


POLICY DOCUMENT

Policy Title:	Financial Accounting Policy
Policy Group:	Finance
Policy Owner:	Finance Manager
Issue Date:	August 2022
Review Period:	3 years, or when new SORP issued
Next Review Due	August 2025
Author:	Tim Bailey
Cross References:	Risk Management Policy, Evidence: Memorandum and Articles of Association of the Congregation
How implementation will be monitored:	External audit and Management Accounts
Sanctions to apply for breach:	To be decided by CEO
Computer File Ref.	O:\risk management\ policies\finance
Policy Accepted by MT	3 rd August 2022
Sign-off by CEO	

Statement of Purpose:

This policy sets out the financial accounting policies, procedures and responsibilities for the management and recording of the Hospital's financial transactions.

Policy Statement:

1. Constitution

Holy Cross Hospital is a charitable work of the Congregation of the Daughters of the Cross of Liege ("the Congregation"), a Roman Catholic religious congregation founded in 1833. The Congregation is a charitable company limited by guarantee, incorporated under company number 3492921 and registered under charity number 1068661.

2. Accounting Policies

- a) Reserves: The Management Team consider that, given the importance of continuity of care for patients, the level of reserves should be approximately equivalent to at least 3 months of average expenditure at all times.

- b) Basis of Accounting: Financial Statements for Holy Cross Hospital are prepared annually under the historical cost convention, as modified by the revaluation of certain tangible fixed assets. Applicable UK Accounting Standards and the relevant SORP for charities will be followed in the preparation of the financial statements, and accounting policies consistent with those adopted by the Congregation will be applied.. The financial statements do not constitute statutory financial statements.
- c) Incoming resources : All income is credited to the statement of financial activities on a receivable basis. Legacies are credited once the Hospital has been advised by the personal representative of an estate that payment will be made or property transferred and the amount involved can be quantified. Donations and gifts are credited in the year in which they are received as no entitlement exists prior to receipt. Non cash donations and gifts in kind are valued by the Management Team at estimated market value. Donated benefits to the hospital, including volunteer hours, are not included in the financial statements where the Hospital would not otherwise have incurred the expenditure.
- d) Resources expended and the basis of apportioning costs : Expenditure is included in the statement of financial activities when incurred and includes VAT. Resources expended mainly comprise the following:

The costs of charitable activities, being all the costs of operating the Hospital, such as the costs of doctors, nurses and support staff, premises costs, supplies and bought services. The majority of costs are directly attributable to specific activities. Governance costs are the costs associated with the governance arrangements of the Hospital that relate to the general running of the Hospital as opposed to those costs associated with fundraising or charitable activity.

- e) Tangible fixed assets : Tangible fixed assets are shown in the balance sheet at cost or valuation less accumulated depreciation.

All assets costing more than £1,000 and with an expected useful life exceeding one year are capitalised. Depreciation will be calculated at the following annual rates in order to reduce each asset to its estimated residual value at the end of its period of use:

- Freehold buildings and improvements - 2% on valuation or subsequent cost
- Equipment, furniture and fittings - 4% to 15% on cost
- Computer equipment -20% on cost
- Motor vehicles - 25% on cost

Depreciation is provided on additions from next month after the month in which they are purchased. Depreciation is provided on disposals up to the beginning of the month of disposal.

No depreciation is provided on freehold land.

- f) Investments : The Hospital's investment policy is a matter reserved to the Trustees. The investments are held within various funds for which agreed purposes, objectives and asset allocations are determined by the Trustees. The Trustees have an ethical investment policy as they believe that some investments are incompatible with the Sisters' spirituality and ethos and the charity's objectives.

Listed investments, and investment properties, are included in the financial statements at their market values.

- g) Stocks : The cost of purchasing stocks of consumables and medical supplies is all charged in the month in which the expenditure is incurred, as the value of stock is not considered to be material and does not alter significantly from month to month.
- h) Fund Accounting : The restricted funds are monies raised for, and their use restricted to, a specific purpose, or donations subject to donor imposed conditions. The designated funds are monies set aside out of general fund and designated for specific purposes by the Sister Superior and her Management Team in consultation and agreement with the Trustees. The general fund comprises those monies which may be used towards meeting the objectives of the Hospital.

The details of the accounting procedures, systems and controls which support this policy are set out in a separate document (Accounting Procedures, Systems and Controls).

3. Restricted Funds

The Amenities Fund represents monies donated to support patients' and staff activities and amenities. The fund supports the running of the Ambulances for the social outings and activities, the costs of music and social activities in the Living Room, the running costs of the holiday cottage in Selsey, and various hospital social activities.

4. Designated Funds

The Fixed Assets Fund represents the net book value of the Hospital's tangible fixed assets and investment property, which are therefore not available for working capital.

5. Friends of Holy Cross Hospital

The Friends of Holy Cross Hospital is a separately constituted charity which organises fundraising events and makes donations to the Hospital.

6. Taxation

The Hospital is one of the charitable works of the Congregation of the Daughters of the Cross of Liege, and therefore is not liable to corporation tax.

7. VAT

The Congregation is not registered for VAT, and the Hospital is therefore unable to recover input tax on the majority of costs. However application may be made at the time of ordering for zero rating on certain supplies in accordance with VAT regulations.

8. Responsible Persons

The Finance Manager is responsible for ensuring that this policy is followed. The Chief Executive is responsible for ensuring that decisions at Management Team and reports to the Advisory Committee are in accordance with this policy.

Company law requires the Trustees, who are also directors of the charitable company, to prepare financial statements for each year for the Congregation as a whole. The Sister Superior, as their representative, is required to prepare financial statements for Holy Cross Hospital and to have them audited. The Management Team advises on the preparation of the financial statements so that they give a true and fair view of the state of affairs of the Hospital at the year end and of the incoming resources and resources expended during that year.

9. Responsible Persons

The Finance Manager is responsible for ensuring that this policy is followed. The Chief Executive is responsible for ensuring that decisions at Management Team and reports to the Advisory Committee are in accordance with this policy

