

CRANLEIGH VILLAGE HOSPITAL TRUST
(A COMPANY LIMITED BY GUARANTEE)

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2011

CHARITY NO 1089861

COMPANY NO 04253074



BREWERS
Chartered Accountants
Bourne House
Queen Street
Gomshall
Surrey GU5 9LY

CRANLEIGH VILLAGE HOSPITAL TRUST

Contents	Page
Legal and administrative information	3
Report of the Trustees	4
Audit Report	11
Statement of financial activities	13
Balance sheet	14
Notes forming part of the financial statements	15

**CRANLEIGH VILLAGE HOSPITAL TRUST
REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2011**

LEGAL AND ADMINISTRATIVE INFORMATION

Registered office and business address

Oliver House
93, High Street
Cranleigh
Surrey, GU6 8AU

Registration Numbers

Charity Number 1089861
Company Number 04253074

Board of Directors

The Trustees serving during the financial year and since the year end were as follows

Michael Newnham	(Chairman and Company Secretary)
John Bainbridge	(Treasurer, appointed 24 August 2011)
David Barry	(appointed 20 September 2010)
Brian Cheesman	
Dr Robin Fawkner-Corbett	
Dianne Davies	
David Graham-Smith	(appointed 20 September 2010)
Andy Leahy	(appointed 20 September 2010)
Kay Newnham	
Nick Vrijland	(President)
Richard Womack	(resigned 31 May 2011)
Colin Wood	(deceased 29 March 2011)

Auditors

A M Skilton
Brewers Chartered Accountants
Bourne House
Queen Street
Gomshall
Surrey GU5 9LY

Bankers

HSBC Bank plc
High Street
Cranleigh
GU6 8AL

Solicitors

Messrs Penningtons
Highfield
Brighton Road
Godalming
Surrey GU7 1NS

CRANLEIGH VILLAGE HOSPITAL TRUST REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2011 – CONT'D

The Trustees are pleased to present their report together with the financial statements of the Charity for the year ended 31 August 2011

Legal and administrative information set out on page 3 forms part of this report. The financial statements comply with the Companies Act 2006, relevant accounting standards, the Memorandum and Articles of Association and the Statement of Recommended Practice – Accounting and Reporting by Charities

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

Cranleigh Village Hospital Trust is a company limited by guarantee and a registered Charity governed by its Memorandum and Articles of Association. Charity number 1089861. Company number 04253074.

Directors and Trustees

The Trustees of the Company are also Directors under company law and the Trustees Report is also a Directors' Report as required by S417 of the Companies Act 2006. Throughout this report the Directors are referred to as Trustees. In accordance with the Articles of Association, one third of the Trustees will resign at the AGM. Trustees are elected at a meeting of the Board of Trustees based on nominations received from Trustees or Members. Nominations are made based on personal competence and specialist skills. Any nomination must be proposed and seconded. New appointments are ratified at the AGM. Candidates must show knowledge of and an interest in the Hospital and the community it serves and be willing to give the time necessary to meet the Charity's aims. Trustees are also selected to give the Charity a good mix of appropriate professional skills e.g. finance, legal, retail, property management and fund-raising.

Thus, all the Trustees are highly skilled professionals and the Charity, in recognising the special requirements of a Charitable Company, encourages the Trustees to make themselves duly aware of the needs of the Charity by studying relevant guidance, undertaking appropriate reading and, where necessary, attending suitable courses, especially those issued or organised by the Charity Commission. The Charity also stresses in its governance documentation the need to operate under Charity Commission guidelines. All Trustees are appointed for a fixed term of not more than three years. The Trustees retire by rotation and may put themselves forward for re-election at the AGM.

This year saw the very sad and premature death on 29 March of Colin Wood, the Charity's Treasurer since 11 February 2002. Colin's death was a major blow to the Charity and his role an extremely difficult one to fill. However, John Bainbridge has stepped forward to help fill the breach. Confirmation of his appointment will be sought at the AGM. Colin's widow was invited to continue the Wood family's involvement in the project as a member and this invitation was gratefully accepted.

