



## THE VICTORIA FOUNDATION

Company number: 1946612  
Charity registration number: 292841

### **Subsidiary: The New Victoria Hospital Limited**

Company number: 5903364  
Charity registration number: 1141784

## TRUSTEES' REPORT AND CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020

<b>Pages</b>	<b>Contents</b>
2	Legal and administrative information
3 -9	Trustees' report
10 - 12	Report of the auditor
13 - 14	Statements of financial activities
15	Balance sheets
16	Cash flow statement
17 - 37	Notes to the accounts



## THE VICTORIA FOUNDATION

### LEGAL AND ADMINISTRATIVE INFORMATION

#### TRUSTEES

Chairman

J A Hamblin (Chairman)  
G A R Ball  
D Cassidy  
A R Cooke  
M A Matthews  
E Ofu  
L Votier

#### OFFICERS

Chief Executive  
Director of Fundraising

G A R Ball  
L Votier

#### REGISTERED OFFICE

St. David's House  
15 Worple Way  
Richmond-Upon-Thames  
Surrey TW10 6DG

#### COMPANY NUMBER

1946612

#### CHARITY REGISTRATION NUMBER

292841

#### AUDITOR

Menzies LLP  
Chartered Accountants  
Centrum House  
36 Station Road  
Egham  
Surrey TW20 9LF

#### BANKERS

HSBC Bank plc  
54 Clarence Street  
Kingston upon Thames  
Surrey KT1 1NS

#### INVESTMENT ADVISORS

The Charities Property Fund  
Savills Investment Management  
33 Margaret Street  
London W1G 0JD

#### SOLICITORS

Stone King LLP  
Boundary House, 91 Charterhouse Street  
Clerkenwell  
London EC1M 6HR



## THE VICTORIA FOUNDATION

### TRUSTEES' REPORT

The Trustees are pleased to present their report and the audited accounts of the Company for the year ended 31 March 2020.

The Company has chosen in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out within the company's strategic report the Company's Strategic Report Information required by Schedule 7 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulation 2008. This includes information that would have been included in the business review and details of the principal risks and uncertainties.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association and Accounting and Reporting Statement of Recommended Practice applicable in the UK and Republic of Ireland, FRS 102 which was effective from 1<sup>st</sup> January 2015.

### Principal activity and history

The Charity's principal activities are the funding of charitable healthcare activities through grants and the operation of its wholly owned subsidiary, The New Victoria Hospital Limited.

The Victoria Foundation and the New Victoria Hospital share the same objects, namely:

**“to promote good health and to relieve ill-health, particularly (without limitation) by providing, or assisting in the provision of, medical and surgical advice and treatment, medical and surgical equipment, and the training and education of medical, nursing, and para-medical staff.”**

The New Victoria Hospital, located in Kingston upon Thames, has had a long and distinguished history as a voluntary and charitable institution. The original Victoria Hospital was established as a voluntary hospital in 1898 and, after serving the local population for 50 years, was incorporated into the National Health Service upon its creation in 1948.

As a result of popular demand the New Victoria Hospital was constituted as a charity in 1951 to establish a new independent hospital with the same charitable aims as the original hospital. Coombe Manor, the original part of the property which is still occupied by the Hospital, was purchased in 1955 and the Hospital was opened in 1958.

Thereafter The Victoria Foundation (then named The New Victoria Hospital Limited) owned and operated the Hospital as a charitable institution for almost 50 years until 2007 when it was sold to a commercial operator to enable significant investment. The proceeds raised were used for it to become a significant grant-giving healthcare charity, ultimately named the Victoria Foundation.

In 2011 The Victoria Foundation re-purchased the Hospital and the Hospital was re-registered as a charity in May 2011.

Following the refurbishment of the wards in 2013, the second phase of the redevelopment opened in October 2016 consisting of a fourteen bed day surgery unit, four new theatres, a dedicated high dependency unit and a new 128 slice CT scanning facility, replacing the obsolete scanner. The final phase, being the redevelopment of the outpatient department and main reception, was completed in April 2019.

The Charity raises funds through direct donations as well as hosting key events during the year, including an annual challenge and fundraising in the community. The monies raised are distributed

## THE VICTORIA FOUNDATION

through grants to four key sectors identified as being potential gaps in the current provision by the State:

- Mobility aids – supporting those who suffer from diseases that affect their mobility in both their recreational and rehabilitation needs by providing support where financial constraints do not allow the private purchase of mobility aids.
- Accessible transport – helping residents of the London Boroughs of Richmond and Kingston suffering from any medical condition that renders conventional transport either inaccessible or inappropriate.
- Medical Toolkit Grants and Elective Bursaries – supporting wider participation in medicine by awarding Toolkit Grants to students studying at universities throughout the UK for the purchase of books and medical instruments as well as grants to help meet travel costs of placements and Elective Bursaries overseas.
- Medical assistance – provision of access to free medical treatment, for residents of the London Boroughs of Richmond and Kingston, at the New Victoria Hospital in Kingston for those in financial hardship where treatment is not readily available on the NHS and where the treatment would be life enhancing together with other financial assistance for medical purposes.

The Trustees have due regard to the Charity Commission's guidance on public benefit.

The New Victoria Hospital continues to play a significant role in the local healthcare economy relieving pressure on local NHS facilities. In addition, the Hospital provides agreed free hospital services and explores new avenues in the provision of healthcare for public benefit.

As a charitable organisation the Hospital prides itself in providing “excellent care for your health” delivered through the recruitment and retention of excellent staff and consultants, supported by private medical insurers and competitive fixed price self-pay packages and significant investment in infrastructure and technology.

## Strategic Report

### Achievements and performance

The Charity has focused its energies on raising funds through a number of community events as well as the Annual Charity Ball which was held in December at the Twickenham Rugby Ground. The Charity also benefitted from a cycling and trekking challenge in Spain. Notes 3 and 6a to the accounts provide details of donations and grants given in the financial year.

The Hospital has continued to provide excellent patient care, with average patient satisfaction scores of the highest ratings during 2019/20. In total 98% of patients rated their overall quality of care, nursing care and consultant care as excellent, very good or good whilst 97.9% would be likely or extremely likely to recommend the Hospital to family and friends.

The third and final phase of the Hospital's redevelopment programme, the building of a new Outpatient Department and Main Reception was completed in April 2019. The funding was provided by the Victoria Foundation and by HSBC plc, who continue to be supportive of the Hospital's trading.

