

ST NICHOLAS' HOSPITAL

REPORT OF THE TRUSTEES
AND
STATEMENT OF ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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FLETCHER & PARTNERS
CHARTERED ACCOUNTANTS
SALISBURY

ST NICHOLAS' HOSPITAL
TRUSTEES' REPORT AND STATEMENT OF ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2021

Page 1

The Trustees present their annual report and accounts for the charity for the year ended 31 December 2021. The accounts have been prepared in accordance with the accounting policies set out on pages 7 to 9 and comply with the Charity's schemes and applicable law.

TRUSTEES:	EX OFFICIO		
	By the Bishop	The Master: The Ven K P Mellor	(resigned 31.01.21)
		The Master: The Ven C J Baston	(appointed 04.05.21)
	NOMINATED		
	By the Bishop	Mr D A Bartlett	(re-appointed 08.05.19) Chairman from 28.01.16
	By the Master	Mrs R A P Stiven	(re-appointed 28.01.19)
	CO-OPTATIVE	Canon D K Callard	(re-appointed 25.06.19)
		Mrs S J Beswick	(re-appointed 28.10.21)
		Mrs C E Romano	(re-appointed 28.10.21)
		Mr R D Trahair	(re-appointed 04.07.18)

PRINCIPAL OFFICER: Mr C L Gutteridge, Clerk to the Trustees (appointed 01.03.20)

CHARITY ADDRESS: The Clerk's Office, St Nicholas' Hospital, St Nicholas Road, Salisbury, Wiltshire SP1 2SW

ADVISERS:	Bankers	- CAF Bank cafbank@cafonline.org
		- National Westminster Bank Plc 48 Blue Boar Row, Salisbury SP1 1DF
		- CCLA Investment Management Limited Senator House, 85 Queen Victoria Street London EC4V 4ET
	Solicitors	- Parker Bullen 45 Castle Street, Salisbury SP1 3SS
	Independent Examiners	- Mrs N A Halls FCA, Fletcher & Partners Crown Chambers, Bridge Street, Salisbury SP1 2LZ
	Surveyors	- Humberts 37 Castle Street, Salisbury SP1 1TT
		- The Diocesan Surveyor Church House, Salisbury SP1 2QB
	Investment Managers	- CCLA Investment Management Limited Senator House, 85 Queen Victoria Street London EC4V 4ET
	Custodian Trustee	- The Official Custodian for Charities

REGISTERED CHARITY NUMBER: 214916 in England and Wales

TRUSTEES' REPORT AND STATEMENT OF ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2021

LEGAL STATUS

The Hospital is a registered charity number 214916. It was refounded by letters patent of the 3 April 1608 James I, and its governing document is the Hospital of St Nicholas (Salisbury) Charity Scheme Confirmation Act 1959, the Charity Commission Scheme dated 7 March 1961 as amended on 15 January 2009 and the Charity Commission Scheme dated 26 April 2016 as amended on 31 January 2019 and 21 January 2021.

OBJECTS

The objects of the charity were updated in April 2016, and are now:

- (a) the relief of poverty by the provision of accommodation for persons of good character who are in need of assistance;
- (b) such charitable purposes for the benefit of residents and former residents as the trustees decide, including the provision of financial assistance to former residents who are in need.

POLICIES

During the year the Hospital provided units of accommodation to residents. The residents contribute a set monthly sum towards the maintenance of the Hospital. Other land and buildings are let to provide additional income for the Charity. Other endowments are invested to provide income to cover the running and management costs of the Charity. Surplus income may be applied for the benefit of the residents.

In 1993 and 1994 the Trustees used part of the endowment capital to build a new annexe to the Hospital to provide 6 additional units of accommodation. The Trustees are bound by the Trustee Act 2000.

During the year the trustees reviewed their policies and procedures.

RESERVES POLICY

The Trustees of the Charity are able to use the surplus accumulated income over expenditure on future projects, to improve the facilities and the operation of the Hospital. The Trustees consider that a minimum of £150,000 should be kept in reserve to cover unforeseen costs.

RISK MANAGEMENT

The Trustees have reviewed the major risks to which the Charity is exposed and ensured that systems are in place to mitigate exposure to the risks identified. The principal risks lie in the performance of investments and operational risks from owning property. Variability of investment returns on the permanent endowment constitute the charity's major financial risk, and this is mitigated by retaining expert investment managers and having a diversified investment portfolio.

ORGANISATION

The Charity is managed by between five and seven Trustees who meet not less than four times a year. The Trustees appoint a Clerk to act on their behalf. The day to day administration of the Charity is dealt with by the Master and the Clerk, as appropriate, on behalf of the Trustees. The nominated Trustees were originally appointed for terms of three years and Co-optative Trustees appointed by resolution of the Trustees for terms of five years. To simplify the Charity's administration, the Charity Commission agreed during 2019 that all Trustees' terms of appointment could be five years. New trustees are inducted and trained by the Master, the Chairman and the Clerk. New trustees are recruited and appointed after receiving a personal recommendation from the existing trustee body. The Charity's land and buildings are held in trust by The Official Custodian for Charities.

TRUSTEES' RESPONSIBILITIES FOR THE PREPARATION OF ACCOUNTS

The Trustees are responsible for preparing the Annual Trustees' Report and financial statements in accordance with applicable law and United Kingdom Accounting Standards. Under the law applicable to charities, the trustees have elected to prepare accruals accounts which must show a true and fair view of the state of affairs of the charity and of its incoming resources and application of resources for that period. In preparing those financial statements the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK 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 assume that the Charity will continue in operation.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Charity and to enable them to ensure that the financial statements comply with the Charities Act 2011. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud or other irregularities.