Also during the year Richard Womack decided to resign for personal and business reasons and the Board of Trustees thanks Richard for his contributions which, it is hoped, will continue as he remains a Member.

CRANLEIGH VILLAGE HOSPITAL TRUST REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2011 – CONT'D

Objects of the Charity

Cranleigh Village Hospital Trust (Company No 04253074) is a company limited by guarantee and is governed by its Memorandum and Articles of Association as amended on 6 December 2001, 29 August 2007 and 28 January 2010. The liability of the Members is limited to £1.

It was established as a Charity (registered number 1089861) on 19 December 2001 with the purpose of

"The relief of sickness in the Waverley Primary Care Group area and any additional areas as the Trustees think fit in particular by providing or assisting in the provision of a hospital in Cranleigh being the Cranleigh Village Hospital"

The abbreviated title of the Charity is CVHT and it has the following mission statement

"CVHT is committed to the development of a new hospital and health facilities in Cranleigh to provide the village and the surrounding area with the best primary health care. CVHT will remain the ground landlord of the site in Knowle Lane in perpetuity on behalf of the community but will liaise with others to build, maintain, run and possibly develop further the said ground"

Any grants made by the Charity are in accordance with Charity law, its constitution and the wishes of donors.

Organisation

The Charity has a subsidiary, CVHT Enterprises Limited, which was formed to manage major fundraising events. In the year ended 31 August 2011 CVHT Enterprises Limited helped organise another Wings & Wheels event at Dunsfold in August. This is covered in more detail in the review of achievements and activities below.

The Charity is managed by a Board of Trustees which met 14 times during the year. Decisions are made on a majority basis unless a decision is perceived by the Trustees as being fundamental to the objectives of the Charity, in which case a unanimous vote is required.

The day-to-day administration of the Charity's needs is delegated to Christina Pearce – the project co-ordinator.

Risk Management

The Board regularly considers the major risks to which the Charity is exposed and the following risks have been identified -

Inability to find a partner/care home provider willing to take the project forward, inability to obtain planning permission for the buildings now envisaged, failure of the PCT / relevant successor body to deliver its part of the Mediation Agreement, inability to find sufficient voluntary resources to manage the project fully, loss of public support, possible Charity Commission concern about expenditure relative to income and the chances of success, difficulty of paying money back to individual donors.

CRANLEIGH VILLAGE HOSPITAL TRUST REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2011 – CONT'D

The Trustees intend to address those identified risks in accordance with the following action plan -

To make the project as attractive as possible to actual and potential partners, to work closely with the planners before application(s) are submitted, to liaise closely with the PCT and appropriate successor bodies using the Mediation Agreement as a basis, seek suitable resources to fill any gaps caused by lack of time or appropriate skills, keep the public up to date at all times, optimise income and minimise outgoings wherever possible, and keep records up to date

Investment policy

The Board is responsible for the Charity's investment policy. The Trustees review the deposits held and the funds available at their regular board meetings. The Trustees duly consider the Charity's income requirements, the risk profile and market prospects, and invest in low-risk investments to ensure the appreciation of the Charity's funds. During the year the return was 1%. The emphasis is on maintaining a high level of liquidity and a low to moderate investment risk.

Reserves

Reserves have been accumulated to finance the proposed new hospital and care home facility.

Public benefit

The primary objective of the Charity is the relief of sickness in the Waverley Cranfold area. The Trustees confirm that they have complied with the duty in Section 4 of the Charities Act 2006 to have due regard to the Charity Commission's general guidance on public benefit when reviewing the Charity's aims and objectives and in planning future activities. The Charity seeks to achieve these objectives by continuing the pursuit of the provision of, or assisting with the provision of, a new hospital in Cranleigh.

ACHIEVEMENTS AND ACTIVITIES OVER THE LAST 12 MONTHS

Introduction

At last year's AGM we indicated that the choice of a partner was near and completion of this would be a prime objective. At the same time, our activities would be guided by the terms of the Mediation Agreement and influenced by the NHS changes envisaged by the Government.