### Significant Post Balance Sheet Matter

The impact of Covid 19 on the Hospital during the year under review was not material. Subsequently it has had a significant effect upon the manner in which the Hospital has delivered its service to patients. The provision of PPE, the establishment of an enhanced cleaning regime and other changes in working practices have increased its cost base. However, the impact of the NHS England contract



## THE VICTORIA FOUNDATION

to assist in the provision of surgery, the first of which expires on the 31<sup>st</sup> December 2020, has had a positive effect in terms of the number of patients treated and therefore on the level of income.

### Financial review

The Victoria Foundation raised £271,342 through fundraising and donations in the year (2019 - £198,000). The key events were the Annual Charity Ball, which raised £84,565, and the Spanish Challenge which raised £27,580. In addition, Fundraising in the Community raised £15,530. Investment income was received from the restricted legacy from Charles Anthony Blackwell of £8,713 in support of medical bursaries and £13,592 from the London Community Foundation as detailed in Note 7.

Realised and Unrealised Gains/(Losses) on the Foundation's investment portfolio during the year were £(6,021) (2019 - £6,465).

The Victoria Foundation distributed grants in the year totalling £195,517 (2019 - £155,353), details of which are shown in Note 6.

The Victoria Foundation Trustees are fully committed to safeguarding the character and ethos of the Hospital for the benefit of patients, consultants and staff to meet the Charity's objects and have provided part of the funding required for the completed redevelopment, exhausting their investment funds. In further support, the Trustees waived their interest charge on the intragroup loan from April 2017 and have reduced to £100k the interest payable per annum on the deferred consideration.

HSBC plc, the main lender, also remains fully supportive throughout the redevelopment having granted forbearance on the current loan repayments from March 2017, until December 2021. In addition, it has provided an overdraft facility, now £3.4m, but reducing to £2.5m in December 2020, to support operational cash flows. In addition, HSBC have agreed that the overdraft interest will accrue from August 2018 until March 2020 reverting to monthly payments from April. Full repayment of the HSBC loans, accrued interest and deferred arrangement fees is due in December 2021.

The Statement of Financial Activities on page 13 provides the detail of financial performance.

Total incoming resources, were £18.7m in the year (2019 - £16.9m).

Total resources expended were £20.9m (2019 - £18.4m).

Net outgoing resources for the year were £3,564,000 (2019 - £1,428,000).

A Trustees' valuation of the Hospital was carried out in October 2017 which was supported by professional independent advisers. The Hospital has been valued in excess of £50m when trading at full capacity.

Following this valuation and the increased debt exposure with HSBC totalling £39.9m, the Trustees of the Victoria Foundation agreed to fully provide against its intra group loan in 2017, which is subordinated to its HSBC loan facilities, and against the value of the shareholding with the New Victoria Hospital in the Charity accounts. A further provision of £200,000 was required in 2019.

### Reserves and going concern

The movement in reserves in the year is set out in note 16 to the accounts. Total reserves at 31<sup>st</sup> March 2020 were negative at £11,478,000, (2019 – negative at £7,912,000).

It has been the aim of the Trustees to redevelop the New Victoria Hospital since its re-acquisition in 2011. The Charity's bankers, HSBC plc have provided loan and overdraft facilities of £38.5m to enable the completion of the redevelopment in April 2019.



## THE VICTORIA FOUNDATION

The costs of construction and delays in completion of the redevelopment impacted not only on the overall project cost but also on the operational cash flow requirements. The Foundation has provided support which has exhausted the funds available from its investments.

Having reviewed and formally agreed the forecasts prepared in November 2020 and Facility documentation for continued funding, the Trustees believe, to the best of their knowledge, that the Hospital remains a going concern for the 12 month period from the date of approval of the accounts. The Trustees are committed to the Strategy Plan prepared by the Trustees of the Hospital which is integral to the forecast and to ensuring that adequate funding is in place to meet HSBC's repayment requirement in December 2021.

Despite the diminution of the Foundation's investment portfolio, income generated from rental income from its freehold property together with the interest from the Hospital and other donations enable it to meet its operational costs. On this basis, the Trustees believe, to the best of their knowledge, that the Foundation remains a going concern for the 12 month period from the date of approval of these financial statements and, accordingly the financial statements have been prepared on a going concern basis.

### Plans for future periods

The Victoria Foundation will continue its fundraising activities to support its causes through the current year.

The Victoria Foundation remains a significant local charity able to pursue its objectives of doing valuable works within the field of medicine.

## Structure, Governance, and Management

### Governing Document

The Charity was originally established by a declaration of trust and subsequently incorporated as a company limited by guarantee in 1985. Its governing documents are the Company's Memorandum and Articles of Association. The objects of the Charity, as detailed on page 3, are stated in its governing document.

### Organisational structure

#### Trustees / Directors

The Trustees are also the Directors of the Charity for the purposes of company law, and as such are responsible for the management of the Charity's affairs and its future strategy. The Trustees meet at least six times per annum at which meetings the Chief Executive and Finance Director of the New Victoria Hospital attend in their capacity as officers of the Hospital. The Trustees review the financial and operational performance of the Charity and the Hospital as well as the financial governance and quality assurance of both.

The Trustees who served during the year or who have retired or been appointed subsequently are:

J A Hamblin \*  
G A R Ball \*  
D Cassidy  
A R Cooke \*  
M A Matthews \*

Chairman  
Chief Executive  
(Appointed 27<sup>th</sup> November 2019)

## THE VICTORIA FOUNDATION

C P Lyons  
E Ofo  
L Votier

(Retired 30<sup>th</sup> April 2020)

(Appointed 30<sup>th</sup> April 2020)

The Trustees are sad to report the death of one of the Trustees P Hope on 31<sup>st</sup> March 2020.

\* Four of the Foundation Trustees are also Trustees of the New Victoria Hospital Limited.

### **Rotation, recruitment and appointment and induction of trustees**

The Trustees consider it essential that the Board of Trustees is strong, well-balanced and effective comprising members with the requisite professional skills and experience in healthcare or local services to properly represent users of the Charity's services.

As in many large charities this process has successfully relied on Trustees' recommendations and their access to potential candidates in other healthcare and local organisations. In order to maintain its exacting standards, the Board's skill mix is reviewed regularly and Trustee recruitment aligned.

An induction programme is provided to all new Trustees. They are advised of their responsibilities as Trustees and Directors, including their legal obligations under charity and company law and the Charity Commission guidance on public benefit, given copies of the Charity's governing documents, and are appraised of the Charity's aims and activities, current financial performance and its plans for the future. All Trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

### **Statement of Trustees' responsibilities**

The Board of Trustees is responsible for the approval of the annual accounts, ensuring compliance with the Charities Act 2011, the Companies Act 2006 and the Charity's Memorandum and Articles of Association and Accounting and the Reporting Statement of Recommended Practice applicable in the UK and Republic of Ireland, FRS 102 which was effective from 1st January 2015.

