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GOVERNANCE

Our purpose

We award funds for medical research, equipment, patient care and enhancement of environments which would not otherwise be supported by the NHS or other funders. We collaborate primarily with two of the UK's leading healthcare institutions – Barts Health NHS Trust group of hospitals ("Barts Health") and Barts and The London School of Medicine and Dentistry ("the SMD" – part of Queen Mary University London) – enabling them to build upon nationally renowned levels of care and world-leading research. Our funding benefits some of the most vibrant and fast-growing areas of London. Barts Health's hospital and community services reach a population of some 2.5 million people across north-east London and Essex, treating more than 6,000 people every day. The research we fund benefits this population but is often also of national and international significance.

The last few weeks of the reporting year saw the unprecedented events of the Covid-19 pandemic. Whilst most of the financial implications of the Covid-19 environment will be reflected in the FY2020/21 accounts, there was an immediate impact upon the value of the Charity's endowment. As the dedicated charity for Barts Health and funding partner for the SMD, Covid-19 will be a key element in our future funding and fundraising priorities, as its implications will be felt for many months to come.

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Grant-making principles

We fund healthcare innovation by supporting the remarkable work of staff and researchers at:

- * Barts Health
- * The SMD, and
- * School of Nursing at City University.

We do this by funding research, training, state-of-the-art equipment and innovative healthcare projects. Whilst we may have only a few funding partners, we adhere to a strict funding strategy to ensure that the Charity's capital is applied in the ways that will deliver the biggest impact in healthcare and most benefits to patients. We are a member of the Association of Medical Research Charities and as such can demonstrate high standards of governance around grant awards and monitoring.

Our strategic principles are:

- * We will focus on areas that are identified by Barts Health and SMD that will help deliver their strategy and longer-term vision. This can include:
 - Areas that have potential for growth/transformational change.
 - Areas where there is a clear role for our funding to play a pump priming/catalytic role to leverage further funding and support.
 - Areas that build research capacity or lead to enhanced service delivery where other funders or revenue sources cannot/or do not substitute.
 - * As the dedicated charity for Barts Health hospitals we will continue to provide immediate support for patient care, staff training and wellbeing through our hospital focussed fundraising (and relevant restricted funding). These will link to local Hospital and Trust priorities to ensure donor money is used to best impact.
- In addition, we have added the following to allow us to explore future areas of focus in a structured way:
- * We may look to pilot the support of multidisciplinary approaches to improving health with our partners e.g. translation of research findings to patient benefit through drug and device development, health service delivery and implementation research or more

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community focussed healthcare projects. However, before approaching these areas we will discuss and agree a framework with Trustees so that potential applications are considered against this framework.

Our supporters

We are very grateful to our supporters, who contribute a significant amount of funds to our work. We aim to fundraise in a way that is compelling, respectful and in keeping with our values. The Charity is registered with the Fundraising Regulator and is committed to adhering to the Code of Fundraising Practice. We are also members of the Institute of Fundraising and refer to their best practise guidance. The Charity does not use professional fundraisers or commercial participators to raise funds on its behalf. Our practice and policies ensure that no individual, including vulnerable persons, is put under undue pressure to make a donation. In the year to 31 March 2020 more than 1,840 individuals and organisations supported us through donations or fundraising and we received no complaints related to fundraising. We have refreshed our privacy policy in line with the General Data Protection Regulation (GDPR) and both this and our complaints policy are freely available on our website.

Our targets and how we performed

In 2019/20 we set ourselves a number of strategic targets, and summarise below how we have performed against them:

Target	How we performed
To work with Barts Health and hospital management to improve oversight and sponsorship of funding applications to the Charity	<ul style="list-style-type: none">• A joint Barts Health/Barts Charity Partnership Board has been created to have oversight of programme/large project applications• Introduction of a new system whereby Barts Health Hospital Executive Boards review and endorse applications up to £100k

continued

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Target	How we performed
To review and simplify our grant application and payment processes, especially for smaller amounts	<ul style="list-style-type: none"> Amended funding schemes to delineate more clearly between research and non-research Review to simplify application and payment process for amounts less than £5k underway The review of grant applications and payment processes will continue into FY2020/21.
To sustain our grant-giving programme averaging c.£30m per year and maintain a quality pipeline	<ul style="list-style-type: none"> Grants awarded totalled £28.5m in FY2019/20 Pipeline of potential funding projects remains strong into FY2020/21 and beyond.
To improve staff engagement and better on-site visibility and calls to action in order to increase the number of, and income from, individual supporters via our hospital-focused fundraising strategy	<ul style="list-style-type: none"> Charity branding is now prominent on all the hospital sites A programme to widen engagement with Barts Health staff is being implemented.
To continue the growth of our major gifts fundraising programme to achieve significant increase in income by 2020	<ul style="list-style-type: none"> Major gifts income in FY2019/20 increased to £3.4m, including a single donation of £2.4m Strategic review of Major Gifts operations undertaken.
To commence a comprehensive review of the Charity's restricted funds with a view to increasing the flexibility with which they can be used to support our beneficiaries	<ul style="list-style-type: none"> Review underway for restricted funds at all hospital sites with target completion by March 2021, and of permanent endowment funds also underway with target to lift some of the restrictions on spending capital during FY2020/21.

FINANCE REVIEW AND STRATEGIC REPORT

Our future priorities

For the financial year ending 31 March 2021 the Charity's strategic priorities are:

- to be an agile and responsive funding partner to Barts Health and SMD to support them in delivering healthcare and research in an environment inevitably made more challenging by Covid-19
- to increase the number of, and income from, individual supporters building upon the platform of donations in respect of our Covid-19 Appeal
- to increase major gifts income by implementing the recommendations of a strategic review to expand networks, and build upon the platform of donations in respect of our Covid-19 Appeal
- to complete the project to simplify our grant application and payment processes, especially for smaller amounts
- to complete the review of hospital-based restricted funds, and the permanent endowment funds in order to increase both value and flexibility of expendable funds
- to sustain our grant-giving programme at £30m per year (averaged over a five year period) and maintain a quality pipeline.

Financial review

Our financial strategy is to manage and grow the investment assets and voluntary income in order to enable annual grant giving and operating activities in perpetuity. Net assets as at 31 March 2020 were £371.6m (£411.5m in FY 2018/19). The Net Asset values were impacted by market volatility arising due to Covid-19 in the month of March.

However, total income has increased in the year, with the investment portfolio generating £14.9m (£14.8m in FY2018/19), and fundraised donations generating £4.1m (£1.9m in FY2018/19) which included a £2.4m donation from a single donor, with legacies and other fundraised income totalling £0.8m (£1.0m in FY2018/19).

Expenditure review

Total expenditure for FY2019/20 was £32.2m (£34.3m in FY2018/19), of which £28.5m related to charitable activities (£30.7m in FY2018/19). This represents a continuation of the Charity's strategy to award funds averaging around £30m annually over a five-year period.

The total cost of raising funds – expenditure on fundraising activities and management of the investment portfolio – was £3.8m in FY2019/20 (£3.6m in FY2018/19). Of this, £2.6m (£2.6m in FY2018/19) relates to management of investments.

FINANCE REVIEW AND STRATEGIC REPORT

Costs relating to financial investments of £2.0m (£2.0m in FY2018/19) amount to less than 1% of investment asset value. The annual spend linked to property-related investments in FY2019/20 was £0.5m, representing 0.5% of property asset value. The property assets are predominantly multi-let commercial properties in London and the South-East.