Choice of Partner

All the remaining candidates were asked to confirm their final terms and as a result Sussex Healthcare was eliminated immediately, Assura was kept on hold, and Wilky Property Developments Limited chosen as prospective Partner. Formal arrangements between the parties were then discussed initially as Heads of Terms, but subsequently in Memorandum of Understanding form. This was signed on 6 September 2011 and committed the parties to work together, concentrating on preparation of formal legal agreements and arrangements for a new planning application to Waverley with the development to be known collectively as Cranleigh Hospital.

Progress has been slow, particularly because of the need for the Charity to seek legal, financial, property and Charity Commission views and the difficulty of finalising accommodation requirements within the planned development.

CRANLEIGH VILLAGE HOSPITAL TRUST REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2011 – CONT'D

At the time of this report the position is as follows -

- Phase 1 (Care Home / NHS beds) will be on the basis of a 125 year ground lease with premium payable to the Trust
- Phase 2 (Out Patients Department) and Phase 3 (not yet decided) will be on a joint venture basis
- Planning applications for Phase 1 and Phase 2 will be submitted together, probably in April 2012, following a pre-application meeting with Waverley planners in January
- Choice of care home operator will be made in early 2012

Mediation Agreement

Initial concentration has been on the decant phase and the Charity's contribution towards the cost which was set at a maximum of £200,000 inclusive of VAT. This contribution is to be incorporated in a Deed of Donation which is still under discussion. The Surrey Primary Care Trust (PCT) has indicated that it requires no payment before April 2012 and the final amount may be lower if the decant costs are reduced; but any payment will be conditional and it is possible the PCT will not agree to the conditions. Meanwhile the decant is complete, Cranleigh Medical Practice (CMP) is operating from the old Hospital, the old Health Centre has been demolished and construction of the new one has started.

The Mediation Agreement refers to successor bodies but whether these bodies will be formally required to accept the terms is uncertain, so clarification is being sought from the mediator.

NHS Reorganisation

NHS Surrey

The PCT, in particular the Chairman, has been the Trust's main contact throughout the year and personal relationships are good. David Clayton-Smith has proved an ideal link to other NHS bodies involved in the reorganisation. Unfortunately the PCT is still on schedule for abolition in March 2013.

Royal Surrey County Hospital (RSCH)

The Charity, and its partner, have held several positive meetings with the Chief Executive and others, and remains hopeful that some partnership may be possible. RSCH, for its part, is working towards a closer relationship with Frimley Park Hospital, but wishes more of its current central activities transferred to the community.

Surrey Community Health

This body, currently responsible for the provision of community services to a large part of Surrey including Farnham, Haslemere and Woking Hospitals as well as Cranleigh, will be absorbed within Assura/Virgin Medical in early 2012. The Charity has had a useful, off the record, discussion with the CEO and her views largely coincide with those of the Charity. Further discussions are planned.

CRANLEIGH VILLAGE HOSPITAL TRUST REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2011 – CONT'D

Health and Well-being Board

This Board, currently with Shadow status, has been formed to coordinate the future commissioners of services (Clinical Commissioning Groups or CCGs), local authorities, and social services. A useful introductory meeting with the Chairman has taken place and a further one is planned. LINKs is represented on the Board.

Clinical Commissioning Groups (CCGs)

It is expected there will finally be 4-5 of these in Surrey, although some debate is still on-going. Cranleigh is scheduled to be part of the Guildford and Waverley Group and a constructive meeting with its Chairman has taken place and further liaison is planned.

Surrey County Council (SCC)

Several extremely useful meetings have been held with senior representatives from the Adult Services department. This could lead to a contract for up to 30, mainly dementia, beds in the new hospital.

Summary

Whilst the Charity has good contacts, as mentioned above, plus, of course, Anne Milton MP, with the current uncertainty no one is willing to commit to any extent. This is a delaying factor.

Fundraising / Name Awareness

Both fundraising and PR were at a fairly low level during the year. However, when opportunities have arisen they have been taken and the shop has continued to operate with slightly higher takings than last year.

Now the overall situation is becoming clearer, it is likely a new PR / Fundraising campaign will be launched in 2012, almost certainly to coincide with the granting of planning permission. Meanwhile, Cranleigh Rotary has announced its intention of holding Cranleigh Games in July 2012 with all profits coming to the Trust.