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view.

In preparing those financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- ensure compliance with the methods and principles in the Memorandum and Articles of Association and Accounting and the Reporting Statement of Recommended Practice applicable in the UK and Republic of Ireland, FRS 102 which was effective from 1st January 2015.
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- there is no relevant audit information of which the Company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves

## THE VICTORIA FOUNDATION

aware of any relevant audit information and to establish that the auditor is aware of that information.

Details of Trustees' interests in contracts and related party transactions are given in note 19 to the accounts.

### Delegated Authority

Responsibility for the day-to-day management of the Charity is delegated by the Board to Mr Ball as Chief Executive. Mr Ball is a Trustee of the New Victoria Hospital Limited and is also Executive Chairman. Three other Trustees, Mr Hamblin, Mr Cooke and Mr Matthews, are also Trustees of the New Victoria Hospital Limited.

The Trustees of The Victoria Foundation delegate the responsibility for all matters related to the New Victoria Hospital to the Board of the New Victoria Hospital. The Board and the Executive Team of the New Victoria Hospital are responsible for ensuring that all information required by the Trustees of The Victoria Foundation is provided through the appropriate channels.

### Audit and Finance Committee

The Audit and Finance Committee is a joint committee of The Victoria Foundation and the New Victoria Hospital and comprises Trustees of both charities. The Chief Executive and Finance Director of the New Victoria Hospital are also members. The Committee meets as required and its purpose is to:

- Review and challenge where necessary the financial reporting within The Victoria Foundation and the New Victoria Hospital.
- Review compliance with the financial covenants.
- Review the budgeting and forecasting process.
- Keep under review the adequacy and effectiveness of the Companies' internal controls and risk management systems.
- Consider and make recommendations to the Board in relation to the appointment of the companies' external auditor.
- Ensure financial and ethical controls are in place when agreeing the annual pay increase for staff including that for senior staff members and for bonus payments.

### Risk Management

The Trustees have a duty to identify and review the risks to which the Charity is exposed and to ensure that appropriate controls are in place to provide reasonable assurance against fraud and error. The Trustees review annually the major strategic, business, and operational risks to which the Charity and its subsidiary are exposed and the systems and procedures that have been established to manage or mitigate those risks. The Hospital holds a centralised, comprehensive risk register, which is regularly reviewed by the Trustees of the Hospital and through the governance structure in the Hospital.

The Trustees have identified the following risks to The Victoria Foundation:

- Inability for the Hospital to repay its debt to the Foundation
- Lack of unrestricted funds to meet operational expenses.

In the event that either repayment of the loan or the continued payment of interest by the New Victoria Hospital is not possible, the Trustees are confident that, although currently all funds raised can be utilised for distributions, they will be able to refocus fundraising events to meet necessary operating expenses.



## THE VICTORIA FOUNDATION

The key risk identified by the Trustees of the New Victoria Hospital is its ability to meet the budget for 2020/21 and subsequent forecasts agreed with HSBC. The Trustees and Executive Team are in continual discussion with HSBC regarding financial performance and funding of capital projects. The key risks associated are:

- Meeting the EBITDA and cash flow forecasts agreed in the five year forecast.
- Further capital expenditure requirements which are not currently foreseen.
- The risk of closure caused by an outbreak of Covid 19 within the Hospital or other systemic infection.

### **Auditor**

Menzies LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

The report of the Board of Trustees, including the strategic report, was approved and signed on behalf of the Board of Trustees on 26<sup>th</sup> January 2021.



**Mr J A Hamblin**  
**Chairman**

## THE VICTORIA FOUNDATION

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE VICTORIA FOUNDATION

#### QUALIFIED OPINION

We have audited the financial statements of The Victoria Foundation (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2020 set out on pages 13 to 37. 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, except for the possible effects of matters described in the Basis for Qualified opinions paragraph, the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 March 2020 and of the group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

#### BASIS FOR QUALIFIED OPINION ON FINANCIAL STATEMENTS

With respect to stock having a carrying amount of £617,680 the audit evidence available to us was limited because we did not observe the counting of the physical stock as at 31 March 2020. This was due to the Coronavirus pandemic creating lockdown restrictions and the requisition of the hospital as a Covid-19 safe NHS hospital. Owing to the nature of the group's records, we were unable to obtain sufficient appropriate audit evidence regarding the stock quantities by using other audit procedures.

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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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.

#### MATERIAL UNCERTAINTY RELATING TO GOING CONCERN

We draw attention to the going concern accounting policy on page 17, and the wording contained in the 'Reserves and Going Concern' section of the Trustees Annual Report, both of which indicate that there is a significant uncertainty on the group's ability to repay bank financing due for repayment in December 2021. This material uncertainty casts significant doubt on the group's ability to continue as a going concern beyond December 2021. Our opinion is not modified in respect of this matter.

#### OTHER INFORMATION

The Trustees are responsible for the other information. The other information comprises the information included in the Trustees Annual report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except

## THE VICTORIA FOUNDATION

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.

As described in the basis for qualified opinion section of our report, we were unable to satisfy ourselves concerning the inventory quantities of £617,680 held at 31 March 2020. We have concluded that where the other information refers to the inventory balance or related balances such as cost of sales, it may be materially misstated for the same reason.

### OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

Except for the possible effects of the matter described in the basis for qualified opinion section of our report, in our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report and the Group strategic report have been prepared in accordance with applicable legal requirements.

### MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In respect solely of the limitation on our work relating to stock, described above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records had been kept.

Except for the matter described in the basis for qualified opinion section of our report, in the light of our knowledge and understanding of the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in 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:

- the parent charitable company financial statements are not in agreement with the accounting records; and
- certain disclosures of Trustees' remuneration specified by law are not made.

### RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Trustees' responsibilities statement, 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



## THE VICTORIA FOUNDATION

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 group's and the parent 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 group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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 on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's report.

