

Company number: 3450832

Registered Charity number: 1065963 (England & Wales)

paintings in hospitals

**TRUSTEES' REPORT AND
UNAUDITED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
31 DECEMBER 2019**

PAINTINGS IN HOSPITALS

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PAINTINGS IN HOSPITALS

REFERENCE AND ADMINISTRATIVE INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2019

Royal Patron	HRH The Prince of Wales
Patrons	Lord Browne of Madingley FRS FREng Rt Revd and Rt Hon Dr Richard Chartres KCVO Dr Richard Cork Mr Roger Phillimore Dame Stephanie Shirley CH DBE FREng FBCS
Artist Patrons	Ian Davenport Sir Antony Gormley OBE Maggi Hambling CBE Bridget Riley CH CBE Edmund de Waal OBE
Trustees	Mr Andrew Hochhauser QC – Chair Mr Stephen Crampton-Hayward – Treasurer and Vice Chair Mr Christopher Annus Dr Mary Black Mr David Cleaton-Roberts Ms Lindy Mason Mr Krishna Omkar Mr John Porter Ms Deborah Roslund Prof. Victoria Tischler (Resigned 27 April 2020) Prof. Marion Lynch Mr Tim Reeve
Company number	3450832
Charity number	1065963 (England and Wales)
Registered office	Floor One, Menier Chocolate Factory 51 Southwark Street London SE1 1RU
Executive Director	Mr Ben Pearce (to May 2020) Mrs Sandra Bruce-Gordon (from May 2020)
Independent examiner	Samantha Wells FCA CTA Lindeyer Francis Ferguson Limited Chartered Accountants North House, 198 High Street Tonbridge Kent TN9 1BE

PAINTINGS IN HOSPITALS

REFERENCE AND ADMINISTRATIVE INFORMATION *FOR THE YEAR ENDED 31 DECEMBER 2019*

Principal Bankers

HSBC plc
London Bridge Branch
28 Borough High Street
London
SE1 1YB

Legal Advisors

GQ Littler
21 Ironmonger Lane
London
EC2V 8EY

J P C Law
Omni House,
252 Belsize Road,
London
NW6 4BT

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The trustees (who are also directors of the company for the purposes of the Companies Act) present their report and the financial statements of Paintings in Hospitals for the year ended 31 December 2019. The Reference and Administrative information on page 1 forms part of this report.

The trustees confirm that the report and financial statements of the charity comply with the current statutory requirements, the requirements of the company's governing document, and the provisions of "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (Charities SORP (FRS 102)).

Objectives and Activities

In setting Paintings in Hospitals' objectives and planning its activities, the trustees have given careful consideration to the Charity Commission's general guidance on public benefit as required in section 17 of the Charities Act 2011 and, in particular, its supplementary public benefit guidance on fee charging.

Paintings in Hospitals fulfils its objects and its public benefit duty by using art and creative activities to improve the health, wellbeing and quality of life of people with illness, injury, autism and disability. The charity works across the health and social care spectrum and provides support to service users, their families and the people that care for them.

Paintings in Hospitals works to:

- Transform care experiences: Using art to help make people's time in health and social care uplifting, reassuring, and inspiring.
- Support care services: Offering creative programmes that aim to use visual arts to reduce recovery periods, reduce drug consumption, and increase care staff morale and retention.
- Help the well stay well: Creating surroundings that support care staff, the friends and families of those in care, and everyone working in or around care services to stay healthy and well.
- Empower people: Enabling patients and service users to have a say in their care experience and a personal effect on their care environment by putting them at the centre of the charity's art activities and the creation of meaningful art displays.
- Remove social barriers: Aiming to ensure that people of all ages and backgrounds can access visual arts and in doing so gain support for their wellbeing. The charity strives to reach those who are isolated or excluded.
- Pursue excellence in art: Pursuing the highest standards in the development of its art collection and projects, striving for the best art lending services and world-class visual arts, both tailored to people's needs and pushing the boundaries of what is expected.
- Champion the power of arts in health: Continually evaluating the charity's work, contributing to the growing body of research, and advocating for all who believe in the ability of art to support physical and mental wellbeing.

The work of Paintings in Hospitals is recognised by the Department of Health, the Care Quality Commission (CQC), and NHS England and Wales. Paintings in Hospitals is the Health Partner of the Arts Council Collection and works with a number of national galleries and museums. The charity's approach is based on a range of research and evidence, demonstrating the positive effects of displaying and creating visual arts in a wide range of health and social care settings.

Our objects are primarily achieved through our art loans programme, which exists to help create person-centred care spaces that encourage, enrich and empower everyone who uses them. 60 years of experience has allowed us to develop a unique art collection of nearly 4,000 museum-quality artworks. Our art ranges from paintings and drawings to sculptures and animations, some by the world's greatest artists. All types of health and social care sites can borrow art from our collection.

To enable care sites and their service users to get the most from our artworks, we offer creative activities that provide the knowledge and confidence to engage with visual art. These activities often involve service users choosing the artworks they want for display, giving them a say in their own care experiences and improving levels of wellbeing.