Project Development / Future Plans

The next steps include -

- Choice of care home operator
- Development and submission of detailed planning application
- Finalisation of legal formalities for both the Care Home and OPD phases
- Continued liaison with all appropriate NHS, and related, bodies
- Development and launch of a fundraising campaign

Financial Review

The most significant item in the accounts arose from the land exchange agreement completed on 15 December 2010. Included within assets under the course of construction is land at Knowle Lane which has been donated by Cranleigh Parish Council in exchange for land donated by Nick Vrijland, the president of Cranleigh Village Hospital Trust. The donated site including development costs to date has been valued at £2,510,000. The earlier capital expenditure on the site has been written back against this valuation, and a net surplus of £2,271,828 arising is reported in the Statement of Financial Activities.

The net surplus for the year was £2,247,071. Excluding the capital surplus of £2,271,828, there was a revenue deficit of £24,757 compared with a deficit of £48,384 in the previous year. Income and expenditure from the Oliver House shop remained at similar levels to the prior year. Staffing costs of £32,326 was again the principal expenditure. The Trustees believe these expenditures appropriate in maintaining the profile of the Charity with the general public and potential donors. There were no promotion costs during the year and both support and governance costs were lower than previous. The principal funding sources in the year in addition to the land exchange came from a generous legacy and from individual donations.

The principal fundraising event was again Wings and Wheels at Dunsfold. The event was sadly badly affected, however, by the grounding of the Red Arrows pending an investigation following the tragic death of one of the Red Arrows pilots. The distribution from the event to the recipient charities has yet to be ascertained and no income has been recognised in these accounts. The distribution from the previous year's event was significantly lower than had been anticipated, resulting in a write off of £5,683 in this year's accounts.

SUPPORTERS

During the year Charity membership was increased to include certain volunteers and others in recognition of their significant contributions to the project. Also, to improve communication, Members are periodically invited to attend Charity meetings. The Charity wishes to thank all its supporters – Patrons, Appeal Patrons, Members, Fundraisers, Volunteers and others – for their continuing support and flow of ideas throughout the challenging year.

VOLUNTEERS

Cranleigh Village Hospital Trust is very fortunate to have a pool in excess of 30 supportive and dedicated volunteers. The Trustees are extremely grateful for the way in which they ensure the smooth running of the Oliver House shop and also volunteer to support other fundraising activities. All their time is freely given and amounts to a total equivalent of in excess of 300 man-days throughout the year. The shop and the goodwill engendered by their contribution is a vital source of encouragement to us all.

INTERESTED PARTIES

The relationship with the League of Friends of Cranleigh Village Hospital is excellent and the Charity wishes to thank the League of Friends and Cranleigh Parish Council for their continued support.

CRANLEIGH VILLAGE HOSPITAL TRUST
REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2011 – CONT'D

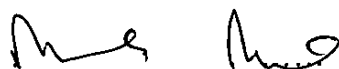
STATEMENT OF TRUSTEES RESPONSIBILITIES

Charity law requires the Trustees to prepare financial statements each year that show a true and fair view. In preparing these accounts the trustees are required to select suitable accounting policies and apply them consistently, ensuring that their estimations/judgments are both reasonable and prudent, and the trustees must observe the methods and principles in the Charities SORP.

The Trustees are required to state, where applicable, that accounting standards have been followed, subject to any material departures that are disclosed and explained in the financial statements and prepare the financial statements on the going concern basis, unless it is inappropriate to do so.

The Trustees are responsible for maintaining proper accounting records, safeguarding assets and taking reasonable steps for the prevention and detection of fraud or other irregularities. The Trustees who are also directors confirm that so far as they are aware, there is no relevant audit information of which the Charity's auditors are unaware and they have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

By order of the Trustees



Michael Newnham
Chairman and Company Secretary

Date: 28 February 2012

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CRANLEIGH VILLAGE HOSPITAL TRUST

We have audited the financial statements of Cranleigh Village Hospital Trust for the year ended 31 August 2011 on pages 13 to 21. The financial reporting framework that has been applied in their preparation is applicable law and the requirements of the Financial Reporting Standard for smaller Entities (effective April 2008) United Kingdom generally accepted accounting practice applicable to smaller entities.