TRUSTEES' REPORT AND STATEMENT OF ACCOUNTS (CONTINUED)**FOR THE YEAR ENDED 31 DECEMBER 2021****INVESTMENT POLICY**

In accordance with the Trustee Act 2000 which came into force on 1 February 2001, the Trustees have the power to invest any sums of cash not required for immediate working purposes. The investment objective of the Trustees is that the real value of their assets be maintained and enhanced over the long term by investment in a portfolio of charitable investment funds and freehold property. Investment income is required to help meet the costs of the Charity. The investments are reviewed regularly by the Trustees.

PUBLIC BENEFIT

The trustees confirm that they have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties.

The charity meets its public benefit remit by providing subsidised housing for needy people.

REVIEW OF ACTIVITIES AND ACHIEVEMENTS

The new Master took up post in May following the retirement of the previous Master in January. During the vacancy the Community was overseen by the Chair of Trustees and the Clerk with help and support of representatives from each of the 4 resident blocks. A locum assistant was appointed in May, and started work in June, to provide cover for the Master on her weekly day off and any periods of annual leave.

The Hospital has operated under Covid restrictions throughout the year as advised by the Church of England (conduct of public worship) and the Government guidelines/restrictions. For example: Communion in one kind, no contact at the Peace, restrictions on singing, social distancing, visitors wearing masks, employees taking regular lateral flow tests etc.

The new Master was licensed by the Bishop of Salisbury under strict protocols without the Community present in May, and an outdoor installation service was held in July for the Community. The two cohorts continued for daily worship until July, then residents were given the option of worshipping either in Chapel with social distancing or in the Common Room. The weekly Community Meeting was re started in August; attendance remains voluntary due to Covid. Attendance at both worship and Community Meetings has remained very high, with those who are clinically vulnerable isolating appropriately as and when required.

There have been NO covid cases at the Hospital, one resident contracted it post-operative in a rehabilitation ward, and 6 people have had to self- isolate as a result of NHS Track and Trace notifications.

Three flats became vacant during 2021; in total there were 7 expressions of interest. The vacancies have been filled and in each case the applicant(s) in greatest need at the time of appointment, were offered the flat.

Social Activities have necessarily been curtailed during the year; but the Community Coffee Morning for MacMillan Cancer (September), Harvest (October), and St Nicholas Day (December) did take place in a limited way with Covid restrictions in place.

COVID-19

The global pandemic of COVID-19 had a limited financial impact on the Charity in the year to 31 December 2021. The residents contributions were still paid but one vacant flat was unable to be occupied during the year due to the 'lockdown' so the Charity missed out on approximately £4,080 of contributions during the year. The Charity held sufficient funds at the year end to meet the reserves policy and the trustees consider that there are no material uncertainties about the Charity's ability to continue as a going concern. There are no other material judgements that affect the accounts.

REVIEW OF TRANSACTIONS AND FINANCIAL POSITION

The Charity's total income for the year was £224,777 including investment income of £108,701 plus £19,135 from let properties. The expenditure for the year was £290,025 of which £272,002 was on direct charitable activities. The net outgoing resources for the year were £65,248 before revaluation of investments. The units held in COIF Property Fund were sold and reinvested in COIF Income Fund units. The objective of the COIF Income Fund is to provide a long- term total return comprising growth in capital and distributions, suitable for a charity's long-term funds, providing a good level of distributions and long-term protection from inflation. The fund follows an ethical investment policy.

The value of the charity's investments increased by £528,100 (14.4%) during 2021. The COIF Investment Fund reported a total return, including income, of 17.38% over the year, compared to its benchmark comparator return of 16.96%.

Over the year, therefore, the Charity's resources increased by a total of £462,852.

Depreciation of £14,782 was charged on the almshouse properties as required by the accounting policy, and allocated to the fund which provided the finance for the relevant property.

The twenty-third recoupment payment of £10,000 due under the 1993 recoupment scheme was not made in 2021 but was paid in 2022, and invested in COIF Investment Fund units.

The Charity had net assets of £5,488,405 at the end of the year, including investments worth £4,188,012 and investment properties worth £875,000 but excluding the original cost of the Hospital. The buildings used by the charity are insured for approximately £10.89 million. The Charity's unrestricted reserves at the year end were a total of £207,831 of which £23,424 is represented by land and buildings and fixed assets, leaving free reserves of £184,407.

The format of the accounts complies with the charity's governing documents, the Charities Act 2011 and the Charities SORP (FRS 102). Following the Charity's deregistration from the Housing Corporation in November 1998 the accounts no longer have to comply with the Housing Act 1996.

The Trustees consider the financial position of the Charity to be satisfactory, and the assets of each fund to be adequate to fulfil the obligations of the Charity.

Approved by the Trustees on 30th August 2022 and signed on their behalf by:

.....
Mr D A Bartlett, Trustee and Chairman

I report to the trustees on my examination of the accounts of St Nicholas' Hospital (the charity) for the year ended 31 December 2021, which are set out on pages 5 to 15.

Responsibilities and basis of the report

As the charity's trustees of the Hospital you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 (the Act).

I report in respect of my examination of the Trustees' accounts carried out under section 145 of the Act and in carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the Act.

Independent Examiner's Statement

I have completed my examination. I confirm that no material matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

- (1) accounting records were not kept in respect of the charity as required by section 130 of the Act; or
- (2) the accounts do not accord with those records; or
- (3) the accounts do not comply with the applicable requirements concerning the form and content of the accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a 'true and fair view' which is not a matter considered as part of an independent examination.