Managing performance is an important way to keep track of how the charity is progressing. It helps us ensure that the work we do continues to make a difference in people's lives. New targets are set for individual members of the staff team each year. They are aligned with the goals within the charity's 3 Year Plan and reflect team-members' individual roles and areas of responsibility. Overall performance is monitored by the charity's Board; Director and the Head of Collection, Loans and Programming. It is reviewed by the Board quarterly and by the staff Management Team monthly.

We measure our success through the numbers of care partners we have; where we are working; who we are working with and the number of engagements with patient and staff we have. The main performance indicators we use are:

- The number of health and social care partners borrowing art as part of our loans programming (including the creation of new partnerships and the renewal of partnerships)
- Different types of partners we are working with and their geographical spread
- The number of patients, service-users and staff from our partners involved in the selection of artworks for display in their health or social care environment
- The number of 'mid-loan' art activities and the number of participants that took part
- The percentage of artworks from our collection on public display in health and social care environments at any one time
- Number of engagements on our media channels (our website/ social media) and at our events

Volunteers also make a vital contribution to Paintings in Hospitals. We encourage, develop and support volunteer involvement in our art programmes and in caring for our art collection. In 2019, 26 volunteers from across the UK contributed to the delivery of our loans programme and the care of our collection. Most of our volunteers supported the care of our regional Showcases; 4 volunteers supported collections care in our London office and five others supported the re-writing of our artwork labels as part of the Interpretation project.

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

Structure, Governance and Management

Paintings in Hospitals was established by Trust Deed in 1959 and registered with the Charity Commission in May 1972. Our organisation is a charitable company, limited by guarantee and operates in accordance with its articles of association adopted on 24 April 2019. The strategy and policies of the charity are agreed by the Board of Trustees and its operations are managed by the charity's Director and the Staff Team.

Trustees

The Charity is Chaired by Andrew Hochhauser QC with Stephen Crampton-Hayward as Vice Chair and Treasurer. There are currently 11 Trustees. Victoria Tischler resigned in April 2020.

The Board of Trustees is supported by four sub-Committees: Collection; Engagement; Finance & General Purposes, and Development, which each meet quarterly. Each is Chaired by a nominated trustee and has a mix of skills, staff, trustees, and non-Executive members. Each has its own Terms of Reference that are reviewed annually and signed-off by the Board.

Our Collection Committee supports our forward-thinking art collection policies and procedures. Our Engagement Committee advises on ways in which we can engage with a rapidly changing health and social care sector, nationally. Our Finance & General Purposes Committee deals with finances, remuneration, audit and HR. Our Development Committee is currently focused on fundraising with the major event being an online 'live' auction at the end of November.

Risk Management and Fraud

The trustees have a regularly updated Risk Register, and risk management processes which comprise:

- A full annual review of the risks that Paintings in Hospitals may face, undertaken by the Finance & General Purposes Committee on the behalf of the Board of Trustees;
- The establishment of systems and procedures to mitigate those risks identified in the plan;
- The implementation of procedures to minimise any potential impact on Paintings in Hospitals, should any of those risks materialise.

This risk management work has identified a relatively small number of key risks, but ongoing review has resulted in improvements through the implementation of management and mitigation procedures and increased contingency planning. Both financial and non-financial risks (including fire, health and safety) are included in the register. The register is reviewed and updated quarterly at the Finance & General Purposes Committee with high level risks being fully reviewed by the Board of Trustees. The risk register was reviewed in October 2019.

The three biggest risks identified are: Employees, contractors and volunteers being infected by Covid-19 while undertaking their duties, major disruption to the loans programme resulting in loss of income and new opportunities and being unable to secure grant funding as many schemes have been redirected or closed due to the epidemic.

In relation to the protection of employees, contractors and staff whilst working the following mitigation measures have been taken:

1. PiH have endorsed the principle of working from home wherever possible.
2. Arrangements are in place for staggered start and finish times.

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

3. All staff adhere to TFL and Government guidelines around wearing a mask and they are encouraged to cycle to work or walk where this is possible.
4. The office space has been modified allowing staff to keep a healthy physical distance from colleagues, a one-way system is in place. Cleaning materials, hand sanitiser gloves and masks are available. Behavioural signage has been introduced.
5. A Covid-19 policy and protocol has been put in place for all staff and subtenants working in the office and for all contractors and visitors.
6. Contractors and employees have been instructed not to visit high risk environments such as hospitals and care homes.
7. Showcase volunteer duties have been cancelled.
8. All loans being returned from health and social care sites must only be handled when wearing gloves and be immediately placed in the quarantine area for 3 working days.

Our Loans programme renewal rate is currently running at 79%, however, to alleviate the risk of a further fall we are closely monitoring income to assess cashflow and assist with future budgeting. We have increased our digital presence to remain relevant to the sector and will be using this improvement to crowdfund. All expenditure that doesn't relate to income generation or cover liabilities has been cancelled. We are actively looking for sponsors.