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

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees' Responsibilities set out on page 10, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report of the Trustees to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2011 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Other Matters

Without qualifying our audit report regarding this matter we draw your attention to the fact that the corresponding figures were unaudited but were subject to an independent examination

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of trustees' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Trustees' Annual Report

A M Skilton ACA
Senior Statutory Auditor
For and on behalf of Brewers, Statutory Auditors

Bourne House
Queen Street
Gomshall
Surrey
GU5 9LY

28 February 2012

CRANLEIGH VILLAGE HOSPITAL TRUST
STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2011

	Notes	Unrestricted Funds 2011 £	Unrestricted Funds 2010 £ Unaudited
INCOMING RESOURCES			
VOLUNTARY INCOME			
Donated Land	1,9	2,271,828	-
Donations		3,997	7,805
Legacy		19,452	-
Activities for generating funds:			
Shop Income	1	21,890	21,817
Investment Income			
(Loss)/Profit covenanted from Subsidiary	3	(5,651)	10,381
Interest Receivable	1	3,738	2,366
TOTAL INCOMING RESOURCES		<u>2,315,254</u>	<u>42,369</u>
RESOURCES EXPENDED			
Cost of generating funds:			
Shop Expenditure (cost of goods sold and other costs)	4,5	23,803	25,134
Red Arrow Sponsorship		-	4,000
Charitable activities:			
Staff costs	6	32,326	33,454
Support cost for the charity	6	2,388	6,454
Governance Costs	7	<u>9,666</u>	<u>21,711</u>
TOTAL RESOURCES EXPENDED		<u>68,183</u>	<u>90,753</u>
Net Income / (Expenditure) for year		2,247,071	(48,384)
FUNDS BROUGHT FORWARD		<u>736,109</u>	<u>784,493</u>
FUNDS CARRIED FORWARD		<u>2,983,180</u>	<u>736,109</u>

The statement of financial activities includes all gains and losses recognised in the year
All incoming resources and resources expended derive from continuing activities

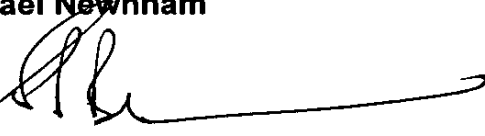
CRANLEIGH VILLAGE HOSPITAL TRUST
BALANCE SHEET AS AT 31 AUGUST 2011

	Notes	2011 £	2011 £	2010 £	2010 £ Unaudited
Fixed assets					
Tangible assets	9		2,511,347		214,227
Investments			<u>1,000</u>		<u>1,000</u>
			2,512,347		215,227
Current assets					
Stock	10	1,968		1,861	
Debtors	11	27,379		59,526	
Cash at bank and in hand		<u>457,314</u>		<u>466,278</u>	
		486,661		527,665	
Creditors amounts falling due within one year	12	<u>(15,828)</u>		<u>(6,783)</u>	
Net current assets			<u>470,833</u>		<u>520,882</u>
Total assets less current liabilities			<u>2,983,180</u>		<u>736,109</u>
Unrestricted funds					
General	13		<u>2,983,180</u>		<u>736,109</u>

These financial statements have been prepared in accordance with the special provisions for small companies under part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

These accounts were approved by the Trustees on 28 February 2012 and signed on their behalf by -


Michael Newnham


John Bainbridge

Trustees

Company registration No 04253074
Charity registration No 1089861

**CRANLEIGH VILLAGE HOSPITAL TRUST
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2011**

1. ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008) the Statement of Recommended Practice, Accounting and Reporting by Charities (the Charities SORP 2005), applicable accounting standards and the Companies Act 2006, The Charities (Accounts and Reports) Regulations 2008. The principal accounting policies adopted in the preparation of the financial statements are as follows

GROUP FINANCIAL STATEMENTS

Consolidated Financial Statements have not been prepared in accordance with SORP 383(c) as the results of the subsidiary are not material to the group. The results of the trading subsidiary CVHT Enterprises Limited are given in note 3