Investment review

We conduct an annual review of our Statement of Investment Policies and Objectives, which sets out our financial and investment goals. The Charity aims to provide support through its funding into perpetuity and so the investment portfolio is managed accordingly. The investment policy provides for long-term stability, preservation of purchasing power, and liquidity sufficient for the funding of grant-making and other operating activities. It also sets out guidelines for the portfolio's risk profile, strategic asset allocation and investment restrictions.

In FY2018/19, a revised investment policy was adopted, with a reduced allocation to direct UK property and corporate bonds, and higher allocations to global equity and private investments. The resulting high-quality portfolio is diversified, robust, and designed to generate a reliable source of income and market appreciation to support our grant-giving even in periods of market turbulence. With several private investment commitments and a property sale in FY2019/20, the Charity is making steady progress toward the new allocation, although the full transition is expected to take 3-4 years as investment opportunities arise.

Looking ahead, a key priority is formally codifying our environmental, social, and governance (ESG) policy statement in respect of determining our investment criteria. These factors are already considered as a part of the Charity's due diligence and monitoring of investments, and our ESG policy statement establishes specific goals and metrics to track progress over time, and comparisons to peers and market benchmarks. A copy of our ESG policy statement is on our website.

Turning to investment performance and portfolio positioning, markets in FY2019/20 presented two distinct periods: before and after the onset of the Covid-19 pandemic. Markets climbed steadily through 2019 and to mid-February 2020, at which point we experienced an unprecedented market downturn. The Charity entered this period prepared, having performed detailed stress test scenarios, a more diversified asset allocation, and with increased reserve funds set aside to fund higher grant spending. The work associated with stress testing was, and is, particularly important at this time of great uncertainty. The

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test concluded that although negative performance during a market downturn is expected, the Charity has sufficient investments in lower volatility and lower risk assets to support spending for multiple years without having to sell equity assets at depressed values, thus crystallising losses. During the year, the Charity made some changes in investment managers as part of its asset allocation and diversification policy and this has led to an increase in the level of investment additions and disposals.

During FY2019/20, the total portfolio performance was -3.2%; The target for the portfolio is an average real (after inflation) return of +4.5% per year over rolling three-year periods. As at 31 March 2020, this target was not achieved due to the market dislocation related to Covid-19 impacting year end valuations, the trailing three-year return being 3.8%; however, over longer periods investment returns have exceeded the real return goal as well as market benchmarks. Through April 2020 the portfolio returned 4.1% for the month, reflecting the recovery in the markets.

The dislocation arising from Covid-19 has also impacted on the property market. As a result, the external valuers are placing less weight on previous market evidence for comparison purposes to inform opinions of value. Therefore, the property valuations are reported on the basis of material valuation uncertainty per the guidance of the Royal Institution of Chartered Surveyors (RICS). The Charity is continuing to review the position of its property investments as the market situation develops but is confident that the diversified nature of the tenant base and the fact that the Charity has little exposure to the retail and hospitality sectors (<25% by asset value) should provide a degree of robustness to the portfolio.

Investment performance is monitored quarterly by our Investment Committee with the assistance of Cambridge Associates Ltd, which provides advice and monitoring services for the financial portfolio. Gryphon Property Partners provides similar support for the property portfolio, while Workman provides property management services.

Investment guidelines

The management of our endowment and other financial investments is designed to provide financing, alongside voluntary income, for our grant-making programme. Assets in the portfolio are therefore chosen in order that they enhance their value over time to achieve a financial return. A managed approach to risk is taken and the Trustees and management work with a number of advisors in order to provide an appropriate balance of risk against a targeted return.

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The Trustees have delegated investment decision making to the Investment Committee (IC); the IC appoints and monitors investment advisors to assist them in managing both financial and property elements of the portfolio. The IC meets quarterly and reports back to the Trustee board after each meeting.

The Charity continues to develop its responsible investment principles and recognises it has an obligation in this area. Through the year the Trustees have been actively focusing on developing the ESG policy relating to both financial and property investment. The Charity's manager selection process includes a consideration of ESG risk factors both in initial diligence and ongoing monitoring.

Going Concern review

The preparation of the accounts for the FY2019/20 has been undertaken on the basis that Barts Charity is a going concern.

Since the year end the outbreak of Covid-19 has had a significant impact on the operations of the Charity and on the valuations of investment assets. The increased uncertainty around asset valuations has been a key focus post the balance sheet date.

As part of the assessment of the going concern basis of the Charity, stressed scenarios and a multi-year projection of reserve levels has been undertaken. This has demonstrated that the Charity is expected to hold sufficient assets to meet its reserve policy levels, as set out below. Whilst the Charity's portfolio is sensitive to movements in investment values, it still has sufficient liquidity to meet its obligations and is able to meet its planned grant commitments without being a forced seller of assets. Based on these assessments the Trustees have determined the Charity to be a going concern and the basis of the preparation of the annual report and accounts on a going concern basis is therefore appropriate.

As the Covid-19 situation develops the senior management team will continue to work closely with their advisors and the Trustee Board to ensure that the Charity has sufficient financial reserves to continue to meet its strategic objectives.

Reserves and risks

Reserves policy

Given the nature of the Charity's activities and our grant-making strategy the Trustees have

FINANCE REVIEW AND STRATEGIC REPORT

determined that the reserves policy, taken in conjunction with spending and long-term investment policies are intended to deliver the following objectives:

- ★ Provide for long-term stability and liquidity sufficient for the funding of the Charity's annual grant-making and other operating activities, and occasionally exceptional grants beyond the normal annual level when appropriate circumstances arise.
- ★ Maintain the value of the Charity's portfolio in real terms such that it can make funding awards in the long term. The Trustees wish to ensure the right balance between funding transformational projects over the next five-ten years and ensuring a meaningful role in perpetuity.

For these objectives, the Trustees have determined that the appropriate measure of reserves is calculated as equal to the value of investments held.

The Charity has set the appropriate minimum reserve level it needs to maintain in order to achieve this balance between current and future activity; for FY2019/20 this minimum reserve level is £324.8m (£320m in FY2018/19). The value of reserves for this purpose in FY2019/20 was £420.9m (FY2018/19: £446.9m) and therefore the Charity had surplus reserves of £96.1m in FY2019/20 (£126.9m in FY2018/19).

If the level of these reserves goes below or is projected to come within 5% of the minimum level, the Trustees will consider the level of spending and grant-giving in light of the prevailing market conditions and outlook. It is not expected that the Charity would react to short term volatility.

The minimum reserve level, spending and long-term investment policies will be reviewed and if necessary reassessed at least annually.

The Charity's "free reserves", defined as those funds not restricted, designated or part of an endowment, totaled £69.5m in FY2019/20 (£85.8m in FY2018/19). The decrease in the year was driven by the fall in value of the investment portfolio due to market disruption caused by Covid-19.

Risk Management

Our Trustees have adopted a Risk Management Policy and regularly review the major risks to which Barts Charity is exposed. Where appropriate, systems and procedures have been established to mitigate risks, and these are also reviewed regularly. The major risks and principle mitigations are set out on the following pages.