### USE OF OUR REPORT

This report is made solely to the parent 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

*Janice Matthews*

Janice Matthews FCA

for and on behalf of

### **Menzies LLP**

Chartered Accountants  
Statutory Auditor  
Centrum House  
36 Station Road  
Egham  
Surrey, TW20 9LF

Date: 26-Jan-2021

**THE VICTORIA FOUNDATION**  
**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
**YEAR ENDED 31 MARCH 2020**

		Unrestricted Funds	Restricted Funds	Total Funds	Unrestricted Funds	Restricted Funds	Total Funds
	Note	£ 000	£ 000	2020 £ 000	£ 000	£ 000	2019 £ 000
<b>Income</b>							
Donations and Legacies	3	116	154	270	-	198	198
Provision of hospital services		18,412	-	18,412	16,698	-	16,698
Investment Income	4	28	9	37	25	9	34
<b>Total Income</b>		<b>18,556</b>	<b>163</b>	<b>18,719</b>	<b>16,723</b>	<b>207</b>	<b>16,930</b>
<b>Expenditure</b>							
Cost of raising funds		17	79	96	-	91	91
Expenditure on charitable activities	6a	91	105	196	-	155	155
Provision of hospital services	6b	19,083	-	19,083	17,528	-	17,528
Other		145	-	145	117	-	117
Interest Payable	9	1,442	-	1,442	537	-	537
<b>Total Expenditure</b>		<b>20,778</b>	<b>184</b>	<b>20,962</b>	<b>18,182</b>	<b>246</b>	<b>18,428</b>
Realised / Unrealised Gains / (Losses) on Investments	12	(1)	(5)	(6)	70	-	70
<b>Net Expenditure</b>		<b>(2,223)</b>	<b>(26)</b>	<b>(2,249)</b>	<b>(1,389)</b>	<b>(39)</b>	<b>(1,428)</b>
<b>Other Recognised Gains/(Losses)</b>							
Gain on revaluation of assets	11	(1,317)	-	(1,317)	-	-	-
<b>Net Movement in Funds</b>		<b>(3,540)</b>	<b>(26)</b>	<b>(3,566)</b>	<b>(1,389)</b>	<b>(39)</b>	<b>(1,428)</b>
<b>Reconciliation of Funds</b>							
Total Funds brought forward		(8,519)	607	(7,912)	(7,115)	631	(6,484)
Transfer between Funds		-	-	-	(15)	15	-
<b>Total Funds carried forward</b>		<b>(12,059)</b>	<b>581</b>	<b>(11,478)</b>	<b>(8,519)</b>	<b>607</b>	<b>(7,912)</b>

The statement of financial activities includes all gains and losses recognised in the year.  
All income and expenditure derive from continuing activities.  
The notes on pages 17 to 37 form part of these financial statements.

**THE VICTORIA FOUNDATION**

**CHARITY STATEMENT OF FINANCIAL ACTIVITIES  
YEAR ENDED 31 MARCH 2020**

		Unrestricted Funds	Restricted Funds	Total Funds	Unrestricted Funds	Restricted Funds	Total Funds
	Note	£ 000	£ 000	2020 £ 000	£ 000	£ 000	2019 £ 000
<b>Income</b>							
Donations and Legacies	3	116	154	270	-	198	198
Investment Income	4	128	9	137	150	9	159
<b>Total Income</b>		<b>244</b>	<b>163</b>	<b>407</b>	<b>150</b>	<b>207</b>	<b>357</b>
<b>Expenditure</b>							
Cost of raising funds		17	79	96	-	91	91
Expenditure on charitable activities	6a	91	105	196	-	155	155
Other		145	-	145	119	-	119
Provision for intra group loan		-	-	-	200	-	200
<b>Total Expenditure</b>		<b>253</b>	<b>184</b>	<b>437</b>	<b>319</b>	<b>246</b>	<b>565</b>
Realised / Unrealised Gains / (Losses) on Investments	12	(1)	(5)	(6)	70	-	70
<b>Net Movement in Funds</b>		<b>(10)</b>	<b>(26)</b>	<b>(36)</b>	<b>(99)</b>	<b>(39)</b>	<b>(138)</b>
<b>Reconciliation of Funds</b>							
Total Funds brought forward		814	252	1,066	928	276	1,204
Transfer between Funds		-	-	-	(15)	15	-
<b>Total Funds carried forward</b>		<b>804</b>	<b>226</b>	<b>1,030</b>	<b>814</b>	<b>252</b>	<b>1,066</b>

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

The notes on pages 17 to 37 form part of these financial statements.

THE VICTORIA FOUNDATION


BALANCE SHEETS  
31 MARCH 2020

		GROUP		CHARITY	
	Note	2020	2019	2020	2019
		£ 000	£ 000	£ 000	£ 000
<b>Fixed Assets</b>					
Tangible Fixed Assets	11	28,185	29,788	185	187
Investments	12	715	752	715	752
<b>Total Fixed Assets</b>		<b>28,900</b>	<b>30,540</b>	<b>900</b>	<b>939</b>
<b>Current Assets</b>					
Stock		618	482	-	-
Debtors	13	1,957	1,705	75	10
Cash at Bank and in Hand		72	132	72	132
<b>Total Current Assets</b>		<b>2,647</b>	<b>2,319</b>	<b>147</b>	<b>142</b>
<b>Liabilities</b>					
Creditors falling due within one year	14	42,727	40,341	17	16
<b>Net Current (Liabilities) / Assets</b>		<b>(40,080)</b>	<b>(38,022)</b>	<b>130</b>	<b>126</b>
<b>Total Assets less Current Liabilities</b>		<b>(11,180)</b>	<b>(7,482)</b>	<b>1,030</b>	<b>1,065</b>
Creditors: falling due after more than one year	15	298	430	-	-
<b>Net (Liabilities) / Assets</b>		<b>(11,478)</b>	<b>(7,912)</b>	<b>1,030</b>	<b>1,065</b>
<b>Capital and Reserves</b>					
Revaluation Reserve					
Restricted Funds	16	581	607	226	251
Unrestricted Funds	16	(12,059)	(8,519)	804	814
<b>Total Capital and Reserves</b>		<b>(11,478)</b>	<b>(7,912)</b>	<b>1,030</b>	<b>1,065</b>

The accounts were approved by the Board of Trustees and authorised for issue on 26<sup>th</sup> January 2021.



J A Hamblin  
Chairman and Trustee



G A R Ball  
Trustee

The notes on pages 17 to 37 form part of these financial statements.

**THE VICTORIA FOUNDATION**

**CASH FLOW STATEMENT**

**YEAR ENDED 31 MARCH 2020**

	Note	2020	2019
		£ 000	£ 000
<b>Cash flow from Operating Activities</b>	17a	<b>187</b>	<b>629</b>
<b>Cash flow from Investing Activities</b>			
Investment Income		37	34
Investment Management Costs		-	-
Investments – (Increase) / Decrease		31	-
Rental Income		-	-
Interest Income		-	-
(Acquisition) / Disposal of Tangible Fixed Assets		(967)	(6,637)
<b>Cash provided by / (used in) Investing Activities</b>		<b>(899)</b>	<b>(6,603)</b>
<b>Cash flow from Financing Activities</b>			
Increase in Bank Borrowings		1,078	5,346
Repayment of Bank Borrowings		-	-
Interest Paid on Bank Borrowings		-	(479)
Increase in Finance Lease Borrowings		-	-
Repayment of Finance Lease Borrowings		(228)	(285)
Interest Paid on Finance Lease Borrowings		(41)	(58)
<b>Cash provided by / (used in) Financing Activities</b>		<b>809</b>	<b>4,524</b>
Increase / (Decrease) in Cash and Cash Equivalents in the year		97	(1,450)
Cash and Cash Equivalents brought forward		(2,942)	(1,492)
<b>Total Cash and Cash Equivalents at the end of the year</b>		<b>(2,845)</b>	<b>(2,942)</b>

The notes on pages 17 to 37 form part of these financial statements.