INCOMING RESOURCES

Fundraising Events

Income from fund raising events is included in incoming resources in which the relevant event takes place

Shop Income

Income from commercial activities relates to sales made by the shop at Oliver House, Cranleigh. Income is included in the period in which the company is entitled to receipt

Donations, Legacies and Grants

Income from donations, legacies and grants, is included in incoming resources when these are receivable, except when donors impose conditions which have to be fulfilled before the Charity becomes entitled to use such income, the income is deferred and not included in incoming resources until the pre-conditions for use have been met

Intangible Income

Intangible income, which comprises donated services, is included in income at a valuation which is an estimate of the financial cost borne by the donor where such a cost is quantifiable and measurable. No income is recognised when there is no financial cost borne by a third party

Interest Receivable

Interest is included when receivable by the Charity

Resources Expended

Resources expended are included in the Statement of Financial Activities on an accruals basis

Cost of generating funds includes shop expenditure and other fundraising appeal costs

CRANLEIGH VILLAGE HOSPITAL TRUST
NOTES FORMING PART OF THE FINANCIAL STATEMENTS – CONT'D
FOR THE YEAR ENDED 31 AUGUST 2011

Charitable costs include the operating costs of running the Charity

Support costs include the cost of directly administering and supporting the Charity's operations

Governance costs comprise the costs of running the Charity, including accountants' fees and any legal advice

Tangible Fixed Assets

Individual fixed assets purchased costing £100 or more are capitalised at cost. Donated land is included at open market valuation.

Tangible fixed assets are depreciated on a reducing balance basis over their estimated useful lives as follows

Fixtures, fittings and equipment	25%
----------------------------------	-----

Depreciation has not been charged on assets under the course of construction which comprise land and costs attributable to the proposed construction of the new hospital. Depreciation will be charged once the construction is complete and a useful economic life can be determined.

Investments

The investment in the subsidiary undertaking CVHT Enterprises Limited is valued at cost.

Stock

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

Fund Accounting

Funds held by the Charity are all unrestricted general funds – these are funds which can be used in accordance with the charitable objects at the discretion of the Trustees.

Cashflow Statement

The Charity has taken advantage of the exemption conferred by Financial Reporting Standards from presenting a cashflow as it qualifies as a small company.

2. LEGAL STATUS OF THE CHARITY

The Charity is a company limited by guarantee and has no share capital. The liability of each member in the event of winding-up is limited to £1.

3. COMMERCIAL TRADING OPERATIONS AND INVESTMENT IN TRADING SUBSIDIARY

The Charity holds a 100% investment in the Ordinary Share capital of CVHT Enterprises Limited, which is incorporated in the United Kingdom. CVHT Enterprises Limited covenants all its profits to the Charity. The company was set up to run fundraising events. Together with Dunsfold Park Limited, CVHT Enterprises Limited helped run a 'Wings & Wheels' event at Dunsfold in August 2011. A summary of the trading results is shown below.

CRANLEIGH VILLAGE HOSPITAL TRUST
NOTES FORMING PART OF THE FINANCIAL STATEMENTS – CONT'D
FOR THE YEAR ENDED 31 AUGUST 2011

Summary Profit and Loss Account	2011	2010
	£	£
		Unaudited
Turnover	3,212	8,762
Sponsorship of Red Arrows	-	4,000
(Loss) / Profit from Wings & Wheels event	(5,683)	10,331
Cost of sales and administrative expenses	(3,180)	(8,712)
Sponsorship of Red Arrows	-	(4,000)
Interest receivable	-	-
Net (loss) / profit	<u>(5,651)</u>	<u>10,381</u>
Amount gifted by / (to) the charity	<u>5,651</u>	<u>(10,381)</u>
Retained in the subsidiary	<u>-</u>	<u>-</u>
The assets and liabilities of the subsidiary were		
Current assets	4,180	34,277
Creditors amounts falling due within one year	<u>(3,180)</u>	<u>(34,277)</u>
Total net assets	<u>1,000</u>	<u>1,000</u>
Aggregate share capital and reserves	<u>1,000</u>	<u>1,000</u>