Risk		Potential Mitigant	
Reputational risk: grant recipients	<ul style="list-style-type: none"> • Barts Health and SMD suffer reputational damage • Grants do not follow accepted protocol • Issues flagged around behaviour of grant applicant. 	<ul style="list-style-type: none"> + Close working relationship with Barts Health and SMD + Regular monitoring and ongoing dialogue with grantees to enable follow through of any identified issues + Applicants need to have attended research integrity and whistleblowing training 	<ul style="list-style-type: none"> + Research integrity clauses included in the Charity's grant award terms and conditions + Close relationship with Barts Health and SMD communications teams. + Grants can be suspended where any policy breaches are identified.
Grant Development risk	<ul style="list-style-type: none"> • Failure to identify strategic priorities for BH/SMD • Ability to sustain level and quality of pipeline • Failure to apply funding from the Covid-19 Appeal in a timely and impactful way. 	<ul style="list-style-type: none"> + Continue to maintain close working relationship with senior executive, clinical and academic teams through Charity Partnership Board + All projects must come to Grants Committee with requisite Barts Health and SMD approvals and with senior sponsor present 	<ul style="list-style-type: none"> + Further enhance insight and expertise of our process through Scientific Review Panel + Focus on developing longer term (2-5 year) pipeline.
Grant Delivery risk	<ul style="list-style-type: none"> • Identified projects not delivered or take longer/cost more than budgeted. 	<ul style="list-style-type: none"> + Charity team more closely involved in development process and now sit on relevant Project Boards + More detailed costings developed up front 	<ul style="list-style-type: none"> + Much closer monitoring of grant post award + Policy for costed extensions owing to Covid-19 delays approved by Grants Committee and applied on a case by case basis.
Funding/liquidity risk	<ul style="list-style-type: none"> • Significant market correction impacting value of investments held by the Charity. 	<ul style="list-style-type: none"> + The Charity monitors performance of the portfolio in detail on quarterly basis with review of monthly cashflows + The Investment Committee review the investment portfolio on a quarterly basis 	<ul style="list-style-type: none"> + Will continue policy of diversification and holding high levels of liquidity + The delivery of the fundraising strategy is driving the growth of voluntary income, allowing the Charity to maintain liquidity if there is a reduction in income from investments.
Key person risk	<ul style="list-style-type: none"> • The loss of the strong relationships built with the senior team at Barts Health/SMD. 	<ul style="list-style-type: none"> + Ensure that there is a depth and breadth in the relationships between senior management at Barts Charity and Barts Health/SMD: not just dependent on one individual 	<ul style="list-style-type: none"> + Build wider relationships with senior clinical and research teams.
Operational risk of Covid-19	<ul style="list-style-type: none"> • The impact of Covid-19 on the Charity's operations. 	<ul style="list-style-type: none"> + The Charity's staff have successfully transitioned to working remotely from the office. + A full review was undertaken to ensure that all existing processes and controls are able to operate remotely 	<ul style="list-style-type: none"> + The ongoing situation is being monitored by the senior management team who provide frequent updates to the Trustees.

ADMINISTRATIVE INFORMATION

Barts Charity is a company limited by guarantee (registration number 7168381) and a registered charity in England and Wales (registration number 212563). It is governed by Articles of Association most recently updated on 12 December 2016. It is fully independent of the Department of Health.

The Board has assessed its governance against the Charity Commission's Governance Code for larger charities and is pleased to report high levels of compliance against the suggested standards. An area of continued focus for the Board is to ensure that the Charity is representative of its grantees and the communities it serves across both senior volunteers and staff.

Charitable purposes

Our charitable purposes relate to hospital services (including research), or to any other part of the health service associated with any hospital as our Trustees think fit. In practice, we focus our support for improvement and innovation in healthcare on the Barts Health group of hospitals and SMD, and we also support the School of Nursing at City University. Although we are careful to consult with representatives of grantee organisations to ensure alignment of strategic priorities and to secure the greatest impact from our funding, we retain our independence to act in the best interests of Barts Charity and the communities we serve.

Public Benefit

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing Barts Charity's aims and objectives and in planning future activities and setting the grant-making policy for the year.

SENIOR VOLUNTEERS AND COMMITTEES

Barts Charity acts through its Board of Directors (who are known as Trustees). At the end of the reporting year, there were 11 such Trustees; since then one Trustee has retired. All Trustees give of their time freely and no Trustee remuneration is paid. Details of Trustee expenses and related transactions are disclosed in notes 12 and 13 to the accounts. Trustees are required to disclose all relevant interests and register them with the Company Secretary and, in accordance with the Charity's policy, withdraw from decisions where a conflict of interest arises.

Power to appoint new Trustees lies with the existing Trustees, in accordance with the provisions of our Articles of Association. All Trustees are appointed for a fixed term of not more than three years (renewable to a maximum of nine years in total), although the Board may decide to extend this maximum term for some Trustees in appropriate circumstances.

The Board has established a series of committees so that much of the Charity's detailed governance work can be conducted by groups of Trustees and specialist members (Board Advisers and co-optees) with the most relevant experience and expertise. Committee membership is confirmed annually. Board advisers are appointed for a term of two years renewable to five in total. Specialist members who are not also Trustees are appointed annually renewable up to a total term of five years. All new senior volunteers have an induction programme, during which they are familiarised with key constitutional and operating documents, meet senior Trustees and management, and tour the hospitals.

The Board and each Committee conduct an annual review of their performance in accordance with the Charity's Performance Review Policy against a checklist of questions to consider, covering matters such as objects, terms of reference, relationship with Executive, documentation, conduct of meetings and skill set.

The Board has established a Scientific Review Panel to supplement the peer review of research grant applications. We are fortunate to be able to call upon a cadre of eminent scientists from across the UK with appropriate expertise relative to the subject matter of the applications; they meet to discuss the full applications and submit their views and recommendations to the Grants Committee for its consideration. Final decision-making authority rests with the Grants Committee.

SENIOR VOLUNTEERS AND COMMITTEES

Staff Remuneration

Staff remuneration is determined by reference to a salary survey carried out by specialist reward consultants. The benchmarking data allows us to fix a salary range for each role, taking into account a number of factors such as the location, size and complexity of our organisation. A salary review is undertaken each year with any increase effective from 1 April. An inflationary element is combined into any award. The Charity reserves the discretion not to award an increase, especially when an employee's salary is already at the top of their benchmark range. The same principles apply to the pay of the senior management team, which is approved by the Appointments and Remuneration Committee.

Senior Volunteers

As at 15 July 2020

Trustees

Paul Rawlinson (Chair)
Andy Bruce (Deputy Chair)
Vijay Bharadia
Sally Flanagan
Prof Catherine Godson
Ian Hart
Professor Dame Parveen Kumar
Dr Richard Lewis
Ian Peters (*ex officio* Trustee, Chair of Barts Health NHS Trust)
Prof David Rampton
Dr Thomas Round

Board Adviser

Moira Gitsham (communications)
Claire Brown (finance)

Appointments and Remuneration Committee

Paul Rawlinson (Chair)
Andy Bruce
Sally Flanagan

Finance and Audit Committee

Vijay Bharadia (Chair)
Claire Brown
Dr Richard Lewis
Paul Rawlinson

Grants Committee

Paul Rawlinson (Chair)
Prof Adrian Dixon (non-Trustee)
Prof Catherine Godson
Dr Richard Lewis
Prof David Rampton
Dr Thomas Round

