more than five years	44,388	46,178
	<u>15%</u>	<u>14%</u>
Rate of interest payable	15%	14%

All the schemes have been completed. The loan relating to Prior Court is repayable over 60 years from 1 February 1980. The loan relating to Youngs Green is repayable over 60 years from 1 January 1983. Interest payable on the loans during the year ended 31 March 2019 amounted to £13,846 (2018: £13,922).

GREAT HOSPITAL, NORWICH
NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2019

21. Financial Instruments

	Group		Charity	
	2019	2018	2019	2018
	£	£	£	£
Financial assets at fair value through statement of financial activities				
Investments	15,885,073	12,865,614	15,885,074	12,865,615
	<u>15,885,073</u>	<u>12,865,614</u>	<u>15,885,074</u>	<u>12,865,615</u>
Financial assets measured at amortised cost				
Trade debtors	25,430	5,538	17,872	15
Other debtors	2,238,431	-	2,238,431	-
Amounts owed by group undertakings	-	-	32,889	41,197
	<u>2,263,861</u>	<u>5,538</u>	<u>2,289,192</u>	<u>41,212</u>
Financial liabilities measured at amortised cost				
Trade Creditors	61,616	79,181	56,148	77,575
Accruals	70,619	71,647	69,294	70,322
Loans – Amounts due within one year	602	582	602	582
Loans – Amounts due after one year	94,483	95,084	94,483	95,084
	<u>227,320</u>	<u>246,494</u>	<u>220,527</u>	<u>243,563</u>

GREAT HOSPITAL, NORWICH
NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2019

22. Movement in Permanent Endowment – Total Return Approach

	Investment Fund £	Unapplied Total Return £	Total Permanent Endowment £
At beginning of the reporting period:			
Gift component of the permanent endowment	5,091,310	-	5,091,310
Unapplied total return	-	18,209,697	18,209,697
	<hr/>	<hr/>	<hr/>
Total	5,091,310	18,209,697	23,301,007
	<hr/>	<hr/>	<hr/>
Movements in the reporting period:			
Investment return: Income, dividends and interest	-	696,687	696,687
Investment return: realised and unrealised gains	-	790,243	790,243
Less: Investment management costs	-	(126,224)	(126,224)
	<hr/>	<hr/>	<hr/>
Net unapplied total return	-	1,360,706	1,360,706
Unapplied total return allocated to income in the reporting period	-	(831,187)	(831,187)
	<hr/>	<hr/>	<hr/>
Net movement in the reporting period	-	529,519	529,519
	<hr/>	<hr/>	<hr/>
At end of the reporting period:			
Gift component of the permanent endowment	5,091,310	-	5,091,310
Unapplied total return	-	18,739,216	18,739,216
	<hr/>	<hr/>	<hr/>
Total	5,091,310	18,739,216	23,830,526
	<hr/>	<hr/>	<hr/>

The Great Hospital has adopted a total return approach to investments pursuant to an order of the Charity Commission for England and Wales under section 105 of the Charities Act 2011 dated 14 March 2011.

The Great Hospital has benefited from returns on investments since its foundation in 1249. By agreement with the Charity Commission, the initial Investment Fund was set based on total assets held at January 1983 when a Scheme of the Charity Commissioners for the Great Hospital was established. This sum was increased to account for inflation between 1983 and the commencement of the Total Return Approach in April 2013.

GREAT HOSPITAL, NORWICH
NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2019

23. Summary of fund movements:

		Total £	Income Fund £	Restricted Fund £	Endowment Fund £
Charity Funds as at 1 April 2018		32,759,495	8,911,161	547,327	23,301,007
Income		2,036,231	1,339,544	-	696,687
Expenditure		(2,117,331)	(1,974,003)	(17,104)	(126,224)
Transfers between funds	2 3	-	831,187	-	(831,187)
Gains and losses on investments		790,243	-	-	790,243
Charity Funds as at 31 March 2019		<u>33,468,638</u>	<u>9,107,889</u>	<u>530,223</u>	<u>23,830,526</u>

The restricted fund represents Social Housing grants applied to Housing Association Scheme property developments. The fund is reduced by a proportion of the associated properties annual depreciation charge.