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Nicola A Halls

Mrs N A Halls FCA
Chartered Accountant

Fletcher & Partners
Crown Chambers

Bridge Street
Salisbury
SP1 2LZ

Date: 8 September 2022

ST NICHOLAS' HOSPITAL
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Unrestricted Funds	Restricted Funds	Recoupment & Endowment Funds	Total 2021	Total 2020
INCOME FROM:						
Donations and legacies	2	-	5,863	-	5,863	5,593
Investments	3	129,836	-	-	129,836	129,867
Charitable activities						
Provision of accommodation		88,115	-	-	88,115	81,631
Other	4	963	-	-	963	398
TOTAL INCOME		218,914	5,863	-	224,777	217,489
EXPENDITURE ON:						
Raising funds						
Repairs and maintenance of let properties	7	18,023	-	-	18,023	38,113
Charitable activities						
Donations to charities	8	-	5,861	-	5,861	5,960
Provision of accommodation	8	252,740	-	13,401	266,141	189,746
TOTAL EXPENDITURE		270,763	5,861	13,401	290,025	233,819
Excess expenditure over income		(51,849)	2	(13,401)	(65,248)	(16,330)
NET GAINS/(LOSSES) ON INVESTMENTS						
Realised gains/(losses) on investment assets		-	-	4,104	4,104	49,125
Unrealised gains on investment properties	10a	-	-	-	-	-
Unrealised gains/(losses) on investments	10b	19,204	-	504,792	523,996	190,825
NET INCOME/(EXPENDITURE)						
BEFORE TRANSFERS		(32,645)	2	495,495	462,852	223,620
TRANSFERS BETWEEN FUNDS	16	-	-	-	-	-
NET INCOME/(EXPENDITURE)						
BEFORE RECOGNISED GAINS AND LOSSES		(32,645)	2	495,495	462,852	223,620
OTHER RECOGNISED GAINS AND LOSSES		-	-	-	-	-
NET MOVEMENT IN FUNDS FOR THE YEAR		(32,645)	2	495,495	462,852	223,620
TOTAL FUNDS BROUGHT FORWARD		240,476	77,830	4,707,247	5,025,553	4,801,933
TOTAL FUNDS CARRIED FORWARD	17	£207,831	£77,832	£5,202,742	£5,488,405	£5,025,553

The notes on pages 7 to 15 form part of these accounts

ST NICHOLAS' HOSPITAL
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2021

Comparative figures

	Note	Unrestricted Funds	Restricted Funds	Recoupment & Endowment Funds	Total 2020	Total 2019
INCOME FROM:						
Donations and legacies	2	90	5,503	-	5,593	30,695
Investments	3	129,867	-	-	129,867	129,300
Charitable activities						
Provision of accommodation		81,631	-	-	81,631	78,250
Other	4	398	-	-	398	449
TOTAL INCOME		211,986	5,503	-	217,489	238,694
EXPENDITURE ON:						
Raising funds						
Repairs and maintenance of let properties	7	38,113	-	-	38,113	24,719
Charitable activities						
Donations to charities	8	-	5,960	-	5,960	4,570
Provision of accommodation	8	176,344	-	13,402	189,746	212,012
TOTAL EXPENDITURE		214,457	5,960	13,402	233,819	241,301
Excess expenditure over income		(2,471)	(457)	(13,402)	(16,330)	(2,607)
NET GAINS/(LOSSES) ON INVESTMENTS						
Realised gains/(losses) on investment assets		15,874	-	33,251	49,125	-
Unrealised gains on investment property	10a	-	-	-	-	-
Unrealised gains/(losses) on investment assets	10b	6,648	-	184,177	190,825	504,333
NET INCOME/(EXPENDITURE)						
BEFORE TRANSFERS		20,051	(457)	204,026	223,620	501,726
TRANSFERS BETWEEN FUNDS	16	(10,000)	-	10,000	-	-
NET INCOME/(EXPENDITURE)						
BEFORE RECOGNISED GAINS AND LOSSES		10,051	(457)	214,026	223,620	501,726
OTHER RECOGNISED GAINS AND LOSSES		-	-	-	-	-
NET MOVEMENT IN FUNDS FOR THE YEAR		10,051	(457)	214,026	223,620	501,726
TOTAL FUNDS BROUGHT FORWARD		230,425	78,287	4,493,221	4,801,933	4,300,207
TOTAL FUNDS CARRIED FORWARD	17	£240,476	£77,830	£4,707,247	£5,025,553	£4,801,933

The notes on pages 7 to 15 form part of these accounts

BALANCE SHEET AS AT 31 DECEMBER 2021

	<u>Notes</u>	<u>2021</u>	<u>2020</u>
FIXED ASSETS			
Tangible Assets			
Housing land and buildings	9a	390,345	405,127
Other tangible assets	9b	<u>4,632</u>	<u>4,499</u>
		394,977	409,626
Investments			
Investment properties	10a	875,000	875,000
Common Investment Funds	10b	<u>4,188,012</u>	<u>3,659,912</u>
		<u>5,063,012</u>	<u>4,534,912</u>
TOTAL FIXED ASSETS		<u>5,457,989</u>	<u>4,944,538</u>
CURRENT ASSETS			
Debtors	11	8,738	12,852
Cash at bank and in hand	12	<u>63,831</u>	<u>79,643</u>
TOTAL CURRENT ASSETS		<u>72,569</u>	<u>92,495</u>
LIABILITIES			
Creditors - Amounts falling due within one year			
	13	<u>(42,153)</u>	<u>(11,480)</u>
NET CURRENT ASSETS		<u>30,416</u>	<u>81,015</u>
TOTAL NET ASSETS	17	<u><u>£5,488,405</u></u>	<u><u>£5,025,553</u></u>
FUNDS OF THE CHARITY			
CAPITAL AND RESERVES			
ENDOWMENT FUNDS	14	5,202,742	4,707,247
RESTRICTED INCOME FUNDS	15	77,832	77,830
UNRESTRICTED INCOME FUNDS	16	<u>207,831</u>	<u>240,476</u>
		<u><u>£5,488,405</u></u>	<u><u>£5,025,553</u></u>