Investment Committee

Andy Bruce (Chairman)
Sally Flanagan
Ian Hart
Paul Rawlinson

SENIOR VOLUNTEERS AND COMMITTEES

Senior Management

Fiona Miller Smith
CHIEF EXECUTIVE

Fiona Bickley
CHIEF OPERATING OFFICER

Clare Chater
DIRECTOR OF ENGAGEMENT AND FUNDRAISING

Steven Harris
CHIEF FINANCE OFFICER

Victoria King PhD
DIRECTOR OF GRANTS

Ilia Ralphs
DIRECTOR OF MAJOR GIFTS

Adrian Thomas
DIRECTOR OF MARKETING & COMMUNICATIONS

Advisers

Bank

National Westminster Bank plc
1 Princes Street, London EC2R 8BP

Auditors

BDO LLP
City Place, 2 Beehive Ring Road,
Crawley, Gatwick RH6 0PA

Legal Advisors

BDB Pitmans LLP
50 Broadway, Westminster
London SW1H 0BL

Taylor Wessing LLP
5 New St Square, Holborn
London EC4A 3TW

HR Benefits Advisors

St James Place
Beech House
Brotherswood Court
Great Park Road
Bristol BS32 4QW

Property Advisors

Alexander Reece Thomson LLP
39 Welbeck Street
Marylebone
London W1G 8DR

Gryphon Property Partners
12 Austin Friars
London EC2N 2HE

Workman LLP
80 Cheapside
London EC2V 6EE

Investment Advisor

Cambridge Associates Ltd
80 Victoria Street
Westminster
London SW1E 5JL

Global Custodian

The Northern Trust Company
50 Bank Street
Canary Wharf
London E14 5NT

Insurance Broker

WillisTowerWatson Ltd
51 Lime Street
London EC3M 7DQ

STATEMENT OF TRUSTEES' RESPONSIBILITIES IN RESPECT OF THE TRUSTEES' ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The Trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law they have to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company 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 excess of income over expenditure for that period. In preparing these financial statements, the Trustees are required to:

- * select suitable accounting policies and then apply them consistently;
- * make judgements and estimates that are reasonable and prudent;
- * state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- * assess the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- * use the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

So far as each of the trustees at the time this report is approved are aware:

- a) there is no relevant audit information of which the auditors are unaware and,
- b) they have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

This Trustees' report, incorporating the Strategic report, was approved by the Board of Trustees of Barts Charity and signed on its behalf.

Chairman

15 July 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BARTS CHARITY

Opinion

We have audited the financial statements of Barts Charity ("the Charitable Company") for the year ended 31 March 2020 which comprise the statement of financial activities, the balance sheet, the cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- * give a true and fair view of the state of the Charitable Company's affairs as at 31 March 2020 and of its incoming resources and application of resources 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.

Emphasis of matter: Property valuations

We draw attention to note 1.8c, which explains that as a result of the impact of the outbreak of the Novel Coronavirus (COVID-19) on the market, the Charity's property valuer has advised that less certainty, and a higher degree of caution, should be attached to their valuation than would normally be the case. Our opinion is not modified in respect of this matter.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Charitable Company in accordance with the ethical requirements relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions related to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- * the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- * the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Charitable Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The other information comprises the Chairman's report and the Trustees' Annual Report. The Trustees are responsible for the other information.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BARTS CHARITY

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report, which includes the Directors' Report and the Strategic report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' Report, which are included in the Trustees' report, have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatement in the Strategic report or the Trustees' report.

We have nothing to report in respect of the following matters in relation to which 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 Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities, 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, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Charitable Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Charitable Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BARTS CHARITY

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under the Companies Act 2006 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditors report.

Use of our report

This report is made solely to the Charitable Company'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 Charitable Company'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 Charitable Company and the Charitable Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP

Fiona Condron (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Gatwick

Date: 20 July 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

STATEMENT OF FINANCIAL ACTIVITIES (including an Income and Expenditure Account)

for the year ended 31 March 2020

	Notes	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	2020 Total funds £000	2019 Total funds £000
Income						
Donations		152	3,926	0	4,078	1,884
Legacies		82	680	0	762	756
Other		0	0	0	0	272
Total voluntary income	2	234	4,606	0	4,840	2,912
Investments	7.3	14,766	169	0	14,935	14,832
Total income		15,000	4,775	0	19,775	17,744
Expenditure						
Raising funds:						
Voluntary fundraising costs		1,224	0	0	1,224	966
Investment management costs:						
Financial		2,035	0	0	2,035	2,042
Property		518	0	0	518	590
Total cost of raising funds		3,777	0	0	3,777	3,598
Charitable activities						
	3.1	21,274	7,187	0	28,461	30,665
Total expenditure	3.5	25,051	7,187	0	32,238	34,263
Net (losses)/gains on investments						
(Losses)/Gains on revaluation and disposal of investment assets		(6,353)	0	(21,054)	(27,407)	15,080
Gains on revaluation of heritage assets		0	0	0	0	2,172
Net (expenditure)/income		(16,404)	(2,412)	(21,054)	(39,870)	733
Transfers between funds						
	10.4	79	(79)	0	0	0
Net movement in funds		(16,325)	(2,491)	(21,054)	(39,870)	733
Reconciliation of funds						
Fund balances brought forward at 31 March 2019		86,196	20,096	305,177	411,469	410,736
Fund balances carried forward at 31 March 2020		69,871	17,605	284,123	371,599	411,469

During the year, no operations have been either discontinued or acquired by Barts Charity.

The notes on pages 25 to 41 form part of these accounts.

BALANCE SHEET

as at 31 March 2020

	Notes	Unrestricted funds £000	Restricted funds £000	Endowment funds £000	2020 Total funds £000	2019 Total funds £000
Fixed assets						
Intangible and tangible assets	5	173	0	0	173	137
Heritage assets	6	0	0	16,600	16,600	16,600
Investments	7.1	126,240	27,108	267,523	420,871	446,947
Total fixed assets		126,413	27,108	284,123	437,644	463,684
Current assets						
Debtors	8.1	4,826	391	0	5,217	4,350
Cash at bank and in hand		11,753	0	0	11,753	13,428
Total current assets		16,579	391	0	16,970	17,778
Creditors: amounts falling due within one year						
	9.1	(30,239)	(6,144)	0	(36,383)	(24,063)
Net current liabilities		(13,660)	(5,753)	0	(19,413)	(6,285)
Total assets less current liabilities		112,753	21,355	284,123	418,231	457,399
Creditors: amounts falling due after more than one year						
	9.2	(42,882)	(3,750)	0	(46,632)	(45,930)
Total net assets		69,871	17,605	284,123	371,599	411,469
Funds of Barts Charity						
Capital funds:						
Endowment funds	10.1	0	0	284,123	284,123	305,177
Income funds:						
Restricted funds	10.2	0	17,605	0	17,605	20,096
Unrestricted funds:						
General funds		69,469	0	0	69,469	85,825
Designated funds	10.3	402	0	0	402	371
Total funds		69,871	17,605	284,123	371,599	411,469

Company registration number 07168381

The notes on pages 25 to 41 form part of these accounts.


Paul Rawlinson
Chair


Vijay Bharadia
Trustee

15 July 2020

CASH FLOW STATEMENT

for the year ended 31 March 2020

	Notes	2020 £000	2019 £000
Cash flows from operating activities:			
Net cash used in operating activities	11.1	(14,339)	(14,123)
Cash flows from investing activities:			
Dividends, interest and rents from investments		14,088	15,071
Payments to acquire tangible and intangible fixed assets		(92)	(33)
Payments to acquire investment assets		(122,690)	(48,005)
Receipts from sales of investment assets		121,358	52,498
Net cash provided by investing activities		12,664	19,531
Change in cash and cash equivalents in the reporting year		(1,675)	5,408
Cash and cash equivalents at the beginning of reporting year		13,428	8,020
Cash and cash equivalents at the end of reporting year		11,753	13,428

The notes on pages 25 to 41 form part of these accounts.

NOTES TO THE ACCOUNTS

for the year ended 31 March 2020

1 ACCOUNTING POLICIES

1.1 Accounting convention

The financial statements have been prepared under the historic cost convention, with the exception of investments and heritage assets, which are included at market value.