The 2018 fund movements are disclosed in note 31.

24. Staff costs

The average number of employees expressed as a headcount during the year to 31 March 2019 was 58 (FTE 40.71). The corresponding number of employees for the year to 31 March 2018 was 58 (FTE 39.75).

Total staff costs during the year were:

	2019 £	2018 £
Remuneration	928,587	890,221
Social security costs	70,206	67,223
Pension Cost	38,393	33,781
	<u>1,037,186</u>	<u>991,225</u>

Emoluments paid to members of the senior management team totalled £308,063 (2018: £290,319).

During the year the highest paid member of the senior management team was the Master whose remuneration, was £70,600 (2018: £55,000).

No other staff member has emoluments exceeding £60,000 in either this or the preceding period.

No redundancy payments were made during the period (2018: £nil).

The Charity operates a group personal pension plan for members of staff. The pension charge represents contribution premiums payable by The Great Hospital to this plan under the rules of the scheme.

GREAT HOSPITAL, NORWICH
NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2019

25. Trustees remuneration and expenses

No Trustees received any remuneration (2018: £ nil).

No Trustees were reimbursed for expenses (2018: £nil).

26. Residents contributions for accommodation

The Great Hospital provides almshouse accommodation and does not grant tenancies of dwellings occupied for the purpose of the Charity. At 31 March 2019 there were 98 (2018: 98) units available for residents under the 'Housing for older people' scheme.

27. Summary of net assets by fund

	Total 2019 £	Income Fund 2019 £	Restricted Fund 2019 £	Endowment Fund 2019 £
Investments (at Market Value)	15,885,073	-	-	15,885,073
Cash	1,022,508	1,022,508	-	-
Stock	4,240	4,240	-	-
Debtors	2,431,175	205,508	-	2,225,667
Creditors	(173,874)	(173,874)	-	-
Free reserves		1,058,382		
Housing Association loans	(95,084)	(95,084)	-	-
Investment Property	5,719,786	-	-	5,719,786
Property in the course of construction	169,485	169,485	-	-
Housing Association Scheme property	787,868	257,645	530,223	-
Equipment	88,502	88,502	-	-
Building Improvements	7,628,959	7,628,959	-	-
	33,468,638	9,107,889	530,223	23,830,526
Investment Fund				5,091,310
Unapplied Total Return				18,739,216
Total Endowment Fund				23,830,526

GREAT HOSPITAL, NORWICH
NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2019

27. Summary of net assets by fund (continued)

	Total 2018 £	Income Fund 2018 £	Restricted Fund 2018 £	Endowment Fund 2018 £
Investments (at Market Value)	12,865,614	-	-	12,865,614
Cash	898,747	898,747	-	-
Stock	3,972	3,972	-	-
Debtors	136,651	81,132	-	55,519
Creditors	(193,561)	(193,561)	-	-
Free reserves		790,290		
Housing Association loans	(95,665)	(95,665)	-	-
Investment Property	10,379,874	-	-	10,379,874
Property in the course of construction	74,569	74,569	-	-
Housing Association Scheme property	813,283	265,956	547,327	-
Equipment	109,444	109,444	-	-
Building Improvements	7,766,567	7,766,567	-	-
	32,759,495	8,911,161	547,327	23,301,007
Investment Fund				5,091,310
Unapplied Total Return				18,209,697
Total Endowment Fund				23,301,007

28. Contingent liability

The charity has received a claim for compensation concerning an investment property transaction, the claim having nothing to do with the charity's charitable activities. At this stage it is impracticable to estimate the financial effect of the claim and as such this has not been disclosed. The claim will be determined by an Independent Expert and is being challenged in full by the charity through its lawyers. No amounts are recognised in the financial statements in relation to the claim.