4. TRADING – COSTS OF GOODS SOLD

	2011	2010
	£	£
		Unaudited
Opening Stock	1,861	1,703
Purchases	9,013	9,446
Closing Stock	<u>(1,968)</u>	<u>(1,861)</u>
Cost of Goods sold	<u>8,906</u>	<u>9,288</u>

5. OTHER SHOP COSTS

	2011	2010
	£	£
		Unaudited
Insurance	275	249
Rent	12,000	12,000
Bank charges	700	682
Cleaning	467	641
Maintenance	63	-
Utilities	<u>1,392</u>	<u>2,274</u>
	<u>14,897</u>	<u>15,846</u>

CRANLEIGH VILLAGE HOSPITAL TRUST
NOTES FORMING PART OF THE FINANCIAL STATEMENTS – CONT'D
FOR THE YEAR ENDED 31 AUGUST 2011

6. CHARITABLE ACTIVITIES	2011	2010
	£	£
		Unaudited
Staff costs	<u>32,326</u>	<u>33,454</u>
<i>Support costs for the Charity</i>		
Telephone	1,548	1,497
Stationery and office supplies	326	1,022
Depreciation	449	599
Campaign promotion costs	-	2,948
Sundry	<u>65</u>	<u>388</u>
	<u>2,388</u>	<u>6,454</u>

STAFF COSTS	2011	2010
	£	£
		Unaudited
Wages & salaries	29,255	30,255
Social Security costs	<u>3,071</u>	<u>3,199</u>
	<u>32,326</u>	<u>33,454</u>

During the period the Trust employed 1 employee and reimbursed Cranleigh School who operate the payroll on its behalf. The Trustees were not paid during the year. No expenses were reimbursed during the year.

7. GOVERNANCE COSTS	2011	2010
	£	£
		Unaudited
Professional fees	5,412	17,861
Audit/Independent Examination	3,750	3,350
Trustee Indemnity Insurance	<u>504</u>	<u>500</u>
	<u>9,666</u>	<u>21,711</u>

8. MOVEMENT IN FUNDS	2011	2010
	£	£
		Unaudited
This is stated after charging		
Depreciation	449	599
Audit/Independent Examination	3,750	2,800
Accounts preparation	-	550
Book keeping	<u>1,650</u>	-

Included within fixed assets are costs of £3,620 (2010 £nil) charged by Brewers for consultancy work in connection with the development of the hospital.

CRANLEIGH VILLAGE HOSPITAL TRUST
NOTES FORMING PART OF THE FINANCIAL STATEMENTS – CONT'D
FOR THE YEAR ENDED 31 AUGUST 2011

9. TANGIBLE FIXED ASSETS

	Fixtures & Fittings	Assets under the course of construction	Total
	£	£	£
Cost			
At 1 September 2010	14,991	212,431	227,422
Additions	-	2,297,569	2,297,569
	-	-	-
At 31 August 2011	<u>14,991</u>	<u>2,510,000</u>	<u>2,524,991</u>
Depreciation			
At 1 September 2010	13,195	-	13,195
Provided for the year	449	-	449
At 31 August 2011	<u>13,644</u>	<u>-</u>	<u>13,644</u>
Net book value			
At 31 August 2011	<u>1,347</u>	<u>2,510,000</u>	<u>2,511,347</u>
At 31 August 2010	<u>1,796</u>	<u>212,431</u>	<u>214,227</u>

All tangible fixed assets are held for direct Charitable purposes. Assets under the course of construction are land and costs for the proposed construction of the new hospital. The Trustees do not consider the assets to be impaired as outline planning permission has been granted. Included within assets under the course of construction is land at Knowle Lane which has been donated by Cranleigh Parish Council in exchange for land donated by Nick Vrijland, the president of Cranleigh Village Hospital Trust, under a land exchange agreement which was completed in December 2010. The overall value of the site including development costs to date, which includes additions of £25,741 this year for project fees, has been valued at £2,510,000 by the Trustees. This represents £1,000,000 an acre for the 2.5 acres for which detailed planning permission is being sought and £10,000 for the remaining one acre. This accords with the valuation prepared by Vail Williams in August 2009 which valued the site at between £750,000 to £1,000,000 per acre based on obtaining development planning permission. The current development partner Wilky Property Developments Limited have also valued the development site at £2.5 million.