The financial statements have been prepared in accordance with the Statement of Recommended Practice (2nd edition): Accounting and Reporting by Charities (Charities SORP (FRS102)), the Financial Reporting Standards 102 applicable in the UK and Republic of Ireland (FRS102), the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2015.

The Charity constitutes a public benefit entity as defined by FRS 102.

1.2 Going concern

The preparation of the accounts for the FY2019/20 has been undertaken on the basis that Barts Charity is a going concern.

The Charity currently meets day to day working capital requirements through its existing cash facilities.

Since the year end the outbreak of Covid-19 has had a significant impact on the operations of the Charity and on the valuations of investment assets. The increased uncertainty around asset valuations has been a key focus post the balance sheet date.

As part of the assessment of the going concern basis of the Charity, stressed scenarios and a multi-year projection of reserve levels has been undertaken. This has demonstrated that the Charity is expected to hold sufficient assets to meet its reserve policy levels. Whilst the Charity's portfolio is sensitive to movements in investment values, it still has sufficient liquidity to meet its obligations and is able to meet its planned grant commitments without being a forced seller of assets. Based on these assessments the Trustees have determined the Charity to be a going concern and the basis of the preparation of the annual report and accounts on a going concern basis is therefore appropriate.

For further details, please refer to p10 on the annual report.

1.3 Accounting judgements and estimates

In preparing the financial statements, the Trustees have made judgements, estimates and assumptions that affect the application of the charities accounting policies and the reported assets, liabilities, income and expenditure and the disclosures made in the financial statements.

These estimates and judgements are continually reviewed and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key judgements and estimates are:

a. Valuation of property

A full property valuation is undertaken every 3 years with an annual desk top valuation in the years between.

A desk top valuation was completed for 2019/20 by Alexander Reece Thomson LLP, Chartered Surveyors, (refer to note 1.8c).

NOTES TO THE ACCOUNTS

for the year ended 31 March 2020

The valuation has been prepared using a fair value basis, being the price that would be received to sell an asset, in an orderly transaction between market participants at the measurement date. Due to the market dislocation caused by the outbreak of Covid-19 the Royal Institute of Chartered Surveyors have provided guidance to surveyors to state that all valuation reports should refer to the "material uncertainty" relating to the assumptions applied to the valuation methodologies. It is anticipated that this will improve as lockdown eases and the impact on the property market becomes clearer.

b. Valuation of private equity and private credit investments

Due to the nature of private investments, there is no quoted market price for the funds.

The value at the balance sheet date is deemed to be the most recent valuation from the private investment group, adjusted for those cashflows up to and including the balance sheet date.

This is then reviewed in light of valuations which become available post balance sheet date up to accounts signature.

c. Grant creditors settled over multi-year time period

Many grant commitments will be settled over multiple financial years and so the short term and long term grant creditor balances represent the best estimate of the expected cash outflows as at the balance sheet date.

The time value of money is considered annually and adjusted in the accounts if material.

d. Allocation of income, expense and gain/loss to restricted and endowment funds

In preparing the financial statements judgements and estimates have been made in relation to the extent of allocation to the restricted and endowment funds.

1.4 Transfer of assets and legal separation

Barts Charity is a charitable company limited by guarantee, regulated solely by the Charity Commission. Before 31 July 2014, it was known as Barts and the London Charity Trustee and was regulated by both the Charity Commission and the Secretary of State for Health, under the powers set out in the NHS Act 2006. Under an appointment by the NHS Trust Development Authority effective 1 April 2013, it acted as the trustee of the unincorporated charity, Barts and the London Charity.

By a Deed of Assignment effective midnight 30 July 2014, Barts and the London Charity Trustee transferred all of the assets which it held in its capacity as trustee (save as set out below) to itself as absolute owner. The Charity Commission approved this assignment in an Order dated 28 July 2014. By a Statutory Instrument dated 31 July 2014 (2014 No. 1905), Barts and the London Charity Trustee ceased to be regulated by the Secretary of State for Health under the provisions of the NHS Act 2006. Barts and The London Charity Trustee also changed its name to Barts Charity with effect from the same date.

By virtue of a Charity Commission Order dated 31 July 2014, Barts Charity was appointed as trustee of the permanent endowment assets remaining in Barts and the London Charity and the four Special Purpose Charities related thereto. By a Charity Commission uniting direction dated 31 July 2014, Barts Charity is permitted to account for these trustee assets within its accounts.

1.5 Fund structure

- a. Restricted funds are funds for which a legal restriction exists over their use and related income is restricted to the purpose of the fund as set out in note 10.2.

NOTES TO THE ACCOUNTS

for the year ended 31 March 2020

b. Endowment funds include the following:

- (i) Permanent endowment funds: capital is held in perpetuity but the related income may be used for unrestricted or restricted purposes as specified by the donor.
- (ii) Expendable endowment: donations received by the hospitals of Barts Health NHS Trust prior to 5 July 1948 (the date on which the NHS was established). The income and capital are available for such expenditure related to sections 220(3) and 220(5) and paragraph 10(1) of Schedule 4, of the National Health Service Act 2006 (see c(i) below).

c. Unrestricted funds and their related income are available for use at the discretion of the Trustees for general charitable purposes relating to the following:

- (i) General
Sections 220(3) and 220(5) and paragraph 10(1) of Schedule 4 of the National Health Service Act 2006:
To hold the property on trust for such purposes relating to hospital services (including research), or to any other part of the health service associated with any hospital, as the person holding the property thinks fit.
- (ii) Designated
The Trustees have chosen to earmark these funds for specific areas within the general charitable purposes (refer to note 10.3).

1.6 Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Legacy income is recognised when three criteria are met. Entitlement is established, receipt of the income is probable and it can be reliably measured. Where legacies have been notified to Barts Charity and the criteria for income recognition have not been met, the legacy is treated as a contingent asset and disclosed if material.

Rental income from investment properties is reported as an operating lease and the lease incentive is amortised on a straight-line basis.

1.7 Expenditure

All expenditure is accounted for on an accruals basis. Direct costs of generating funds (including fundraising), charitable activities and support costs are charged to the relevant category or activity according to the area to which the expenditure relates. Support and governance costs incurred that relate to more than one cost category are apportioned based on estimates of time spent on activity in each area.

Charitable activities include grants approved by the Trustees in the year, and are recognised as commitments in the year of approval.

1.8 Fixed assets

a. Tangible and intangible assets

Tangible and intangible assets, are included in the balance sheet at cost less accumulated depreciation. Depreciation is charged on a straight line basis to support costs over the estimated useful life of three years for software development costs and five years for other assets. See note 1.7 for apportionment basis.

NOTES TO THE ACCOUNTS

for the year ended 31 March 2020

b. Heritage assets

Heritage assets are capitalised and include art collections, historic archives, sculptures, ceramics surgical instruments, uniforms, teaching materials, and other items. They are reported on the balance sheet at their insured values, which are based on replacement values in the retail market or, where appropriate, in the second-hand retail market with items of a similar nature, age, condition and quality.

They are not depreciated but are revalued every five years with the last valuation completed by Gurr Johns, auctioneers and valuers, in March 2019. Any surplus or deficit on revaluation is credited or debited to the Statement of Financial Activities.

Assets are reviewed regularly for significant damage and appropriate remedial works are carried out wherever possible to preserve the assets or prevent further deterioration. See note 6 for further details.

c. Investments

Quoted investments are stated at market value at the balance sheet date. Asset purchases and sales are recognised at date of trade.