## THE VICTORIA FOUNDATION

### NOTES TO THE ACCOUNTS

#### YEAR ENDED 31 MARCH 2020

#### 1. ACCOUNTING POLICIES

The Victoria Foundation is a private company limited by guarantee incorporated in England and Wales and a registered charity. The address of the registered office is disclosed on the legal and administrative information page (page 2).

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

##### a) Basis of Preparation

The financial statements have been prepared in accordance with the 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) (effective 1<sup>st</sup> January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Victoria Foundation and the New Victoria Hospital meet the definition of a public benefit entity under FRS 102.

##### b) Critical accounting estimates and areas of judgement

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. In the opinion of the Trustees, the main estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are in relation to the use of the going concern basis and valuation of fixed assets, both of which are noted below.

##### c) Preparation of accounts on a Going Concern Basis

During the financial period, the Group had an excess of expenditure over income of £2,249,000 and a cash inflow of £97,000. At the year end it had total net liabilities of £11,478,000 including bank borrowings of £34,668,000. At the date of approving these financial statements the Charity's subsidiary had total bank borrowing facilities available of £38,545,000 in order to fund all working capital requirements.

Having reviewed and formally agreed detailed trading and cash flow projections prepared in November 2020, the Trustees believe, to the best of their knowledge, that the Hospital remains a going concern for at least the period to December 2021. The Trustees are committed to the business transformation plan integral to the projections and to agreeing the Hospital's position at the completion of the redevelopment and to ensuring that adequate funding is in place to meet HSBC's repayment requirement in December 2021.

Despite the diminution of the Foundation's investment portfolio, the Hospital's forecasts include the intra-group loan interest repayment of £100,000 each year, which continues to support the operational costs of the Victoria Foundation. On this basis, and as the Victoria Foundation in its own

## THE VICTORIA FOUNDATION

right has retained Funds of £1,030,000, the Trustees believe, to the best of their knowledge, that the Foundation remains a going concern to at least the 31<sup>st</sup> December 2021, accordingly the financial statements have been prepared on a going concern basis.

### d) Group Financial Statements

The financial statements consolidate the results of the Charity and its wholly owned subsidiary The New Victoria Hospital Ltd. A separate Statement of Financial Activities and Income and Expenditure Account for the Charity has been presented for the first time this year as the Charity has no longer taken advantage of the exemption afforded by section 408 of the Companies Act 2006.

### e) Income

All income is included on the statement of financial activities when the Group is legally entitled to the income and the amount can be quantified with reasonable certainty.

Voluntary income comprises donations, legacies, and income generated from fundraising activities.

Investment income includes rental income, the net income received from dividends, interest and realised and unrealised gains generated from investments, and interest received on loans and deposits.

Income from charitable activities represents the total value of charges made to patients and other customers for the provision of hospital services.

### f) Fund Accounting

Unrestricted funds are available to spend on activities that further any of the objects of the Charity.

Restricted funds are donations which the donor has specified are to be solely used for particular areas of the Charity's objects. This includes the fund for free treatment which is provided by The New Victoria Hospital.

### g) Expenditure and Irrecoverable VAT

Expenditure is recognised on an accruals basis and allocated to the appropriate activity and fund.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

Costs of generating voluntary income include the net costs of fund-raising charitable events.

Expenditure on charitable activities comprise the provision of grants and the provision of hospital services, which includes both direct costs and the support costs incurred to enable those activities and services to be provided.

Support costs comprise the costs associated with the funding of grants and those incurred in the general, financial, and clinical management of the Hospital, which include the costs of its human resources, IT, and quality assurance functions as well as the cost of the general maintenance of its land and buildings.

Governance costs, which are disclosed separately in the Notes to the Accounts, comprise the costs incurred in the governance and general management of the Charity rather than in the provision of its charitable activities. Governance costs include audit fees, the cost of legal and other advice given to Trustees, and an apportionment of the costs of employing the Charity's officers.

## THE VICTORIA FOUNDATION

### h) Investments

The Victoria Foundation has an ethical investment policy which prohibits investments in those companies whose business activities are considered incompatible with the Charity's aims and objectives. Arms and Tobacco industries are specific examples.

The Victoria Foundation's investment portfolio is operated within agreed guidelines, which are regularly reviewed with the Investment Manager and the Trustees.

Listed investments are stated at market valuation at the balance sheet date.

Investment property is stated at its valuation at 31 March 2019.

Investments in subsidiaries are stated at cost.

Investment gains and losses, whether realised on disposal or unrealised on revaluation, are recognised as they occur in the statement of financial activities.

### i) Leases

Assets held under finance leases and hire purchase agreements are recorded in the balance sheet as tangible fixed assets and are depreciated over the shorter of their estimated useful lives and the term of the agreement. Interest is charged to the profit and loss account in proportion to the balance of the obligations outstanding; and the capital element of future payments is included in creditors.

Rentals paid under operating leases are charged directly to income.

### j) Fixed assets and depreciation

Individual assets or groups of similar assets having a value of greater £1,000 and a useful economic life in excess of 1 year are treated as fixed assets. Assets with a value below £1,000 are fully written off in the year of acquisition. Assets are initially measured at purchase cost plus any associated costs in bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended including, for example, any site preparation, initial delivery, installation and testing costs.

Construction in progress includes borrowing costs directly attributable to any construction project at the Hospital. Borrowing costs are capitalised from the point at which expenditure begins on the build project and capitalisation ceases during the extended periods between the major phases in development and will cease completely upon final completion of the building works. Only borrowing costs from loans directly attributable to the project are treated in this way. Borrowing costs to cover general borrowing are not capitalised.

Following initial recognition, freehold land and buildings are carried at valuation. The Trustees of the New Victoria Hospital deem that the property held is a specialised asset; assets of this type are usually only sold as part of the sale of a continuing business. As such the land and buildings are valued on an income-generating basis. Revaluations are undertaken with sufficient regularity to ensure that the carrying value does not materially differ from the fair value at the end of each reporting period. Typically this will be at least every 5 years. Gains or losses on revaluation are recorded on the SOFA in the year of revaluation.

