

HONORARY TREASURER'S REPORT 2017

Ladies and Gentlemen, in reporting to you on the financial state of the Robinson Memorial Hospital (Incorporated), I am mindful of our objectives and our mission. We, as Trustees, are charged with managing the Endowment Fund, so generously donated by the late Samuel Robinson and passing the income derived from those investments to the responsible authority, presently the Northern Health and Social Care Trust, for them to spend on the Robinson Memorial Hospital. We are also charged with ensuring that the income is not being mis-spent.

In the year to December 2017 the investment fund grew in value by £258,000, a rise of 11% and we measure this performance against a benchmark to gauge how well our Investment Manager, Adam & Co, has performed. During the last year the benchmark performance was an increase of 11% and so our managers' performance has been satisfactory. The specific numbers are a rise in capital value from £2.825 million on 1st January 2017 to a value of £3.072 million on 31st December 2017. The income from this fund for the year, net of investment management charges, was £70,000.

In addition to our investment portfolio we also have a number of properties as part of our Endowment Holdings. These comprise 9, 11, 13 and 17 to 19 Newal Road. Of these properties, No. 9 Newal Road and Nos. 17 to 19 Newal Road are leased to the Northern Health and Social Care Trust. Nos. 11 and 13 are not let at present. The income from these properties for the year 2017 was £51,500.

So the total income generated from our Endowment Funds for 2017 and transferrable to the Northern Health and Social Care Trust, after allowing for expenditure, was £117,000. This sum will add to the existing Endowment and Gifts balance of £1.281 million.

The non-endowment funds which we manage comprise The William Taggart Trust, The Thomas Henry Trust and the Permanent Fund which includes The Nancy Pullen Bequest and others. The investments for the Taggart and Henry Trusts are managed by Brewin Dolphin and through the M&G Investments Charifund Unit Trust. These funds have grown over the year by approximately 10%, slightly below their benchmark. This reflects volatile stock markets which fell and rose through 2017. Likewise, the Permagnant Fund, which is invested in M&G Charifund, has performed in line. The actual figures show a rise in value for the three Trusts combined of £80,000 to a total of £760,000. In addition we have the property in Union Street bequeathed to the Trust by the late Wallace McNaul. Having carried

out some alterations to the property, it is now let and will contribute to the unrestricted income fund in 2018.

When they are published later this year you will see a different format to our accounts. The Northern Ireland Charities Commission which was established by an Act of Parliament in 2008 and eventually brought into operation in 2014 has established its own methodology for financial reporting. We no longer report our non-endowment funds as a note to the accounts, but as an integral part of our investments. More strikingly, we no longer use the conservative approach to valuing our assets – that was at the lower of cost or net realizable value; we now revalue the assets at the end of the accounting period – the method known as “mark to market”. As a result we have restated the comparable figures to give a sensible review of the year-on-year progress in our balance sheet.

In a recent meeting with our Investment Manager the question of appropriate benchmarks for measuring performance was raised. As a result of this discussion, we may update our existing benchmark to bring it more into line with how we actually invest, reflecting the growing importance of overseas holdings in our portfolio.

As you can see, with a significant proportion of the income we generate now coming from property, there is a real diversity in the asset classes in which our funds are invested. This will help to guard against volatility in world stock markets adversely affecting our capital and income.

On a personal note, I would like to pay tribute to my predecessor as Treasurer, Mr. Connor Taggart, who has been very much involved in the preparation of these accounts. With the diversity of asset classes, with restricted endowment and unrestricted funds and with the changes brought about by the rules established by the Northern Ireland Charities Commission our accounts are now rather more complex than they were 10 years ago. So without the considerable help given to me by Connor these accounts would have been far longer in the making.

Ladies and Gentlemen, your Board is now responsible for the management of approximately £4.3 million of investments and property. The Endowment and Gifts Fund held by the Northern Health & Social Care Trust currently stands at approximately £1.4 million. These are impressive figures. Let us, therefore, continue to work to ensure that these funds are applied to improve the care that we provide here at the Robinson Hospital to those in their time of need.

Henry Algeo
Honorary Treasurer
27 June 2018

N.B. Members are reminded that they may inspect the accounting records for 2017