With regard to grant funding we have a) applications currently being assessed to the amount of £150,600 and b) currently being written to the amount of £100,000. For the first time we are applying to the Burdett Trust for Nursing (with the project being led by our Trustee Professor Marion Lynch), and VCSE Health and Wellbeing Alliance.

Paintings in Hospitals maintains robust procedures which are in place to prevent fraud. Trustees and sub-committees have appropriate experience and the controls to minimise this risk. Dual signatures are required for all payments, including those made electronically/ by BACS, and all transactions are cross-checked and reconciled by an external bookkeeper, who also helps prepare the charity's accounts. They report to both the Director and the Treasurer. The Finance & General Purposes Committee additionally monitors this at its quarterly meetings.

Achievements and Performance

Paintings in Hospitals maintains the UK's first and only art collection dedicated to supporting health and wellbeing. We are best known for our art loans programme and it is through this that nearly 70% of the collection is on public display within health and social care sites across England, Wales and Northern Ireland at any one time. The collection was created to provide support, inspiration and relief for those in health and social care sites, helping users to interact and better cope with their environments.

2019 was Paintings in Hospitals 60th Anniversary year.

We partnered with the National Gallery to bring Artemisia Gentileschi's rare self-portrait: 'Self Portrait as Saint Catherine of Alexandria' to Pocklington Group Practice in York and followed this with the All-Female exhibition. Our Toy Box Tales Tours went to York Hospital and our Linear Meditations tour moved to Milton Keynes University Hospital. Spring saw the finale of our collaborative project with Central Saint Martins with the launch of 'Bathed in Blue' at King's College London.

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FOR THE YEAR ENDED 31 DECEMBER 2019

We were delighted to have been awarded National Lottery support through the National Lottery Heritage Fund. We were awarded a grant to explore and share Paintings in Hospitals heritage through the 'People, Paintings and Positivity' project. This will showcase the work that the charity has been doing across six decades, working with every type of health and social care site – from hospitals to care homes.

Our work in care homes supported by the City Bridge Trust continued to expand with new partners in Greenwich, Southwark, Lewisham and Bexley. Supported by the Baring Foundation and expanding on the importance of a good care environment we built on our holistic visual arts approach to working in care homes supporting two care sites as exemplars of creative and co-curatorial arts practice. For the National Day of Arts in Care Homes Paintings in Hospitals released a series of case studies demonstrating the broad benefits of our charity's work with care home residents.

We were particularly pleased that our Linear Meditations exhibition was shortlisted for the Design in Mental Health Awards in the Art Installation of the Year category. Paintings in Hospitals was also one of four charities from across the country to have made the final shortlist for the Special Recognition Award from UK-wide Charity Today Awards. The awards celebrate excellence within the sector.

For our anniversary year we brought together Artists, Academics and the former Culture Minister to discuss the future of arts in health. 'Framing the Future' considered the past pioneers of arts in health, including Paintings in Hospitals as the first and only national art collection dedicated to improving health and wellbeing. The panel was made up of the internationally acclaimed artist and author Edmund de Waal OBE; Dr. Errol Francis, CEO of Culture&; Dr. Val Huet, CEO of the British Association of Art Therapists; Professor Victoria Tischler, Professor of Arts and Health at the University of West London and Ed Vaizey MP. We thank them all for their support and commitment.

We held a Paintings in Hospitals 60th Anniversary Gala Dinner in Drapers Hall which was a sell-out. The evening included a sparkling reception and three course meal followed by a fund-raising silent auction with works specially donated by world-renowned contemporary artists including Helen Chadwick, Ian Davenport, Antony Gormley, Julian Opie, Marc Quinn and David Shrigley. Our thanks go to everyone who donated, made bids and showed their support by joining us on the evening.

Our Collection

At the end of 2019, there were **3,857 artworks in our Collection**. Of these, 1,373 were at the Menier Chocolate Factory or in external storage many of which now require funds for reframing and conservation. In 2019, 22 artworks entered the collection. At the end of 2019, there were 2,473 artworks on public display (accounting for 63% of our Collection) at either our showcase displays, or our loan partner sites – a slight reduction on the years previously. In 2019, 556 new artwork labels were written as part of our interpretation project and 337 artworks were prepared for public display.

Projects and Programmes

University raises unique challenges to student's mental health and wellbeing. Approximately 29% of students experience clinical levels of psychological distress, associated with an increased risk of anxiety, depression and personality disorders. We worked with emerging curators for the BA (Hons) Culture, Criticism and Curation course at Central Saint Martins proposed and art exhibition to support the mental health and wellbeing of student patients at Kings College London NHS Health Centre. Their proposal 'Bathed in Blue' was selected by the health centre. Feeling blue is often related to negative emotions

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FOR THE YEAR ENDED 31 DECEMBER 2019

but the exhibition proposed to embrace the colour. Described as “the colour of interior life” by essayist William H. Gass, the blue artworks selected by the emerging CSM curators allowed viewers to immerse themselves in the soothing qualities of the deepness of the sea, the pureness of the sky or the fluidity of water.