GREAT HOSPITAL, NORWICH
NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 31 MARCH 2019

29. Subsidiary company results

The Charity has a wholly owned subsidiary company, TGH (Commercial) Limited.

The subsidiary company is a property construction and hospitality company and has been engaged by the Great Hospital to design and build new accommodation for residents.

The subsidiary is not registered with the social housing regulator. The results of the subsidiary company to 31 March 2019 are set out below.

	2019 £	2018 £
Turnover	95,177	98,520
Cost of sales and administration	(55,788)	(65,370)
Charitable donation	(39,389)	(33,150)
	<hr/>	<hr/>
Net profit	-	-
	<hr/>	<hr/>

The aggregate of assets liabilities and reserves was:

	2019 £	2018 £
Current assets	204,558	145,539
Current liabilities	(204,557)	(145,538)
	<hr/>	<hr/>
	1	1
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At the 31 March 2019 the charity had made a programme related investment of £145,000 (2018: £95,000) in the subsidiary. Details of this are set out in note 17.

30. Related Party Transactions

The Great Hospital charged its subsidiary, TGH (Commercial) Limited, £27,476 for management charges (2018: £28,149). TGH (Commercial) Limited invoiced the Great Hospital £ nil for construction work completed during the period (2018: £7,075).

TGH (Commercial) Limited is committed to pay its taxable profits of £39,389 (2018: £33,150) to the Great Hospital by way of covenanted gift aid. At 31 March 2019 £ nil (2018: £ nil) was due to TGH (Commercial) Limited from the Great Hospital and £11,704 (2018: £8,048) was due to the Great Hospital from TGH (Commercial) Limited.

Organisations connected to the Charity occasionally hire the halls with all transactions being carried out on the same terms as they are offered to the general public.

GREAT HOSPITAL, NORWICH

NOTES TO THE ACCOUNTS (CONTINUED) YEAR ENDED 31 MARCH 2019

31. Statement of Financial Activities 31 March 2018

	Income Fund £	Restricted Fund £	Endowment Fund £	2018 Total £
Income and endowments from:				
<i>Donations and legacies</i>	2,522	-	-	2,522
<i>Income from charitable activities:</i>				
Net contributions from residents	1,234,224	-	-	1,234,224
<i>Other trading activities</i>				
Functions	96,921	-	-	96,921
Shop income	5,157	-	-	5,157
<i>Investments</i>				
Property income	-	-	209,824	209,824
Interest and investment income receivable	-	-	368,622	368,622
<i>Other income</i>	2,097	-	-	2,097
Total income and endowments	1,340,921	-	578,446	1,919,367
Expenditure on:				
<i>Cost of raising funds</i>				
Investment management costs	-	-	110,725	110,725
<i>Expenditure on charitable activities:</i>				
Services	1,006,835	-	-	1,006,835
Management	449,480	-	-	449,480
Maintenance	124,981	-	-	124,981
Depreciation	239,998	17,104	-	257,102
<i>Expenditure on other trading activities:</i>				
Functions expenditure	25,430	-	-	25,430
<i>Other expenditure</i>	632	-	-	632
Total expenditure	1,847,356	17,104	110,725	1,975,185
Net income / (expenditure) before gains and losses on investments	(506,435)	(17,104)	467,721	(55,818)
Net gains / (losses) on investments	-	-	436,363	436,363
Net income / (expenditure)	(506,435)	(17,104)	904,084	380,545
Transfers between funds	629,550	-	(629,550)	-
Net movement in funds	123,115	(17,104)	274,534	380,545
Reconciliation of funds				
Total funds brought forward	8,788,046	564,431	23,026,473	32,378,950
Total funds carried forward	8,911,161	547,327	23,301,007	32,759,495