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These financial statements were approved by the Trustees on 30th August 2022 and signed on their behalf by:

Mr D A Bartlett, Trustee and Chairman

C J Baston
Trustee and Master

The notes on pages 7 to 15 form part of these accounts

1. PRINCIPAL ACCOUNTING POLICIES

The financial statements of the Charity are 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) (effective from 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011 and UK Generally Accepted Accounting Practice as it applies from 1 January 2019. The accounts (financial statements) 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) rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn. These financial statements are drawn up on the historical cost accounting basis except that investment assets are carried at market value. The charity constitutes a public benefit entity as defined by FRS 102. A summary of the more important accounting policies is set out below.

Preparation of the accounts on a going concern basis

The trustees have reviewed the anticipated performance for a period of at least twelve months from the date of approval of the financial statements which demonstrate that there is no material uncertainty regarding the charity's ability to meet its liabilities as they fall due, and continue as a going concern. On this basis, the trustees consider it appropriate to prepare the financial statements on a going concern basis. The income of the charity has not been adversely affected by Covid-19 issues in 2021.

Key judgements and uncertainties

The most significant areas of judgement and key assumptions that affect items in the accounts are to do with rates of depreciation and a decision not to apply component accounting for replacement of fixed assets within the housing properties. With respect to the next reporting period, the year ended 31 December 2022, the most significant areas of uncertainty that affect the carrying value of assets held by the Charity are the level of investment return and the performance of investment markets, occupancy rates and property repairs.

a) Basis of Accounting

The Financial Statements are prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to these accounts.

b) Fund accounting

General Funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the objects of the Charity and which have not been designated for other purposes.

Designated Funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the accounts.

Restricted Funds are funds which are to be used in accordance with specific restrictions imposed by the donor or trust deed. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the accounts.

Transfers between funds are made in accordance with the requirements of the Charity Commission Schemes. The Permanent Endowment Fund represents those assets which must be held permanently by the Charity. Income arising on the endowment fund can be used in accordance with the objects of the Charity and is included as unrestricted income. Any realised or unrealised capital gains or losses arising on the investments form part of the fund.

c) Income

All income is recognised when the Charity has entitlement to the income, it is probable that the income will be received and the amount receivable can be measured reliably. Where income has related expenditure these items are reported gross in the SOFA. Legacies are recognised as income when they are notified to the Charity and can be quantified with reasonable accuracy.

Income from the provision of accommodation represents the residents' maintenance contributions receivable for the year, less voids.

Investment income is included in the accounts when it becomes due and payable. Rental income for let properties represents the rentals receivable for the year from land and investment properties.

Income from endowed investments is unrestricted. Interest on the Chapel Fund bank accounts is restricted.

d) Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Expenditure on raising funds includes those costs associated with the generation of income from the Charity's various investments. Expenditure on charitable activities are those costs associated with the objects of the Charity and therefore include the costs necessary to maintain the Hospital for the residents as well as support costs and governance costs.

Support costs are those costs incurred directly in support of expenditure on the objects of the Charity and include some office costs and a proportion of salaries. Governance costs are those incurred in connection with administration of the Charity and compliance with constitutional and statutory requirements. They include costs of preparation and examination of statutory accounts, the costs of trustee meetings and any legal advice to trustees on governance matters.

Where costs cannot be directly attributed to particular headings, they have been allocated to activities on a basis consistent with use of the resources. Salaries of the Master and the Clerk are apportioned 50:50 between support costs

e) Cyclical Repairs and Maintenance

St Nicholas' Hospital has a regular programme of cyclical repairs and maintenance. Costs are charged to the SOFA in the year in which they are incurred.

f) Extraordinary Repairs

Costs of Extraordinary Repairs, unless representing improvements to the properties, are charged to the SOFA in the year in which they are incurred.

g) Housing Properties and Depreciation

St Nicholas' Hospital was constructed in the 13th century. There is no record of the original cost or development before 1964 so a nil value has been capitalised. The original buildings are historic and form part of the endowment which means that they cannot be sold. The users of the accounts are principally the Trustees who consider the cost of carrying out a professional valuation to include these assets at a value in the accounts to be considerable compared to the limited additional benefit derived by the users of the accounts. The cost of the developments since 1964 have been capitalised and depreciated since 2000 on a straight line basis over their remaining useful economic lives (assumed to be 50 years) as follows:

Pelly House (1966)	16 years
McInnes House (1979)	29 years
Flat conversion (1983)	33 years
Garden House (1994)	44 years

The developments have been funded partly by Housing Corporation Grants and partly from the Charity's own resources.

h) Housing Association Grant

Housing Association Grant (HAG) was paid by the Housing Corporation to reduce the cost of a development and is no longer set off against the cost of the asset. Instead such grants are recognised as income when receivable and credited to restricted reserves. HAG is repayable under certain circumstances, primarily following the sale of the relevant almshouse property but will normally be restricted to net proceeds of sale.