We continued our touring exhibition Linear Meditations in partnership with the Wilhelmina Barns-Graham Trust and emerging curator Briana Oliver. Linear Meditations is accompanied by a programme of practical mindfulness activities, including mindful drawing, mindful listening and yoga. At the end of 2019 our exhibition moved to the Antenatal Day Assessment Unit and Obstetric Ultrasound area at Milton Keynes University Hospital.

Painting in Hospitals teamed up with #ToyLikeMe to tour an exhibition featuring differently abled toys to hospitals around the country. The first exhibition was in York Hospital. The Toy Box Tales exhibition aims to invigorate debate about how differently abled children are represented in the mainstream.

We were proud in our anniversary year to partner with the National Gallery to bring a rare painting by Artemisia Gentileschi, the most famous female painter of the 17th Century to Pocklington Group Practice in East Yorkshire. Artemisia Gentileschi is considered one of the most famous and accomplished painters among the followers of Caravaggio. In an era when female artists were not easily accepted, she was the first woman to become a member of the Academy of the Arts of Drawing, the artists' academy in Florence. We followed this display by opening an all-female exhibition at the practice which included works from Bridget Riley, Anni Albers, Paula Rego, Helen Chadwick, Maggi Hambling, Mary Fedden and Sushila Singh among others.

Communications and public engagement

In 2019 we focused our public communications on the Paintings in Hospitals 60th anniversary and raising the profile of the charity through related events. This included the planning, promotion, and delivery of our 60 Years, 60 Voices blog series (with trustee Dr Mary Black), our Framing the Future panel discussion event, and our 60th Anniversary Gala Dinner, alongside promoting several major art projects, including a partnership with the National Gallery. From January, our 60 Years, 60 Voices blog series presented 60 stories about the difference art makes to our lives. The series introduced Paintings in Hospitals to many new people online with 11,431 pageviews on paintingsinhospitals.org.uk and over 300,000 impressions on social media. This drove our overall web audience up by 4% compared to 2018 – a small increase on a very successful previous year. In May, our Framing the Future ticketed panel event featured internationally acclaimed artist and author Edmund de Waal OBE; Dr Errol Francis, CEO of Culture&; Dr Val Huet, CEO of the British Association of Art Therapists; Prof. Victoria Tischler, Professor of Arts and Health at the University of West London; and Ed Vaizey MP, Chair of the All-Party Parliamentary Group on Arts, Health and Wellbeing, discussing the future of arts in health. The event was featured by several key arts in health websites and the Press Association, leading to coverage in over 70 local newspapers across the UK. The event sold out in advance. Also, in the second quarter, our Communications Manager worked closely with the PR team at the National Gallery to promote our partnership project Artemisia Visits...Pocklington Group Practice. With the backing of a national museum, the story was picked up by major news media around the world, including: The Daily Mail, The Guardian, The Telegraph, The Times, CNN, BBC News, BBC World Service, Sky News – and more specialist media: The BMJ, artnet, and Museums Association.

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

Fundraising

In 2019, we continued to sell our fundraising print edition generously donated by Michael Craig-Martin. To provide more digital tools for fundraising, we integrated PayPal with our website to allow buyers and donors to pay using the service. We also created new pages relating to making donations through Wills and donating in memory. In the latter half of the year, we worked with trustees Deborah Roslund and Lindy Mason to hold our 60th Anniversary Gala Dinner at Drapers' Hall, London. We worked with Givergy (auction system provider) to construct an online auction website for advance bidding as well as providing a digital silent bidding system on the night. The dinner was attended by over 160 supporters.

Financial Results

2019 was another challenging but overall positive year for Paintings in Hospitals. Despite the ongoing challenges affecting the NHS and our many other health and social care sector partners, we are satisfied that the charity remains financially sound and we are pleased to report a satisfactory end to the year. Paintings in Hospitals ended the year with a small deficit of £9,529 (2018: surplus of £11,703).

Income for the year was £468,393 an increase on the £450,983 in 2018. In 2019, despite a challenging year for grant and event fundraising, our income was boosted by Our Gala Dinner and Silent Auction. Our thanks go to our trustees Deborah Roslund and Lindy Mason for leading this successful event. Our continued occupancy of our leased Menier Gallery, which generated £144,490, was higher than last year.

The total expenditure in the year was £486,273. This represents a 12% increase on the previous year (2018: £434,393). We achieved our aims of both sustaining the charity's performance and financial results in 2019. The Director and Finance & General Purposes Committee continue to jointly monitor the charity's income, expenditure and cash-flow closely in order to fully advise the Board on income and expenditure projections into 2020.

Investment Policy

The trustees invested funds that are surplus to the immediate needs of the charity in investments that generate reasonable rates of return whilst minimising the risk of loss. Investment gains and losses are taken through the Statement of Financial Activities to unrestricted reserves. At 31 December 2019, our investments had a market value of £122,222, an increase compared to £113,871 in December 2018. We will review the investment market again this year at the Finance & General Purposes Committee, if their performance and value continue to fall.