Depreciation is charged on fixed assets on a systematic basis over the useful life of the assets. The policies adopted across different asset types are as follows: -

## THE VICTORIA FOUNDATION

Freehold buildings	-	50 years
Building improvements	-	10-20 years
Equipment	-	3-10 years.

### k) Stock

Stock, which comprises medical and other supplies used in the provision of services to patients, is valued at the lower of cost and net realisable value. The value of consignment stock, which is stock held at the Hospital where the supplier retains ownership until it is used and paid for by the Company, is not included in stock on the balance sheet.

### l) Pay Policy for Senior Staff

The Trustees consider the Trustees, who are the Hospital's Directors, and the Senior Management Team, who comprise the key management personnel of the Charity, in charge of directing and controlling, running and operating the Hospital on a day to day basis.

All Trustees give of their time freely and no Trustee received remuneration in the year, with the exception of the Executive Chairman of the Hospital who is also the Chief Executive Officer of The Victoria Foundation and related party transactions as disclosed in note 19 to the accounts.

The pay of the senior staff, including the Chief Executive is reviewed annually and normally increased in accordance with average earnings. The Trustees benchmark against pay levels in other hospitals of a similar size. Annual pay review salary increases for Hospital staff, for the Executive Team (including the Chief Executive) and Senior Management Team including any bonus payments are proposed to and agreed by the Audit and Finance Committee.

### m) Pensions

The Group operates a defined contribution pension schemes. Pension costs represent the Group's contributions to this scheme; and its liability is limited to the amount of these contributions.

### o) Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating result.

## 2. PRINCIPAL ACTIVITY AND INCOME

The principal activity of the Group is the operation of The New Victoria Hospital, an independent acute hospital in Kingston upon Thames, Surrey. Income is attributable to the principal activity of the Group and arose wholly in the United Kingdom.

### THE VICTORIA FOUNDATION

#### 3. INCOME FROM DONATIONS – GROUP AND CHARITY

	Unrestricted Funds	Restricted Funds	Total Funds	Unrestricted Funds	Restricted Funds	Total Funds
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
	2020			2019		
<b>Donations</b>						
Fundraising Events	-	139	139	-	176	176
Fundraising in the Community	30	-	30	-	22	22
General Donations	86	15	101	-	-	-
<b>Total Income</b>	<b>116</b>	<b>154</b>	<b>270</b>	<b>-</b>	<b>198</b>	<b>198</b>

Volunteers benefit and support: in accordance with FRS102 and the Charities SORP (FRS 102) the economic contribution of general volunteers is not recognised in the accounts.

#### 4. INVESTMENT INCOME

Investment Income - GROUP	2020	2019
	£ 000	£ 000
Property Rent	28	25
Restricted income from investment	9	9
Interest on Deposit Accounts	-	-
	<b>37</b>	<b>34</b>

## THE VICTORIA FOUNDATION

### Investment Income - CHARITY

	2020	2019
	£ 000	£ 000
Property Rent	28	25
Restricted income from investment	9	9
Interest on Loan to Subsidiary	100	125
Interest on Deposit Accounts	-	-
	<u>137</u>	<u>159</u>

### 5. NET EXPENDITURE

#### Net Expenditure is stated after charging:

	2020	2019
	£ 000	£ 000
Auditor Fees – Audit Charity	10	6
Auditor Fees – Audit Subsidiary	34	32
Auditor Fees – Other Services	-	-
Operating Lease Rentals – Land & Buildings	-	-
Operating Lease Rentals - Equipment	114	101
Depreciation – Buildings	438	263
Depreciation – Equipment	350	391
Depreciation - Equipment held under Finance Leases	159	185
Loss on disposal of Fixed Assets	(5)	-

## THE VICTORIA FOUNDATION

### 6. EXPENDITURE

#### a) Grant Funding Expenditure

	Mobility Aids	Accessible Transport	Medical Support	Other	Medical Bursaries	Total
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
<b>Restricted Distributions</b>						
Disability Challengers	-	-	-	1	-	1
Cross Roads Care Richmond & Kingston	-	-	25	-	-	25
Strathmore School	19	-	-	-	-	19
Richmond & Kingston Accessible Transport	-	16	-	-	-	16
Whitton Homelink	-	25	-	-	-	25
The Worshipful Company of Barbers	-	-	-	-	1	1
Nottingham University	-	-	-	-	1	1
Grants to Institutions	19	41	25	1	2	88
Individuals	2	1	2	5	7	17
Grants to Individuals	2	1	2	5	7	17
<b>Total Restricted Grants</b>	<b>21</b>	<b>42</b>	<b>27</b>	<b>6</b>	<b>9</b>	<b>105</b>
<b>Unrestricted Distributions</b>						
The Worshipful Company of Barbers	-	-	-	-	9	9
Cross Roads Care Richmond & Kingston	-	-	2	-	-	2
Richmond & Kingston Accessible Transport	-	50	-	-	-	50
Individuals	14	-	1	-	15	30
<b>Total Unrestricted Grants</b>	<b>14</b>	<b>50</b>	<b>3</b>	<b>-</b>	<b>24</b>	<b>91</b>
<b>Total Grants</b>	<b>35</b>	<b>92</b>	<b>30</b>	<b>6</b>	<b>33</b>	<b>196</b>

## THE VICTORIA FOUNDATION

### b) Provision of Hospital Services

	Direct Activities	Support Costs	2020	Direct Activities	Support Costs	2019
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
<b>Provision of Hospital Services</b>						
Staff and other Staff Costs	5,556	3,709	9,265	5,213	3,543	8,756
Medical and Other Supplies	2,827	-	2,827	2,617	-	2,617
Contracted Services	3,014	1,239	4,253	2,828	1,101	3,929
Depreciation	456	486	942	532	297	829
Other	<u>17</u>	<u>1,780</u>	<u>1,797</u>	<u>(125)</u>	<u>1,522</u>	<u>1,397</u>
	<b><u>11,870</u></b>	<b><u>7,214</u></b>	<b><u>19,084</u></b>	<b><u>11,065</u></b>	<b><u>6,463</u></b>	<b><u>17,528</u></b>

### Governance Costs

Staff And Other Staff Costs			373			304
Other			<u>359</u>			<u>329</u>
			<b><u>732</u></b>			<b><u>633</u></b>

## 7. GOVERNMENT GRANTS

In 2008, The Victoria Foundation made a grant to The London Community Foundation – a Government sponsored organisation that promised to match any grants made to it. The grant carries a guaranteed coupon of 7% of the capital sum granted of £350,000. The revenue is received and donated to charitable causes designated by The Victoria Foundation.