i) Investment Properties and Investments

Land and buildings (other than housing properties) are stated at market value. The valuation is formally reviewed every 5 years by external valuers and annually assessed by the trustees. There is no record of the original cost of these properties which form part of the Endowment Fund. Any disposal proceeds will be reinvested in endowment funds upon disposal of any of the assets. Stock market investments are stated at fair value at the Balance Sheet date using bid prices of common investment funds. The Statement of Financial Activities includes the net realised and unrealised gains and losses arising on revaluations and disposals throughout the year.

j) Other Tangible Assets

Office, housing and garden equipment are capitalised and depreciated to write off the cost evenly over 3 years. A Stairlift is being written off over 10 years. Assets costing less than £500 are written off immediately.

k) Impairment Reviews

The Trustees consider that the value in use of Tangible Fixed Assets exceeds the net book value disclosed in the accounts so an impairment review is not necessary.

l) Pension Costs

The charity contributes to the Church of England Funded Clergy Pensions Scheme, a defined benefit, multi-employer scheme, for eligible employees. The charity also contributes to a defined contribution pension scheme for other employees. The assets of these schemes are held separately from those of the Charity. Pension costs charged in the Statement of Financial Activities represent the contributions payable by the charity in the year.

ST NICHOLAS' HOSPITAL
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

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l) Value Added Tax

In these accounts, where applicable, expenditure is shown inclusive of VAT.

m) Cash Flow Statement

Under the Financial Reporting Standard FRS102 the Charity is not required to produce a Cash Flow Statement as it is a small entity.

n) Taxation

St Nicholas' Hospital is a registered Charity, and is therefore exempt from liability to taxation on its Income and Capital Gains.

o) Debtors

Debtors are measured at the amounts the charity anticipates it will receive from a debt or the amount it has paid in advance for goods or services.

p) Cash at bank and in hand

Cash at bank and in hand includes cash and cash on deposit.

q) Liabilities

Liabilities are measured at the amounts the charity anticipates it will pay to settle a debt or the amount it has received as an advance payment for goods or services it must provide.

r) Financial Instruments

The charity only has financial assets and liabilities of a kind that qualify as basic financial instruments. They are initially recognised at transaction value and subsequently measured at their settlement value, except for investments, see note (i).

2. INCOME FROM DONATIONS AND LEGACIES

	<u>2021</u>	<u>2020</u>
Unrestricted Funds		
Donations	-	90
Restricted Funds		
Chapel and other collections	5,863	5,503
Total	<u>£5,863</u>	<u>£5,593</u>

3. INCOME FROM INVESTMENTS

	<u>2021</u>	<u>2020</u>
Unrestricted Funds		
Rental Income		
Master's House Contributions	2,000	-
Rents from let agricultural land	2,146	2,146
Rents from let properties	16,860	16,860
	<u>21,006</u>	<u>19,006</u>
Way leaves	<u>129</u>	<u>128</u>
Investment Income		
UK Bank Deposit Interest	-	47
UK Dividends	108,701	110,686
	<u>108,701</u>	<u>110,733</u>
Total Unrestricted funds	<u>129,836</u>	<u>129,867</u>
Restricted Funds		
UK Bank Interest	-	-
Total income from investments	<u>£129,836</u>	<u>£129,867</u>

4. OTHER INCOME

	<u>2021</u>	<u>2020</u>
Unrestricted Funds		
Sundry income	150	-
Guest room income	813	398
	<u>£963</u>	<u>£398</u>

5. TRUSTEES' EMOLUMENTS AND RELATED PARTY TRANSACTIONS

Except for the Master, none of the Trustees received any emoluments or benefits or reimbursement for expenses for acting as Trustees in 2021 or 2020. The Master, who is also ex-officio a Trustee, is entitled under the Charity Commission Scheme 1961 to receive a salary paid out of the income of the charity and also to reside at the Master's House at the Hospital, free of rent, rates and taxes. The charity also pays heating costs. The emoluments of the Ven K P Mellor were £7,386 (2020: £13,622). The emoluments of Ven C J Baston were £19,667 plus £10,309 for CEFPS pension. There were no other related party transactions.

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6. EMPLOYEE INFORMATION

The average headcount of persons employed during the year was 3 (2020: 2). No employee received emoluments in excess of £60,000 p.a. in 2021 or 2020. The Charity considers key management personnel comprise the trustees and the Clerk. The total employment benefits of the key management personnel were £56,005 (2020: £28,485).

	<u>2021</u>	<u>2020</u>
Staff Costs		
Wages and salaries	50,918	28,185
Social Security costs	118	-
Pension costs	10,802	300
	<u>£61,838</u>	<u>£28,485</u>

Ex -gratia payments were made to employees in the year of £6,250 and £1,834, included above, but the payments recognised additional work required during the pandemic.

7. EXPENDITURE ON RAISING FUNDS

Unrestricted Funds

	<u>2021</u>	<u>2020</u>
Repairs and Management of Let Properties		
Surveyor's fees	480	2,069
General maintenance and major works	16,812	35,295
Insurance	731	749
	<u>£18,023</u>	<u>£38,113</u>

8. EXPENDITURE ON CHARITABLE ACTIVITIES

2021	Unrestricted <u>Funds</u>	Restricted <u>Funds</u>	Recoupment & Endowment <u>Funds</u>	Total <u>2021</u>
Housing and community services	83,990	-	-	83,990
Charitable donations	-	5,861	-	5,861
Support costs	34,389	-	-	34,389
Repairs, maintenance and improvements	92,303	-	-	92,303
Governance costs	39,862	-	-	39,862
Depreciation	2,196	-	13,401	15,597
	<u>£252,740</u>	<u>£5,861</u>	<u>£13,401</u>	<u>£272,002</u>