We are proud that the charity uses ethical investment vehicles including two provided by CAF. For any future changes to our investments, such as moving to new service, the charity would assess the social, environmental and ethical considerations of the investing organisation (as well as the likely returns).

Reserves

The aim of the trustees is to maintain a level of free, unrestricted reserves (of or around 6 months average annual expenditure) that will enable Paintings in Hospitals to operate from a financial perspective with certainty and flexibility. At 31 December 2019, free unrestricted reserves (unrestricted funds less fixed assets) decreased to £74,587, (2018: £96,164). The charity's cash position was reduced to £67,998 (2018 £143,931). These funds were largely generated through the receipt of art loan and gallery rental income in advance; they are committed to paying the charity's outgoings over the artwork rental period, typically now two years.

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

Our Three-Year Plan

The charity is now in its last year of the Three-Year Plan (2017-19), which leads into its 60th anniversary in 2019. Paintings in Hospitals will continue to offer its activities to care sites across the UK, ensuring that anyone using health and social care sites can experience the therapeutic benefits that art provides. Working in partnership with a greater range of health and social care providers, we will provide more engagement and outreach activities that involve local people, regionally. In addition, we will further evaluate the health benefits associated with our work and the effectiveness of our loan programmes, and advocate for partner organisations with whom we hope to work.

Patronage

Paintings in Hospitals are particularly grateful to the unwavering support and guidance of all our Patrons. Our Patrons help us raise awareness, expand our national reach and advocate for all that we do.

Our Thanks

We are extremely pleased to have received grants and donations from a number of individuals, trusts and foundations during the year. It is through the continued support of these generous people, donors and funders that we are able to benefit those most in need, through our work.

We are very grateful again to the entire staff team for their devotion and hard work throughout 2019. Our thanks must go to the Arts Council Collection, Central St Martins and all of our project partners, with whom we have completed collaborative projects or who have supported our collection. It is with their support that we are able to continue diversifying and offering art. We are grateful to many of the health and social care partners that benefit directly from our programmes, and through evaluation and feedback help us to refine and improve them. The Team would additionally like to thank all of our volunteers and volunteer teams, who help us deliver multiple loans and projects, and care for the collection across England and Wales. Without them, we would be unable fully to meet our objectives.

Statement of Trustees' responsibilities

This Trustees' report has been 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 United Kingdom and Republic of Ireland (FRS 102) and in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

The trustees (who are also the Directors of Paintings in Hospitals for the purposes of company law) are responsible for preparing a Trustees' annual report and accounts in accordance with applicable law and regulations and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Company law requires the trustees to prepare financial statements for each financial year. Under that law, the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accountancy policies and then apply them consistently;
- observe the methods and principles in the Charities SORP FRS 102;
- make judgements and estimates that are both prudent and reasonable;

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TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any one time the financial position of the charity and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence taking reasonable steps for the prevention and detection of fraud and other irregularities. The trustees are also responsible for the maintenance and integrity of financial information, including that on the updated website.

This report was approved by the trustees on 23.09.20 and signed on their behalf by:

~~Andrew Hochhauser QC~~
Chair

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INDEPENDENT EXAMINERS' REPORT TO THE TRUSTEES OF PAINTINGS IN HOSPITALS FOR THE YEAR ENDED 31 DECEMBER 2019

I report to the charity trustees on my examination of the accounts of the charitable company for the year ended 31 December 2019.

Responsibilities and basis of report

As the trustees of the charitable company (and its directors for the purposes of company law) you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ('the 2006 Act').

Having satisfied myself that the accounts of the charitable company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of the company's accounts carried out under section 145 of the Charities Act 2011 ('the 2011 Act'). In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

Independent examiner's statement

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

- accounting records were not kept in respect of the company as required by section 386 of the 2006 Act; or
- the accounts do not accord with those records; or
- the accounts do not comply with the accounting requirements of section 396 of the 2006 Act 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; or
- the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities [applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)].

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.

Samantha Wells FCA CTA
Lindeyer Francis Ferguson Limited
Chartered Accountants
North House
198 High Street
Tonbridge
Kent
TN9 1BE

Dated: 25.09.20

PAINTINGS IN HOSPITALS
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(incorporating income and expenditure account)
FOR THE YEAR ENDED 31 DECEMBER 2019

		<i>Restricted funds 2019</i>	<i>Unrestricted funds 2019</i>	<i>Total funds 2019</i>	<i>Total funds 2018</i>
	Notes	£	£	£	£
Income from:					
Donations, grants and legacies	2	92,188	74,339	166,527	205,100
Charitable activities	3	-	245,310	245,310	205,508
Other trading activities	4	-	51,367	51,367	37,453
Investments		-	5,189	5,189	2,922
Total income		92,188	376,205	468,393	450,983
Expenditure on:					
Raising funds	5	-	65,765	65,765	46,960
Charitable activities	6	85,188	335,320	420,508	387,433
Total expenditure		85,188	401,085	486,273	434,393
Net income/(expenditure)	10	7,000	(24,880)	(17,880)	16,590
Net gains / (losses) on investments	12	-	8,351	8,351	(4,887)
Net movement in funds		7,000	(16,529)	(9,529)	11,703
Reconciliation of funds:					
Total funds brought forward		-	214,133	214,133	202,430
Total funds carried forward	15	7,000	197,604	204,604	214,133