Unquoted pooled financial investments are valued based on the number of units held and the price per unit provided by the custodian or fund manager. These net asset valuations are calculated independently by third party administrators and are subject to annual audit.

Private investments are held through funds managed by private investment groups. As there is no identifiable market price for private investment funds, these funds are included at the most recent valuations from the private investment groups and adjusted for cash flows if the valuation is not available at the balance sheet date.

The annual market valuation of Barts Charity's investment properties has been carried out in accordance with the Royal Institution of Chartered Surveyors Valuation – Global Standards 2020, incorporating the IVSC International Valuation Standards. The valuations were carried out by Alexander Reece Thomson LLP, Chartered Surveyors, who have been instructed as external valuer to value Barts Charity's freehold and long leasehold interests at 31 March 2020. They have reported their opinion of the aggregate of the values of Barts Charity's interest in the individual buildings.

Due to the market dislocation caused by the outbreak of Covid-19 the Royal Institute of Chartered Surveyors have provided guidance to surveyors to state that all valuation reports should refer to the "material uncertainty" relating to the assumptions applied to the valuation methodologies. It is anticipated that this will improve as lockdown eases and the impact on the property market becomes clearer.

1.9 Realised and unrealised gains and losses

Realised and unrealised gains and losses on investment assets are included in 'gains and losses on investment assets' within the Statement of Financial Activities.

1.10 Financial Instruments

Basic financial instruments are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The Statement Of Financial Activities includes the net gains and losses arising on revaluation and disposals throughout the year. The Charity does not acquire put options, derivatives or other complex financial instruments directly. Where individual investment managers have discretion to use financial instruments, valuation is in line with market practice.

NOTES TO THE ACCOUNTS

for the year ended 31 March 2020

1.11 Pensions contributions

The cost of employer contributions to the NHS Pension Scheme and the Defined Contribution Scheme, is charged to the Statement of Financial Activities.

Certain past and present employees are covered by the provisions of the NHS Pensions Scheme. Details of benefits payable under these provisions can be found on the NHS Pensions website (www.nhsbsa.nhs.uk/nhs-pensions). The Scheme is an unfunded, defined benefit scheme, preparing its own statements, that covers NHS employers, general practices and other bodies allowed under the direction of the Secretary of State, in England and Wales. The Scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying Scheme assets and liabilities. Therefore, the Scheme is accounted for as if it were a defined contributions scheme: the cost to an NHS body of participating in the Scheme is taken as equal to the contributions payable to the Scheme.

Applicable rates for employee contributions for the NHS Pension Scheme ranged from 12.5% to 13.5% for 2019/20 and 2018/19. Employer contributions were 14.38% for both 2019/20 and 2018/19.

Employees employed after 1 April 2011 can choose to belong to a Defined Contribution Scheme which is a Group Personal Pension Scheme.

For 2019/20 the rates of employer contribution for the Defined Contribution Scheme were 10% for directors and 8% for other staff (2018/19 9% and 7% respectively). Employee contributions are voluntary.

2 Details of voluntary income

	Unrestricted funds	Restricted funds	Endowment funds	2020 Total funds	2019 Total funds
	£000	£000	£000	£000	£000
Donations	152	3,926	0	4,078	1,884
Legacies	82	680	0	762	756
Other	0	0	0	0	272
Total 2020	234	4,606	0	4,840	2,912
Total 2019	123	2,789	0		2,912

Voluntary income in 2019/20 included one substantial donation of £2.4m, there were no donations of a similar value in 2018/19.

NOTES TO THE ACCOUNTS

for the year ended 31 March 2020

3.1 Details of charitable activities by funding source

	Grant-funded activity	Activities undertaken directly	Staff and support costs	2020 Total funds	2019 Total funds
	£000	£000	£000	£000	£000
Research	17,354	0	854	18,208	19,783
Enhancement in service delivery	7,870	144	420	8,434	9,003
Innovation and training	201	196	54	451	821
Patient and community engagement	571	4	29	604	912
Others	0	800	179	979	723
Total	25,996	1,144	1,536	28,676	31,242
Reversal of prior years' grants (a)	(215)	0	0	(215)	(577)
Total after reversal of prior years' grants	25,781	1,144	1,536	28,461	30,665
Total for 2019	27,965	1,224	1,476		30,665

(a) Reversal of prior years' grants reflects underspend across various projects. Although Barts Charity maintains regular contact with grantholders, there are occasions when planned expenditure is not achievable and the related grant accrual is reversed.

3.2 Direct charitable expenditure by institution

	2020 Total	2019 Total
	£000	£000
Barts Health NHS Trust	14,511	2,897
Barts and The London School of Medicine and Dentistry	10,854	25,057
Other	416	11
Grant funded activity	25,781	27,965
Activities undertaken directly for benefit of patients at Barts Health NHS Trust	1,144	1,224
Total grants awarded	26,925	29,189

The £26,925m of grants awarded does not include Barts Charity staff and support costs allocated to charitable activities.

A detailed list of grants paid to institutions during the year can be obtained on application to Barts Charity's office at 12 Cock Lane, London, EC1A 9BU.

3.3 Grants paid to individuals

No grants were paid to individuals in 2019/20 or 2018/19.

NOTES TO THE ACCOUNTS

for the year ended 31 March 2020

3.4 Auditor's remuneration

In 2019/20, the external auditor was paid £51,960 (inclusive of VAT) in respect of the audit of statutory accounts (£50,400 in 2018/19).

Additional costs for assurance services and tax advice for the financial year to March 2020 were £nil and £3,998, respectively (£26,400 and £nil, respectively, in 2018/19).

3.5 Expenditure including support costs

	Cost of Raising Funds				2020 Total	2019 Total
	Fundraising	Investment management	Property	Charitable activity	£000	£000
	£000	£000	£000	£000	£000	£000
Direct Costs	246	1,870	367	26,925	29,408	31,538
Salary costs	633	110	101	1,013	1,857	1,710
Apportionment of other overheads	345	55	50	523	973	1,015
Total support costs	978	165	151	1,536	2,830	2,725
Charitable expenditure 2019/20	1,224	2,035	518	28,461	32,238	34,263
Direct Costs	61	1,891	397	29,189		31,538
Salary costs	563	95	122	930		1,710
Apportionment of other overheads	342	56	71	546		1,015
Total support costs	905	151	193	1,476		2,725
Charitable expenditure 2018/19	966	2,042	590	30,665		34,263

Where possible, costs have been directly allocated to one of the above categories. Of total overheads, 68% were allocated in this manner for 2019/20 (63% in 2018/19). The remainder, relating to general office costs, has been allocated on the basis of staff time.

Support costs include governance costs of £179,550 for 2019/20 (£186,808 in 2018/19).

Restricted expenditure amounted to £7.19m for 2019/20 (£4.66m for 2018/19).

4.1 Analysis of staff costs

	2020 Total	2019 Total
	£000	£000
Salaries and wages	1,552	1,443
Social security costs	173	152
Other pension costs	132	115
Total	1,857	1,710
Average monthly number of full time equivalents	32	31
Average head count	33	32

Staff costs include restructuring costs of £24,277 (£46,885 in 2018/19).