## THE VICTORIA FOUNDATION

### 8. STAFF COSTS AND TRUSTEES' / DIRECTORS' REMUNERATION

	2020	2019
	£ 000	£ 000
Wages and Salaries	7,768	7,322
Social Security	773	730
Pension	207	192
Staff Benefits – Medical Insurance, Life Assurance	273	270
Agency and Other Staff	131	222
Other Staff Costs	202	116
	<b>9,354</b>	<b>8,852</b>
<b>Average Number of Employees</b>	<b>2020</b>	<b>2019</b>
Hospital – Senior Management	9	7
Hospital Services - Clinical	98	92
Hospital Services – Support Services	54	51
Hospital Services - Administrative	65	60
Charity	1	1
	<b>227</b>	<b>211</b>

The average number of employees exclude those working on zero hours contracts (bank staff).

The number of staff, excluding Trustees, whose emoluments exceeded £60,000 in the year was as follows:

<b>Higher Paid Staff – Number of Employees by ranges in excess of £60,000</b>	<b>2020</b>	<b>2019</b>
£60,000 to £69,999	5	2
£70,000 to £79,999	2	2
£80,000 to £89,999	2	1
£90,000 to £99,999	3	2
£150,000 to £159,999	-	1
£160,000 to £169,999	-	1
£180,000 to £189,999	1	-
	<b>13</b>	<b>9</b>

The aggregate paid to key management personnel was £1,100,000 (2019 - £951,000).

## THE VICTORIA FOUNDATION

### Trustees' remuneration

Mr Ball served as Chief Executive of the Hospital, until 31 December 2018 when he became the Executive Chairman. At the same date he retired as Chairman of the Charity to become its Chief Executive Officer. His engagements were approved by the Charity Commission and are reviewed annually by the Board of Trustees. Remuneration paid to Mr Ball was as follows:

Remuneration paid to Directors serving as Chief Executive	Salary	Pension	2020	2019
	£ 000	£ 000	£ 000	£000
G A R Ball - Charity	19	1	20	34
G A R Ball - Hospital	75	2	77	135
	<b>94</b>	<b>3</b>	<b>97</b>	<b>169</b>

Ms Votier became a Trustee after the end of the year on 30 April 2020 and also receives remuneration for her role as Director of Fundraising.

Mr Curtis was paid fees in the year of £7,500 (2019 - £30,000) for his services as Medical Director and Responsible Officer of the Hospital before he resigned from both positions in June 2019.

The other Trustees received no payment for their services during the year and were not reimbursed for any expenses.

### 9. INTEREST PAYABLE

	2020	2019
	£ 000	£ 000
Bank Loans and Overdrafts	1,401	1,216
Bank Loans – Hedge Derivative	-	-
Less: Capitalised Interest	-	(737)
Finance Leases	41	58
	<b>1,442</b>	<b>537</b>

### 10. TAXATION

The Charity and its subsidiary, The New Victoria Hospital, are exempt from taxation in respect of income and capital gains to the extent that such income and gains are applied to exclusively charitable purposes.

## THE VICTORIA FOUNDATION

### 11. TANGIBLE ASSETS

Tangible Assets - GROUP	Freehold Land and Buildings £ 000	Equipment £ 000	Construction in Progress £ 000	Total £ 000
<b>Cost or Valuation</b>				
As at 1 <sup>st</sup> April 2019	20,016	2,375	9,090	31,481
Additions	4	178	785	967
Transfers	7,798	460	(8,258)	-
Disposals	-	(4)	(305)	(309)
Revaluation	-	-	(1,317)	(1,317)
<b>As at 31<sup>st</sup> March 2020</b>	<b>27,818</b>	<b>3,009</b>	<b>(5)</b>	<b>30,822</b>
<b>Depreciation</b>				
As at 1 <sup>st</sup> April 2019	541	1,152	-	1,693
Depreciation Charge for the Year	438	509	-	947
Released on revaluation	-	-	-	-
Disposals	-	(4)	-	(4)
<b>As at 31<sup>st</sup> March 2020</b>	<b>979</b>	<b>1,657</b>	<b>-</b>	<b>2,636</b>
<b>Net Book Value</b>				
<b>As at 31<sup>st</sup> March 2020</b>	<b>26,839</b>	<b>1,352</b>	<b>(5)</b>	<b>28,186</b>
As at 31 <sup>st</sup> March 2019	19,475	1,223	9,090	29,788

The net book value of equipment held under finance leases at 31 March 2020 was £200,000 (2019 - £340,000). Its original cost was £1,471,000 (2019 - £2,610,000) and the depreciation charged in the year was £186,000 (2019 - £185,000). During the year, no new finance leases were contracted for.

A Trustees' valuation of the Hospital for loan security purposes was carried out in October 2017, supported by professional independent advisors, valuing the Hospital at £22.0m as a work in progress. The Hospital has been valued in excess of £50m when new facilities are fully operational.

As a result of the current valuation of £22.0m the Trustees have agreed a revaluation charge of £29.3m against the Hospital's assets in the year ended 31<sup>st</sup> March 2017.

The Group's other freehold land and buildings were valued as at 31<sup>st</sup> March 2019 at £750,000 as commercial property. The property, situated in Richmond, has the potential to be converted for residential use which would significantly increase its market value after conversion costs. The property, being the land and building, has been apportioned based on its current use between Tangible Assets and Investments based on floor space occupied. 50% of the property is occupied by The Victoria Foundation to carry out its operating activities with the remainder (50%) leased to third parties for business purposes.

## THE VICTORIA FOUNDATION

Tangible Assets - CHARITY	Freehold Land and Buildings	Equipment	Construction in Progress	Total
	£ 000	£ 000	£ 000	£ 000
<b>Cost or Valuation</b>				
As at 1 <sup>st</sup> April 2019	212	6	-	218
Additions	-	3	-	3
Disposals	-	(4)	-	(4)
<b>As at 31<sup>st</sup> March 2020</b>	<b>212</b>	<b>5</b>	<b>-</b>	<b>217</b>
<b>Depreciation</b>				
As at 1 <sup>st</sup> April 2019	25	6	-	31
Depreciation Charge for the Year	4	1	-	5
Disposals	-	(4)	-	(4)
<b>As at 31<sup>st</sup> March 2020</b>	<b>29</b>	<b>3</b>	<b>-</b>	<b>32</b>
<b>Net Book Value</b>				
<b>As at 31<sup>st</sup> March 2020</b>	<b>183</b>	<b>2</b>	<b>-</b>	<b>185</b>
As at 31 <sup>st</sup> March 2019	187	-	-	187

## 12. INVESTMENTS

	GROUP		CHARITY	
	2020 £ 000	2019 £ 000	2020 £ 000	2019 £ 000
Listed Investments	246	251	246	251
Unlisted Investments	469	498	469	498
Portfolio Cash	-	3	-	3
Shares in Group Undertakings	-	-	1,636	1,636
Provision against Shares in Group Undertakings	-	-	(1,636)	(1,636)
Loans to Group Undertakings	-	-	24,392	24,392
Provision against Loans to Group Undertakings	-	-	(24,392)	(24,392)
	<b>715</b>	<b>752</b>	<b>715</b>	<b>752</b>

## THE VICTORIA FOUNDATION

The terms of the HSBC redevelopment loan facility of £17.0m agreed in January 2014 grant a charge to HSBC over the portion of The Victoria Foundation's investment portfolio managed by HSBC, valued at £38,000 at 31<sup>st</sup> March 2020.