CRANLEIGH VILLAGE HOSPITAL TRUST
NOTES FORMING PART OF THE FINANCIAL STATEMENTS – CONT'D
FOR THE YEAR ENDED 31 AUGUST 2011

10. STOCK

	2011	2010
	£	£
		Unaudited
Goods purchased for re-sale	1,118	1,141
Donated goods	<u>850</u>	<u>720</u>
	<u>1,968</u>	<u>1,861</u>

11. DEBTORS

	2011	2010
	£	£
		Unaudited
Bond	25,000	25,000
Amounts owed by Subsidiary	-	20,565
Gift Aid	1,000	1,463
Other debtors	<u>1,379</u>	<u>12,498</u>
	<u>27,379</u>	<u>59,526</u>

The Bond is a deposit of £25,000 which is held by Surrey County Council (relating to section 278 Highways Agreement) together with interest which is accruing at the rate of 1% per annum above HSBC Bank plc base rate

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011	2010
	£	£
		Unaudited
Amounts due to Subsidiary	2,847	-
Trade creditors	923	892
Accruals and deferred income	11,287	5,891
Other Creditors	<u>771</u>	<u>-</u>
	<u>15,828</u>	<u>6,783</u>

13. UNRESTRICTED FUNDS

	General	General
	Fund	Fund
	2011	2010
	£	£
		Unaudited
Balance at 1 September 2010	736,109	784,493
Movement in funds for the year	<u>2,247,071</u>	<u>(48,384)</u>
Balance at 31 August 2011	<u>2,983,180</u>	<u>736,109</u>

**CRANLEIGH VILLAGE HOSPITAL TRUST
NOTES FORMING PART OF THE FINANCIAL STATEMENTS – CONT'D
FOR THE YEAR ENDED 31 AUGUST 2011**

14. ULTIMATE CONTROLLING PARTY

There was no ultimate controlling party during the year

15. RELATED PARTIES

No expenses were reimbursed to the Trustees during the year

Nick Vrijland, a Trustee, made land available under a land exchange between the Trust and Cranleigh Parish Council (CPC). In November 2009 the Trust exercised its option on the Knowle Lane site for the proposed hospital development. This triggered the option to transfer Nick Vrijland's land to CPC. The legalities of these transfers was completed on 15 December 2010 and the land has been recognised as an asset in the current year.

David Barry, Kay Newnham, Michael Newnham, and Nick Vrijland are also directors of CVHT Enterprises Limited.

Brian Cheesman, Dianne Davies, Robin Fawcner-Corbett, and Kay Newnham are also Trustees of The League of Friends of Cranleigh Village Hospital, a Charity with which Cranleigh Village Hospital Trust co-operates in pursuit of the objective of providing a new hospital for the community.

Richard Womack, a Trustee who served during the year, is managing director of David Mann & Sons Limited which, up to 30 June 2011, owned Oliver House, from which the Trust operates its retail and campaign activities. Up to 30 June 2011 rent of £10,000 (2010 £12,000) was paid to David Mann & Sons Limited. On 30 June 2011 Oliver House was sold to Nick Vrijland and his wife. Nick Vrijland is the president of Cranleigh Village Hospital Trust. Rent of £2,000 (2010 £nil) was paid for the last two months of the year.

Legal fees in respect of the project development of £12,405 (2010 £18,712) were paid to Penningtons solicitors LLP. David Graham-Smith, a Trustee, is a consultant with Penningtons.

16. CONTINGENT LIABILITY

Under the terms of the Mediation Agreement the Charity has, subject to certain conditions, agreed to pay towards the reasonable cost of temporarily relocating CMP into the old Cranleigh Hospital whilst a new Health Centre is constructed on its current site, subject to a maximum of £200,000 inclusive of VAT. It is the trustee's intention that money will be raised separately to fund these costs.