PAINTINGS IN HOSPITALS
(A company limited by guarantee)

BALANCE SHEET
AS AT 31 DECEMBER 2019

	Notes	£	2019 £	£	2018 £
Fixed assets					
Tangible assets	11		795		4,098
Investments	12		122,222		113,871
			<u>123,017</u>		<u>117,969</u>
Current assets					
Debtors	13	188,141		182,866	
Cash at bank and in hand		67,998		143,931	
		<u>256,139</u>		<u>326,797</u>	
Creditors: amounts falling due within one year	14	(174,552)		(230,633)	
Net current assets			<u>81,587</u>		<u>96,164</u>
Net assets			<u>204,604</u>		<u>214,133</u>
Charity funds					
Unrestricted funds	15		197,604		214,133
Restricted funds	15		7,000		-
Total funds			<u>204,604</u>		<u>214,133</u>

For the financial year ended 31 December 2019 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006.

The financial statements were approved by the Board of Trustees on 23.09.20 and signed on their behalf by:

Andrew Hochhauser QC
Chair

Stephen Crampton-Hayward
Treasurer

Company registration number: 3450832

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(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

The principle accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

1.1 Basis of preparation

The financial statements have been prepared in accordance with "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Paintings in Hospitals meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

The financial statements are presented in pounds sterling and rounded to the nearest pound.

In preparing the financial statements the trustees have considered the effects of Covid-19 on the charity's activities. Due to the pandemic mitigating actions have been taken including first ceasing all activities in the gallery and then taking the strategic decision to close it permanently to reduce our operating costs. The charity has taken advantage of the furlough scheme for those staff whose work activities ceased during lock-down and we have successfully applied for and been granted emergency funding; all of which has helped us to keep financially sound. Our core activity of loaning art work to health settings has continued and we have expanded our digital platform to increase access to our collection and reduce the costs of accessing it physically. We therefore have continued to adopt the going concern basis of accounting.

1.2 Company status

Paintings in Hospitals is a charitable company limited by guarantee incorporated in England and Wales. The address of the registered office is Floor One, Menier Chocolate Factory, 51 Southwark Street, London SE1 1RU. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

1.3 Income

Income from donations, grants and legacies is recognised when the charity has entitlement to the income, it is probable it will be received and the amount can be measured reliably. For donations this is usually on receipt. For grants, this is usually when a formal offer is made in writing, unless the grant contains terms and conditions which must be met before the charity is entitled to the funds. Legacies are recognised following the grant of probate when the executor of the estate has communicated in writing both the amount and settlement date. Donated services are recognised in the period in which they are utilised and are measured at their estimated fair value.

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1.3 Income (continued)

Income from loan programmes are apportioned over the period of the rental agreements. Similarly, gallery income is recognised in the period of the event. Income received in advance is accounted for as deferred income.

Donated paintings are included in incoming and outgoing resources at an estimate of their value. No paintings were donated during the year.

Income from other trading activities relates to fundraising and rental income. Fundraising income is accounted for in the period in which the charity is entitled to receipt. Rental income is recognised over the period to which it relates. Investment income is recognised when it is receivable.

1.4 Expenditure

Expenditure is recognised on an accruals basis as incurred. Expenditure has been classified under headings that aggregate all costs related to the category.

Direct costs are those costs which are directly attributable to the charity's activities. Wages and salaries are allocated to direct costs based on the estimate of time spent on charitable activities by staff members.

Support costs are those costs relating to functions which assist the work of the charity but do not directly relate to its activity. Support costs are allocated to charitable activities on the basis of direct costs.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is charged so as to write off the cost less their residual values over their expected useful lives at the following annual rates:

Furniture and fittings	-	25%	Straight line
Computer expenditure	-	33%	Straight line

1.6 Financial Instruments

The charity only has financial instruments which are classified as basic financial instruments. Short-term debtors and creditors are measured at the settlement value. Any losses from impairment are recognised in the Statement of Financial Activities.

1.7 Fund accounting

The unrestricted funds can be spent on any activity within the charity's overall objectives. Restricted funds are those subject to specific conditions imposed by the donors. Expenditure which meets these criteria is allocated to the fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

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1.8 Operating leases

Rentals under operating leases are charged to the statement of financial activities on a straight line basis over the lease term.

1.9 Pension contributions

The charity makes defined contributions into employee private pension schemes. Contributions are charged to the statement of financial activities as they become payable.

2 Income from donations, grants and legacies	2019	2018
	£	£
Donations and grants	159,756	96,014
Legacies	-	100,000
Donated services	6,771	9,086
	<u>166,527</u>	<u>205,100</u>

Donated services relates to the provision of IT software.