NOTES TO THE ACCOUNTS

for the year ended 31 March 2020

4.2 Pension contributions for higher paid employees

The following pension contributions were made for employees within the annual emolument ranges indicated:

£	Value of contributions £000	Number of staff receiving contributions
60,000 to 70,000	16	2
80,001 to 90,000	11	2
90,001 to 100,000	13	1
100,001 to 110,000	8	1
150,001 to 160,000	15	1

4.3 Higher paid employees

The following number of employees received emoluments falling within the ranges indicated:

£	2020	2019
60,000 to 70,000	2	2
70,001 to 80,000	0	0
80,001 to 90,000	2	0
90,001 to 100,000	1	1
100,000 to 110,000	1	0
130,001 to 140,000	0	1
140,001 to 150,000	0	0
150,001 to 160,000	1	1

Key management personnel (the senior management team of the charity) received aggregate employee benefits of £767,115 in 2019/20 (£692,467 in 2018/19).

NOTES TO THE ACCOUNTS

for the year ended 31 March 2020

5 Fixed assets

	Fixtures, fittings and equipment £000	Intangible assets £000	Total £000
Fixed assets: Intangible and tangible			
Tangible and intangible fixed assets:			
Balance at 31 March 2019	122	334	456
Additions	35	61	96
Write off	0	(240)	(240)
Balance at 31 March 2020	157	155	312
Accumulated depreciation:			
Balance at 31 March 2019	39	280	319
Charge for the year	29	31	60
Write off	0	(240)	(240)
Balance at 31 March 2020	68	71	139
Net Book Value at:			
31 March 2020	89	84	173
31 March 2019	83	54	137

6 Heritage assets

	2020 £000	2019 £000
Valuation at start of year	16,600	14,428
Revaluation	0	2,172
Valuation at end of year	16,600	16,600
	2020 £000	2019 £000
Type of heritage assets:		
Antique furniture	1,253	1,253
Paintings, prints and drawings	8,792	8,792
Books and manuscripts	3,003	3,003
Other	3,552	3,552
Total	16,600	16,600

Paintings, prints and drawings include two William Hogarth paintings which have been valued at £3m and £2.6m (£3m and £2.6m, respectively in 2018/19).

Other heritage assets include clocks, barometers, works of art, sculptures, ceramics, glass, silver and gold.

Heritage Assets are revalued every 5 years with the most recent valuation being for March 2019. Prior to this, the asset valuations for 2013/14, 2014/15, 2015/16, 2016/17 and 2017/18 were based on the March 2014 valuation which was £14.428m. (See note 1.8b).

NOTES TO THE ACCOUNTS

for the year ended 31 March 2020

7.1 Analysis of fixed asset investments

	Property	Financial	2020 Total	2019 Total
	£000	£000	£000	£000
Fixed asset investments				
Market value at 1 April 2019	108,581	337,785	446,366	436,266
Less: Disposals at carrying value	(15,650)	(105,135)	(120,785)	(52,527)
Add: Acquisitions at cost	106	122,573	122,679	47,922
Net (loss)/gain on revaluation	1,614	(29,962)	(28,348)	14,705
Market value at 31 March 2020	94,651	325,261	419,912	446,366
Cash held as part of the investment portfolio	0	959	959	581
Total	94,651	326,220	420,871	446,947

Cash is held as part of the investment portfolio predominantly to fund private investment capital calls.

7.2 Investments

	2020 Total	2019 Total
	£000	£000
Market value at 31 March:		
Investment properties	94,651	108,581
Investments listed on stock exchange	279,660	298,728
Private investments	45,379	38,595
Cash and money market funds held as part of the investment portfolio	1,181	1,043
Total	420,871	446,947

Financial investments held at 31 March 2020 include 16 unit trust funds, representing 86% of the total value, and 24 separate private investments (in 2018/19 16 unit trust funds representing 88% and 20 separate private investments).

Cash held as part of the investment portfolio includes £222,000 held in instant access money market fund (£462,000 in 2018/19).

7.3 Analysis of gross income from investments

	2020 Total	2019 Total
	£000	£000
Investment properties	5,570	5,489
Investments listed on stock exchange	6,306	7,644
Private investments	2,986	1,668
Interest on cash held as part of the investment portfolio	73	31
Total	14,935	14,832

Accounting for lease incentives increased investment property income by £162,157 in 2019/20 (£90,000 in 2018/19); see note 1.6.

Restricted investment income amounted to £169,000 in 2019/20 (£153,000 in 2018/19).

NOTES TO THE ACCOUNTS

for the year ended 31 March 2020

8.1 Analysis of debtors

	2020 £000	2019 £000
Amounts falling due within one year as at 31 March:		
Trade debtors	2,176	1,064
Prepayments	150	152
Accrued income	2,864	3,130
Other debtors	27	4
Total	5,217	4,350

Accrued income largely relates to income on financial investments and amortisation of rent free period for related leases. (see note 1.6).

Included within accrued income is an amount of £1.04m which relates to rent amortisation due to be released after more than 1 year (31 March 2019 £0.96m).

8.2 Operating Lease

The Charity generates income from leasing out space within its investment properties. The future minimum lease payments receivable under non-cancellable operating leases are:

	2020 £000	2019 £000
Not later than one year	5,161	5,430
Later than one year and not later than five years	11,850	15,080
Later than five years	21,626	22,510
Total	38,637	43,020

Future minimum lease payments include £24.7m from a 45 year lease, granted in December 2014.

9.1 Analysis of creditors

	2020 £000	2019 £000
Amounts falling due within one year as at 31 March:		
Trade creditors	1,019	894
Other creditors	192	203
Grant accruals	34,013	21,687
Deferred income	1,159	1,279
Total	36,383	24,063

Deferred income represents rent billed to the tenants in advance for the first quarter of the following financial year.

Prior period deferrals were released in FY2019/20.

NOTES TO THE ACCOUNTS

for the year ended 31 March 2020

9.2 Total creditors falling due after more than one year at 31 March:

	2020	2019
	£000	£000
Grant accruals	46,632	45,930
Total	46,632	45,930

Consideration has been taken of the time effect of money on these future commitments, however given that the value is immaterial no adjustment is necessary.

9.3 Operating lease commitments

At 31 March 2020 Barts Charity were committed to making the following payments in respect of operating leases:

	2020	2019
	£000	£000
Not later than one year	210	210
Later than one year and not later than five years	105	315
Total	315	525

10.1 Analysis of funds

Endowment funds	Balance 31 March 2019	Gains and losses	Balance 31 March 2020
	£000	£000	£000
FY19/20			
Expendable endowments	287,975	(19,383)	268,592
Permanent endowments:			
H F Bailey	7,142	(693)	6,449
Aylwen Bursaries	2,590	(251)	2,339
Edward Hewlett	2,127	(206)	1,921
JJ Guthrie Blandford and George Shuter Staff Benefit	1,872	(182)	1,690
Hannington	838	(81)	757
David Hughes	623	(60)	563
Bailey City & Hackney	263	(26)	237
Hamblen Thomas	261	(25)	236
MacCready Mann	258	(25)	233
Levy Family	223	(22)	201
10 Funds each under £200k	1,005	(100)	905
Total	305,177	(21,054)	284,123

NOTES TO THE ACCOUNTS

for the year ended 31 March 2020

Endowment funds	Balance 31 March 2018	Gains and losses	Balance 31 March 2019
	£000	£000	£000
FY18/19			
Expendable endowments	276,215	11,760	287,975
Permanent endowments:			
H F Bailey	6,792	350	7,142
Aylwen Bursaries	2,463	127	2,590
Edward Hewlett	2,023	104	2,127
JJ Guthrie Blandford and George Shuter Staff Benefit	1,780	92	1,872
Hannington	797	41	838
David Hughes	593	30	623
Bailey City & Hackney	250	13	263
Hamblen Thomas	248	13	261
MacCready Mann	245	13	258
Levy Family	212	11	223
M A E L Jones	196	10	206
9 Funds each under £200k	761	38	799
Total	292,575	12,602	305,177

Note 1.5 on page 26 provides further details of the endowment fund structure. There were no other resources received, expended or transferred in FY2019/20.