2020	Unrestricted <u>Funds</u>	Restricted <u>Funds</u>	Recoupment & Endowment <u>Funds</u>	Total <u>2020</u>
Housing and community services	74,188	-	-	74,188
Charitable donations	-	5,960	-	5,960
Support costs	16,238	-	-	16,238
Repairs, maintenance and improvements	58,866	-	-	58,866
Governance costs	24,706	-	-	24,706
Depreciation	2,346	-	13,402	15,748
	<u>£176,344</u>	<u>£5,960</u>	<u>£13,402</u>	<u>£195,706</u>

Support costs comprise:

	<u>2021</u>	<u>2020</u>
Master's salary and pension (½)	18,740	6,811
Clerk's salary(½)	9,263	7,432
Pastoral Assistant salary	5,833	-
Telephone and internet	257	1,714
Subscriptions and courses	295	281
	<u>£34,388</u>	<u>£16,238</u>

Governance costs comprise:

	<u>2021</u>	<u>2020</u>
Accountants' remuneration		
For Accountancy services	3,118	2,560
For Independent Examination	2,000	2,000
Master's salary and pension (½)	18,739	6,811
Clerk's salary (½)	9,263	7,432
Bank charges	109	68
General insurance	1,876	1,861
Stationery, copier, IT and postage	2,507	3,068
Telephone and internet	2,301	906
Legal & professional fees	40	-
	<u>£39,953</u>	<u>£24,706</u>

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9. TANGIBLE FIXED ASSETS

(a) Housing Land and Buildings (Freehold)

	<u>Pelly House</u>	<u>McInnes House</u>	<u>Flat Conversion</u>	<u>Garden House</u>	<u>Total</u>
COST					
As at 1 January 2021 and at 31 December 2021	20,288	75,572	34,185	605,781	735,826
DEPRECIATION					
As at 1 January 2021	20,288	8,116	13,178	289,117	330,699
Charge for the year	-	387	628	13,767	14,782
As at 31 December 2021	20,288	8,503	13,806	302,884	345,481
NET BOOK VALUE					
As at 1 January 2021	-	67,456	21,007	316,664	405,127
As at 31 December 2021	-	67,069	20,379	302,897	390,345

Freehold land and buildings represent the cost of developments since 1964 part funded by Housing Association Grants (HAG) of £77,832. There is no record of the original cost of the Hospital and developments before 1964, so a nil value has been used in these accounts. The original almshouse is a 13th Century, Grade II listed building and this, together with the more modern buildings on the Hospital's site are insured for approximately £10.89 million. Of the net book value of £390,345, £18,792 was provided from the Hospital's General Fund, £293,721 from its endowment capital and the rest by HAG. The £585,176 spent on the Garden House from Endowment funds is to be recouped over 59 years from 1999 to the year 2057. The twenty- third instalment was missed and will be made in 2022, see Note 16.

(b) Other Tangible Assets

	<u>Stairlift</u>	<u>Office Equipment</u>	<u>Garden Shed</u>	<u>Lawn Mower</u>	<u>Total</u>
COST					
As at 1 January 2021	4,999	1,423	4,432	5,193	16,047
Additions	-	949	-	-	949
Disposals	-	-	-	-	-
As at 31 December 2021	4,999	2,372	4,432	5,193	16,996
DEPRECIATION					
As at 1 January 2021	500	1,423	4,432	5,193	11,548
Charge for the year	500	316	-	-	816
As at 31 December 2021	1,000	1,739	4,432	5,193	12,364
NET BOOK VALUE					
As at 1 January 2021	£4,499	£ -	£ -	£ -	£4,499
As at 31 December 2021	£3,999	£633	£ -	£ -	£4,632

10. FIXED ASSET INVESTMENTS

(a) Investment Properties

	<u>2021</u>	<u>2020</u>
Valuation at 1 January 2021	875,000	875,000
Unrealised gains / (losses) on revaluation	-	-
Valuation at 31 December 2021	£875,000	£875,000

There is no record of the original cost of the investment properties.

Properties were revalued at 31 December 2017 by external valuers, Messrs Humberts, Chartered Surveyors, taking into account the tenancy agreements in force at that date. All investment properties are permanent endowments of the Charity.

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10. FIXED ASSET INVESTMENTS (continued)

(b) Common investment funds

	Endowment funds		Unrestricted funds		
	Endowment Fund	Recoupment Fund	Extraordinary Repair Fund	General Fund	Total
Market value at 1 January 2021	3,316,227	208,896	106,919	27,870	3,659,912
Additions at cost	-	213,000	-	-	213,000
Disposals at opening value	-	(208,896)	-	-	(208,896)
Unrealised investment gains/(losses)	472,482	32,310	15,233	3,971	523,996
Market value at 31 Dec 2021	<u>3,788,709</u>	<u>245,310</u>	<u>122,152</u>	<u>31,841</u>	<u>4,188,012</u>
Historical Cost at 31 Dec 2021	<u>1,924,115</u>	<u>213,000</u>	<u>96,702</u>	<u>26,536</u>	<u>2,260,353</u>

All investments are CCLA common investment funds and valued by reference to bid prices at the date of valuation. All investments are carried at fair value. Asset sales and purchases are recognised at the date of trade at cost (that is their transaction value).