Income for restricted funds in the comparative period was £45,074.

3 Income from charitable activities	2019	2018
	£	£
Loan Programmes	100,820	92,930
Gallery income	144,490	112,578
	<u>245,310</u>	<u>205,508</u>

4 Other trading activities	2019	2018
	£	£
Other hire income	16,229	14,703
Fundraising events and Patrons Circle	35,138	22,750
	<u>51,367</u>	<u>37,453</u>

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5 Expenditure on raising funds

	2019	2018
	£	£
Costs of events	42,245	24,764
Donations and grants	19,055	17,628
Support costs (<i>Note 8</i>)	4,465	4,568
	<u>65,765</u>	<u>46,960</u>

Costs of events, donations and grants includes staff costs of £32,163 (2018: £30,030)

6 Expenditure on charitable activities

	<i>Direct</i> <i>costs</i> <i>2019</i> <i>£</i>	<i>Support</i> <i>Costs</i> <i>2019</i> <i>£</i>	<i>Total</i> <i>costs</i> <i>2019</i> <i>£</i>	<i>Total</i> <i>costs</i> <i>2018</i> <i>£</i>
Projects and Programmes	32,106	2,232	34,338	32,544
Loan Programme	251,542	26,789	278,331	245,930
Gallery expenses	96,677	11,162	107,839	108,959
	<u>380,325</u>	<u>40,183</u>	<u>420,508</u>	<u>387,433</u>
	(<i>Note 7</i>)	(<i>Note 8</i>)		

Expenditure on restricted funds in the comparative period was £50,074.

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7	Direct costs	<i>Total</i> <i>2019</i> £	<i>Total</i> <i>2018</i> £
	Staff costs	155,955	144,551
	Freelance and consultancy costs	53,861	39,661
	Volunteer expenses	1,047	-
	Collection management	17,838	17,423
	Picture transport	20,990	12,474
	Cost of projects	787	1,308
	Premises expenses	84,357	91,269
	Office costs	8,731	5,809
	Travel and accommodation	6,206	4,768
	Marketing and IT	22,786	19,939
	Accountancy and consultancy fees	3,489	4,034
	Other costs	2,076	2,929
	Depreciation	2,202	2,150
		<u>380,325</u>	<u>346,315</u>
8	Support costs	<i>Total</i> <i>2019</i> £	<i>Total</i> <i>2018</i> £
	Staff costs	30,376	28,361
	Volunteer expenses	62	-
	Premises expenses	4,036	4,366
	Office costs	514	341
	Travel and accommodation	365	280
	Marketing and IT	-	1,167
	Other costs	1,917	2,496
	Depreciation	1,101	1,075
	<i>Governance costs:</i>		
	Legal and professional fees	2,527	-
	Independent examination/ audit fees	3,750	7,600
		<u>44,648</u>	<u>45,686</u>
	<i>Allocated to:</i>		
	Raising funds	4,465	4,568
	Charitable activities	40,183	41,118

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9 Staff costs

	<i>2019</i>	<i>2018</i>
	<i>£</i>	<i>£</i>
Wages and salaries	188,545	178,130
Social security costs	14,739	13,027
Pension costs	3,987	2,365
Temporary staff costs	11,223	9,420
	<u>218,494</u>	<u>202,942</u>

The average monthly number of employees during the year was as follows :

	<i>2019</i>	<i>2018</i>
	<i>No.</i>	<i>No.</i>
Loan Programmes	5	5
Administrative	2	2
	<u>7</u>	<u>7</u>

No employee received remuneration amounting to more than £60,000 in either year.

No remuneration, other benefits or reimbursed expenses were paid to the Trustees for the year ended 31 December 2019 (2018: none).

10 Net income/(expenditure)

	<i>2019</i>	<i>2018</i>
	<i>£</i>	<i>£</i>
This is stated after charging:		
Independent examiner's/ auditors' remuneration	2,250	6,100
Independent examiner's/ auditors' remuneration for accountancy services	1,500	1,500
Depreciation	3,303	3,225
Operating leases rentals	63,653	63,653
	<u>69,706</u>	<u>74,478</u>

PAINTINGS IN HOSPITALS
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11 Tangible fixed assets

	<i>Furniture</i> £	<i>Equipment</i> £	<i>Total</i> £
Cost			
At 1 January 2019 and 31 December 2019	23,929	13,574	37,503
Depreciation			
At 1 January 2019	22,672	10,733	33,405
Charge for the year	572	2,731	3,303
At 31 December 2019	23,244	13,464	36,708
Net book value			
At 31 December 2019	685	110	795
At 31 December 2018	1,257	2,841	4,098

12 Investments

	<i>2019</i> £	<i>2018</i> £
Market Value		
At 1 January 2019	113,871	118,758
Net gains/(losses) on revaluation	8,351	(4,887)
At 31 December 2019	122,222	113,871

All investments are held in UK deposit funds.