Expenses have not been charged to the endowment funds. Due to the historic nature of these, there is not certainty that the terms of the trust of the endowed gift would allow this. In conjunction with ongoing works to consider the provenance of these funds, we continue to review this methodology.

In April 2020 the Charity Commission approved a Board resolution to remove the restriction on spending capital in the JJ Guthrie Blandford and George Shuter Staff Benefit Fund in order to fund response to the Covid19 pandemic. The Charity is conducting a review to consider if similar resolutions are appropriate for other permanent endowment funds so as to render more them expendable.

Name of fund	Nature and purpose of each fund
Expendable endowments	For purposes relating to NHS hospitals
Permanent endowments:	
H F Bailey	For children's services
Aylwen Bursaries	Funding of research bursaries
Edward Hewlett	General purposes
JJ Guthrie Blandford and George Shuter Staff Benefit	Staff benefit
Hannington	General purposes
David Hughes	General purposes
Bailey City & Hackney	For children's services
Hamblen Thomas	For children's services
MacCready Mann	Research purposes
Levy Family	General purposes, Royal London Hospital

NOTES TO THE ACCOUNTS

for the year ended 31 March 2020

10.2 Restricted funds

FY19/20	Balance 31 March 2019	Income	Expenditure	Gains and losses	Transfers between funds	Balance 31 March 2020
	£000	£000	£000	£000	£000	£000
Material funds						
Cardiac fund	792	2,470	(926)	0	(1)	2,335
Inflammatory Bowel Disease Research	1,411	0	(230)	0	0	1,181
Margaret Centre	1,204	33	(232)	0	(13)	992
Gastroenterology Whipps Cross	645	0	0	0	0	645
Funds £400k-£500k (1)	439	4	(15)	0	0	428
Funds £300k-£400k (7)	2,731	491	(877)	0	0	2,345
Funds £200k-£300k (9)	2,299	301	(394)	0	(19)	2,187
Funds £100k-£200k (19)	2,906	197	(519)	0	(2)	2,582
Others (493)	7,669	1,279	(3,994)	0	(44)	4,910
Total	20,096	4,775	(7,187)	0	(79)	17,605

FY18/19	Balance 31 March 2018	Income	Expenditure	Gains and losses	Transfers between funds	Balance 31 March 2019
	£000	£000	£000	£000	£000	£000
Material funds						
Inflammatory Bowel Disease Research	1,484	0	(73)	0	0	1,411
Margaret Centre	1,219	38	(53)	0	0	1,204
JJ Guthrie Blandford and George Shuter Staff Benefit	1,776	53	(716)	0	0	1,113
Cardiac fund	898	328	(441)	0	7	792
Cardiovascular Device & therapeutic innovation hub	375	375	0	0	0	750
Gastroenterology Whipps Cross	645	0	0	0	0	645
Funds £400k-£500k (1)	497	19	(77)	0	0	439
Funds £300k-£400k (6)	2,117	75	(121)	0	0	2,071
Funds £200k-£300k (9)	2,675	467	(963)	0	96	2,275
Funds £100k-£200k (22)	2,694	441	(167)	0	75	3,043
Others (525)	7,485	1,146	(2,051)	0	(227)	6,353
Total	21,865	2,942	(4,662)	0	(49)	20,096

Note 1.5 on page 26 provides further details of the restricted fund structure.

There was no allocation of interest or expense to the funds in FY2019/20, given that they are funded from readily available cash.

The Charity has commenced a review of its restricted funds at hospital sites. The target is to consolidate these into fewer funds with more flexible purposes at each site in order to promote more effective expenditure. Finalised changes will be reported in FY2020/21.

NOTES TO THE ACCOUNTS

for the year ended 31 March 2020

Details of material funds

Name of fund	Nature and purpose of each fund
Cardiac Fund	Treatment of and research into cardiac disease
Inflammatory Bowel Disease Research	Research into Inflammatory Bowel Disease
Margaret Centre	Provision of palliative care at the Margaret Centre at Whipps Cross hospital
Gastroenterology Whipps Cross	Gastroenterology department at Whipps Cross

10.3 Designated funds

	Balance 31 March 2019	Income	Expenditure	Transfer between funds	Balance 31 March 2020
	£000	£000	£000	£000	£000
Material funds					
Cardiac fund	122	0	0	0	122
Whipps Cross General fund	92	0	(3)	39	128
Funds up to 100k (3)	157	0	(5)	0	152
Total	371	0	(8)	39	402

Total for 2018/19	746	0	(100)	(275)	371
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Details of material funds

Name of fund	Nature and purpose of each fund
Cardiac fund	Treatment of and research into cardiac disease
Whipps Cross General Fund	General purposes, Whipps Cross Hospital

10.4 Details of transfer between funds

	Unrestricted funds	Designated funds	Restricted funds	Endowment funds
	£000	£000	£000	£000
Total transfer between funds	40	39	(79)	0

These reflect funds which have been reclassified, or where restricted donations have been used to fund grants awarded from unrestricted funds.

NOTES TO THE ACCOUNTS

for the year ended 31 March 2020

10.5 Prior year distribution of net assets and gains/losses

	Unrestricted funds	Restricted funds	Endowment funds	2019 Total funds
	£000	£000	£000	£000
Distribution of net assets between funds				
Total fixed assets	133,448	25,059	305,177	463,684
Current assets	17,385	393	0	17,778
Current liabilities	(20,218)	(3,845)	0	(24,063)
Creditors: amounts falling due after more than one year	(44,419)	(1,511)	0	(45,930)
Total net assets	86,196	20,096	305,177	411,469
Net gains on investments and heritage assets	4,650	0	12,602	17,252

11.1 Notes to the Cash Flow Statement

	2020	2019
	£000	£000
Net cash used in operating activities		
Net (expenditure)/income for the period	(39,870)	733
Adjustments for:		
Losses/(gains) on revaluation and disposal of investment assets	27,407	(15,080)
Losses/(gains) on revaluation and disposal of heritage assets	0	(2,172)
Investment income	(14,935)	(14,832)
Depreciation charges	60	92
(Increase)/decrease in debtors	(140)	96
Increase in creditors	13,139	17,040
Cash outflow from operating activities	(14,339)	(14,123)

11.2 Analysis of changes in cash and cash equivalents

	Balance 2019	Movement	Balance 2020
	£000	£000	£000
Cash in hand and at bank	13,428	(1,675)	11,753
Total cash and cash equivalents	13,428	(1,675)	11,753

12.1 Trustee and connected persons transactions

Trustee expenses reimbursed

One Trustee was reimbursed for hospitality expenses in 2019/20 of £373 (one trustee reimbursement of £583 2018/19).

12.2 Trustee remuneration

No Trustee received remuneration in either 2019/20 or 2018/19.

12.3 Trustee indemnity insurance

	2020	2019
	£	£
Premiums paid by Barts Charity during the reporting period	1,417	1,288

13 Related party transactions

The total amount of related party donations made, without conditions, was £10,353 (donations of £4,400 2018/19).

During the year, Barts Charity made revenue and capital grants totalling £14.5m and £10.9m to Barts Health NHS Trust and Barts and The London School of Medicine and Dentistry, respectively (2018/19 £2.9m and £25.1m respectively).

Ian Peters is a Trustee and Chairman of Barts Health NHS Trust.

A number of Trustees are employed by Barts Health Trust and the Barts and The London School of Medicine and Dentistry.

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