11. DEBTORS

	2021	2020
Other debtors	-	4,690
Prepayments	7,595	6,419
Accrued income	<u>1,143</u>	<u>1,743</u>
	<u>£8,738</u>	<u>£12,852</u>

12. CASH AT BANK AND IN HAND

	2021	2020
Restricted Funds		
Chapel Fund	-	(2)
Unrestricted Funds		
COIF Deposit Fund - income account	-	-
Other bank accounts	<u>63,831</u>	<u>79,645</u>
	<u>63,831</u>	<u>79,645</u>
Total cash at bank and in hand	<u>£63,831</u>	<u>£79,643</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
Trade creditors - Building works	13,205	2,991
Pension scheme creditors	10,308	-
Accrued accountancy and independent examination	4,788	4,560
Other accruals	6,159	3,463
Other creditors	7,025	-
Deferred income	573	373
Other creditors	95	93
	<u>£42,153</u>	<u>£11,480</u>

14. ENDOWMENT FUNDS

At 31 December 2021

	Endowment Fund	Recoupment Fund	Total
Balance at 1 January 2021	4,498,352	208,895	4,707,247
Expenditure - depreciation on buildings	(13,401)	-	(13,401)
Transfers - capital recouped (see Note 20)	-	-	-
Transfers - endowment fund (see Note 20)	-	-	-
Unrealised investment gains/(losses)	472,482	32,310	504,792
Realised investment gains/(losses)	-	4,104	4,104
Balance at 31 December 2021	<u>£4,957,433</u>	<u>£245,309</u>	<u>£5,202,742</u>

At 31 December 2020

	Endowment Fund	Recoupment Fund	Total
Balance at 1 January 2020	4,287,138	206,083	4,493,221
Expenditure - depreciation on buildings	(13,402)	-	(13,402)
Transfers - capital recouped	-	10,000	10,000
Transfers re 2019	(4,301)	4,301	-
Unrealised investment gains/(losses)	195,666	(11,489)	184,177
Realised investment gains/(losses)	33,251	-	33,251
Balance at 31 December 2020	<u>£4,498,352</u>	<u>£208,895</u>	<u>£4,707,247</u>

The Endowment Fund is reduced by the depreciation charges on buildings which have been allocated to each fund in proportion to how the buildings were funded. Investment gains and losses are charged against the funds in which they occur.

14. ENDOWMENT FUNDS (continued)

Recoupment Fund:

By an Order of the Charity Commission dated 10 June 1993 the Trustees of St Nicholas' Hospital are to recoup capital of up to £585,176 spent on the new annexe (Garden House) in 1993 and 1994. Recoupment payments are to be made out of the Charity's income for 64 years from 1994 as follows:

1994 - 1998	Nil
1999 - 2056	£10,000 per year
2057	5176

The income from these sums may be used as unrestricted income of the Charity.

15. RESTRICTED FUNDS

At 31 December 2021

	Housing Association Grant	Chapel Fund
Balance at 1 January 2021	77,832	(2)
Income	-	5,863
Expenditure	-	(5,861)
Balance at 31 December 2021	<u>£77,832</u>	<u>-</u>

At 31 December 2020

	Housing Association Grant	Chapel Fund
Balance at 1 January 2020	77,832	455
Income	-	5,503
Expenditure	-	(5,960)
Balance at 31 December 2020	<u>£77,832</u>	<u>(2)</u>

The Housing Association Grant (HAG) is repayable under certain circumstances, primarily following the sale of the relevant almshouse property but will normally be restricted to net proceeds of sale.

The Chapel Fund represents amounts set aside for specific costs associated with St Nicholas' Hospital's chapel. It also receives and disburses the chapel's offertory collections.

16. UNRESTRICTED FUNDS

At 31 December 2021

	Extraordinary Repair Fund	General Fund	Total
Balance at 1 January 2021	106,919	133,557	240,476
Income	-	218,914	218,914
Expenditure	-	(270,763)	(270,763)
Transfer from Extraordinary Repair Fund	-	-	-
Transfer to Recoupment Fund (Note 20)	-	-	-
Realised gains/(losses) on investments	-	-	-
Unrealised gains/(losses) on investments	15,233	3,971	19,204
Balance at 31 December 2021	<u>£122,152</u>	<u>£85,679</u>	<u>£207,831</u>

At 31 December 2020

	Extraordinary Repair Fund	General Fund	Total
Balance at 1 January 2020	139,187	91,238	230,425
Income	-	211,986	211,986
Expenditure	-	(214,457)	(214,457)
Transfer from Extraordinary Repair Fund	(50,890)	50,890	-
Transfer to Recoupment Fund	-	(10,000)	(10,000)
Transfer to recoup Endowment Capital	-	-	-
Realised gains/(losses) on investments	13,307	2,566	15,873
Unrealised gains/(losses) on investments	5,315	1,334	6,649
Balance at 31 December 2020	<u>£106,919</u>	<u>£133,557</u>	<u>£240,476</u>

The Extraordinary Repairs Fund represents amounts set aside to carry out major repairs, improvements or rebuilding of the Hospital buildings and other property belonging to the Charity. Investment gains and losses are charged against the funds in which they occur.

The General Fund represents the free funds of the Charity which are not designated for particular purposes.