13 Debtors

	<i>2019</i> £	<i>2018</i> £
Trade debtors	55,292	78,903
Prepayments and accrued income	130,058	103,963
Other debtors	2,791	-
	188,141	182,866

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14 Creditors: amounts falling due within one year

	2019 £	2018 £
Rentals of paintings in advance	94,093	96,899
Other income in advance	28,255	99,871
Accruals and other creditors	46,511	25,684
Taxation and social security	5,693	8,179
	<u>174,552</u>	<u>230,633</u>

Deferred income relates to income for loan programmes and gallery hire received in advance. The movement is as follows:

	2019 £	2018 £
Deferred income brought forward	196,770	178,180
Released during the period	(196,770)	(178,180)
Arising in the current year	<u>122,348</u>	<u>196,770</u>
Deferred income carried forward	<u>122,348</u>	<u>196,770</u>

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NOTES TO THE FINANCIAL STATEMENTS
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15 Statement of funds

<i>Current year</i>	<i>Brought forward £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Gains and transfers in/out £</i>	<i>Carried forward £</i>
Unrestricted funds					
General fund	214,133	376,205	(401,085)	8,351	197,604
Restricted funds					
HLF	-	9,800	(9,800)	-	-
Eyre Family Foundation	-	10,000	(10,000)	-	-
City of London	-	19,875	(19,875)	-	-
D'Oyly Carte Charitable Trust	-	2,500	(2,500)	-	-
Britford Bridge	-	10,000	(10,000)	-	-
Baring Foundation	-	19,750	(12,750)	-	7,000
Pilgrim Trust	-	7,763	(7,763)	-	-
De Byre Charitable Trust	-	1,500	(1,500)	-	-
Liz and Terry Barmall Foundation	-	5,000	(5,000)	-	-
Oakdale Trust	-	1,000	(1,000)	-	-
City Bridge	-	5,000	(5,000)	-	-
Total restricted funds	-	92,188	(85,188)	-	7,000
Total funds	214,133	468,393	(486,273)	8,351	204,604

The restricted funds comprise grants and donations received for specific activities and projects. The resources expended on those activities and projects are charged against the relevant income.

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15 Statement of funds (continued)

<i>Prior year</i>	<i>Brought forward</i> £	<i>Income</i> £	<i>Expenditure</i> £	<i>Losses and transfers in/out</i> £	<i>Carried forward</i> £
Unrestricted funds					
General fund	197,430	405,909	(384,319)	(4,887)	214,133
Restricted funds					
Community Foundation in Wales	-	5,700	(5,700)	-	-
Warwick DC	-	1,500	(1,500)	-	-
City of London	-	19,874	(19,874)	-	-
Dunhill Medical Trust	5,000	12,500	(17,500)	-	-
The 29th May 1961 Charity	-	4,000	(4,000)	-	-
St. James's Place Charitable Foundation	-	1,000	(1,000)	-	-
Other restricted funds	-	500	(500)	-	-
Total restricted funds	5,000	45,074	(50,074)	-	-
Total funds	202,430	450,983	(434,393)	(4,887)	214,133

16 Analysis of net assets between funds

	<i>Restricted funds</i> <i>2019</i> £	<i>Unrestricted funds</i> <i>2019</i> £	<i>Total funds</i> <i>2019</i> £	<i>Total funds</i> <i>2018</i> £
Fixed assets	-	123,017	123,017	117,969
Current assets	7,000	249,139	256,139	326,797
Current liabilities	-	(174,552)	(174,552)	(230,633)
	7,000	197,604	204,604	214,133

Total funds for 2018 included restricted funds of £Nil.

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17 Paintings

The charity's loan collection is not reflected in these accounts as, in the opinion of the Trustees, it is neither practical nor beneficial to reflect the true value of the collection. At 31 December 2019 the total collection, which includes lent, purchased and donated artworks, comprised 3,840 works of art, which have been insured on a first loss basis for 4 million pounds. Movements on the number of artworks and insured values over the past 5 years are as follows:

	2019	2018	2017	2016	2015
Number of artworks	3,857	3,844	3,970	4,012	4,098
Insured value	£4.0m	£3.8m	£3.4m	£3.8m	£3.7m

18 Operating lease commitments

At 31 December 2019 the charity had total future commitments under non-cancellable operating leases as follows:

	<i>Land and Buildings</i>	<i>Other</i>	<i>Land and Buildings</i>	<i>Other</i>
	2019	2019	2018	2018
	£	£	£	£
Commitments due:				
Not later than one year	30,000	3,653	55,000	3,653
Later than one year and not later than five years	-	469	-	2,245

19 Related party transactions

During the year the charity paid £Nil (2018: £550) to Zenith Corporate Communications Limited in respect of artwork framing services, which is a company owned by a trustee.

The charity's key management personnel are the trustees, the Executive Director and the Head of Collection, Loans & Programming. Total employee benefits, including employer's pension contributions and employer's National Insurance, in respect of key management personnel were £97,205 (2018: £98,580). No employee benefits are payable to the trustees.

There are no further related party transactions to disclose.