17. ANALYSIS OF NET ASSETS BETWEEN FUNDS

At 31 December 2021

	Recoupment & Endowment Capital Fund	Restricted funds Social Housing Grant	Chapel Fund	Unrestricted funds Extraordinary Repair Fund	General Fund	Total
Housing Land and Buildings						
1964-66 Pelly House	-	-	-	-	-	-
Garages	-	-	-	-	-	-
1978-79 McInnes House	-	64,360	-	-	2,709	67,069
1981-83 Flat Conversion & Extension	1,132	13,472	-	-	5,775	20,379
1993-94 Garden House	292,589	-	-	-	10,308	302,897
	293,721	77,832	-	-	18,792	390,345
Other Tangible Assets	-	-	-	-	4,632	4,632
Investment Properties	875,000	-	-	-	-	875,000
Common Investment Funds	4,034,019	-	-	122,152	31,841	4,188,012
Debtors	-	-	-	-	8,738	8,738
Cash at bank and in hand	-	-	-	-	63,831	63,831
Creditors	-	-	-	-	(42,153)	(42,153)
	<u>£5,202,740</u>	<u>£77,832</u>	<u>-</u>	<u>£122,152</u>	<u>£85,681</u>	<u>£5,488,405</u>

In the Trustees' opinion sufficient resources are held in an appropriate form to enable each fund to be applied in accordance with the restrictions imposed. The General Fund has available free reserves of £62,257 and the Extraordinary Repair Fund £122,152 will be used to fund another year of quinquennial repairs and improvements.

At 31 December 2020

	Recoupment & Endowment Capital Fund	Restricted funds Social Housing Grant	Chapel Fund	Unrestricted funds Extraordinary Repair Fund	General Fund	Total
Housing Land and Buildings						
1964-66 Pelly House	-	-	-	-	-	-
Garages	-	-	-	-	-	-
1978-79 McInnes House	-	64,360	-	-	3,096	67,456
1981-83 Flat Conversion & Extension	1,235	13,472	-	-	6,300	21,007
1993-94 Garden House	305,888	-	-	-	10,776	316,664
	307,123	77,832	-	-	20,172	405,127
Other Tangible Assets	-	-	-	-	4,499	4,499
Investment Properties	875,000	-	-	-	-	875,000
Common Investment Funds	3,525,124	-	-	106,919	27,869	3,659,912
Debtors	-	-	-	-	12,852	12,852
Cash at bank and in hand	-	-	(2)	-	79,645	79,643
Creditors	-	-	-	-	(11,480)	(11,480)
	<u>£4,707,247</u>	<u>£77,832</u>	<u>(2)</u>	<u>£106,919</u>	<u>£133,557</u>	<u>£5,025,553</u>

18. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

	2021	2020
Capital Expenditure that has been authorised but has not been provided for in the Financial Statements	<u>£ -</u>	<u>£ -</u>

Operating Leases

The total of future minimum lease payments under non- cancellable operating leases is as follows:

	2021	2020
Less than one year	<u>£963</u>	<u>£241</u>
Between one to five years	<u>£3,369</u>	<u>£ -</u>

The lease payments treated as expenditure in these accounts was £963 (2020: £1,011).

Contingent Liabilities

The Housing Corporation Grant (HAG) is repayable under certain circumstances, primarily following the sale of the relevant almshouse property but will normally be restricted to net proceeds of sale.

19. PENSION COMMITMENTS

Since May 2021, St Nicholas Hospital, Salisbury has participated as a Responsible Body in the Church of England Funded Pensions Scheme for stipendiary clergy, a defined benefit pension scheme. This scheme is administered by the Church of England Pensions Board, which holds the assets of the scheme separately from those of the Responsible Bodies. Each participating Responsible Body in the scheme pays contributions at a common contribution rate applied to pensionable stipends.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to each specific Responsible Body, and this means contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year (2021: £8,308, 2020: £nil), plus the figures highlighted in the table below as being recognised in the SoFA, giving a total charge of £10,308 for 2021 (2020: £nil).

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19. PENSION COMMITMENTS (cont.)

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at as 31 December 2018. The 2018 valuation revealed a deficit of £50m, based on assets of £1,818m and a funding target of £1,868m, assessed using the following assumptions:

- An average discount rate of 3.2% p.a.;
- RPI inflation of 3.4% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.4% p.a.;
- Mortality in accordance with 95% of the S3NA_VL tables, with allowance for improvements in mortality rates in line with the CMI2018 extended model with a long term annual rate of improvement of 1.5%, a smoothing parameter of 7 and an initial addition to mortality improvements of 0.5% pa.

Following the 31 December 2018 valuation, a recovery plan was put in place until 31 December 2022 and the deficit recovery contributions (as a percentage of pensionable stipends) are as set out in the table below.

% of pensionable stipends	January 2018 to December 2020	January 2021 to December 2022
Deficit repair contributions	11.9%	7.1%

As at 31 December 2019, 31 December 2020 and 31 December 2021 the deficit recovery contributions under the recovery plan in force were as set out in the above table.

For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme's rules.

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the balance sheet liability over 2020 and over 2021 is set out in the table below.

	2021	2020
Balance sheet liability at 1 January	-	-
Deficit contribution paid	-	-
Interest cost (recognised in SoFA)	-	-
Remaining change to the balance sheet liability* (recognised in SoFA)	2,000	-
Balance sheet liability at 31 December	<u>2,000</u>	<u>-</u>

*Comprises change in agreed deficit recovery plan, and change in discount rate and assumptions between year-ends.

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions. In general, these are set by reference to the duration of the deficit recovery payments but as at 31 December 2021, under accounting rules the payments are not discounted since the remaining recovery plan is less than 12 months. No price inflation assumption is needed since pensionable stipends for the remainder of the recovery plan are already known.

	December 2021	December 2020	December 2019
Discount rate	0.0%	0.2%	1.1% pa
Price inflation	n/a	3.1%	2.8% pa
Increase to total pensionable payroll	-1.5%	1.6%	1.3% pa

The legal structure of the scheme is such that if another Responsible Body fails, St Nicholas Hospital Salisbury could become responsible for paying a share of that Responsible Body's pension liabilities.

20. POST BALANCE SHEET EVENTS

The Recoupment Fund payment for 2021 of £10,000 was made in 2022.