### Listed and Unlisted Investments

The movement in listed and unlisted investments of the Charity and the Group during the year is as follows:

<b>Market Value of Investments</b>	<b>2020</b>	<b>2019</b>
	<b>£ 000</b>	<b>£ 000</b>
As at 1 <sup>st</sup> April	748	679
Additions	-	-
Disposals	(30)	-
Gains / (Losses) on Disposal	(3)	-
Unrealised Gains / (Losses)	(3)	69
	<hr/>	<hr/>
<b>As at 31<sup>st</sup> March</b>	<b>712</b>	<b>748</b>

### Subsidiary Undertakings

The Charity has a direct holding of 100% of the share capital of The New Victoria Hospital Limited, which it acquired in January 2011. The New Victoria Hospital Limited was registered as a charity by the Charity Commission with effect from 9 May 2011.

Summary financial information on The New Victoria Hospital Limited is as follows:

	<b>2020</b>	<b>2019</b>
	<b>£ 000</b>	<b>£ 000</b>
Fixed and Current Assets	30,819	31,787
Liabilities	(67,408)	(65,157)
	<hr/>	<hr/>
<b>Net (Liabilities) as at 31<sup>st</sup> March</b>	<b>(36,589)</b>	<b>(33,370)</b>
	<hr/>	<hr/>
Turnover	18,412	16,698
Expenditure	(20,626)	(18,190)
	<hr/>	<hr/>
<b>(Loss) for the Year ended 31<sup>st</sup> March</b>	<b>(2,214)</b>	<b>(1,492)</b>
<b>Loans to Group Undertakings</b>	<hr/>	<hr/>

## THE VICTORIA FOUNDATION

Loans to group undertakings of £24,392,000 (2019 - £24,392,000), which have been provided for in full, represent an initial loan made to The New Victoria Hospital Limited on its acquisition by the Charity in January 2011 and subsequent increases to support the Hospital's redevelopment and operational cash flow requirements during this period. Interest was charged on the loan at 7% per annum until March 2017 at which point the Trustees agreed that interest would be limited to £200,000 a year under the terms of the bank loan. The Trustees have subsequently reduced this to £100,000 with effect from July 2018. As a result, £100,000 of interest was charged in the year and fully payable (2019 - £125,000). Interest charged but not payable until the loan is repaid has been added to the principal of the loan. The total interest added to principal at 31 March 2020 was £4,177,000 (2019 - £4,177,000).

Following the Trustees' valuation of the Hospital at £22.0m and the increased debt exposure with HSBC totalling £38.5m, to which the intra group loan is sub-ordinated, the Trustees of The Victoria Foundation agreed to fully provide against its intra group loan and intra group shareholding with The New Victoria Hospital Limited in the Charity accounts for 2018: £24,192,000 and £1,636,000. A further provision of £200,000 was made in the year ended 31<sup>st</sup> March 2019 to cover an increase in the loan to the Hospital at the end of the year ended 31<sup>st</sup> March 2018.

### 13. DEBTORS

	GROUP		CHARITY	
	2020	2019	2020	2019
	£ 000	£ 000	£ 000	£ 000
Trade Debtors	1,664	1,442	-	-
Other Debtors	1	6	-	-
Prepayments and Accrued Income	292	258	68	-
Amounts owed by Group Undertakings	-	-	7	10
	<b>1,957</b>	<b>1,706</b>	<b>75</b>	<b>10</b>

## THE VICTORIA FOUNDATION

### 14. CREDITORS: amounts falling due within one year

	GROUP		CHARITY	
	2020 £ 000	2019 £ 000	2020 £ 000	2019 £ 000
Bank Overdraft	2,917	3,074	-	-
Bank Loans	34,668	33,590	-	-
Bank Loans Accrued Interest	2,341	820	-	-
Obligations Under Finance Leases	173	269	-	-
Trade Creditors	1,435	1,541	-	-
Other Taxes and Social Security Costs	444	197	-	-
Accruals	699	850	17	16
Other Creditors	50	-	-	-
	<b>42,727</b>	<b>40,341</b>	<b>17</b>	<b>16</b>

### 15. CREDITORS: amounts falling due after more than one year

	GROUP		CHARITY	
	2020 £ 000	2019 £ 000	2020 £ 000	2019 £ 000
Bank Loans	-	-	-	-
Obligations Under Finance Leases	299	430	-	-
	<b>299</b>	<b>430</b>	<b>-</b>	<b>-</b>

#### Bank loans

The New Victoria Hospital Limited has two bank loans which are secured by fixed and floating charges over the assets of the Company and other group undertakings:

	2020 £ 000	2019 £ 000
Within 1 Year	34,668	33,590
Between 2 and 5 Years	-	-
After 5 Years	-	-
<b>As at 31<sup>st</sup> March</b>	<b>34,668</b>	<b>33,590</b>

## THE VICTORIA FOUNDATION

The first loan of £17.5 million was obtained in January 2011 at the time of The Victoria Foundation's acquisition of the Hospital to enable the repayment of its existing borrowings. The outstanding amount of the loan at 31 March 2020 was £10,981,000 (2019 - £10,981,000). Interest is charged on the loan at the bank's sterling base rate plus 2.7% per annum.

A second loan facility of £17.0 million was obtained in January 2014 in order to fund the planned redevelopment of the Hospital. This facility was increased by £6.5m to £23.5m to support the final phase of the redevelopment and again to £24.1m in April 2019. At 31 March 2020 £22,609,000 (2019 - £22,609,000) had been drawn against this facility. Interest is charged on the loan at the bank's sterling base rate plus 3.25% per annum.

In March 2017, HSBC granted forbearance on capital payments on the initial loan and second loan following completion of phase 3 of the redevelopment. At 31 March 2020, an agreement was in place granting forbearance of both loans and the overdraft facility until December 2020, making the loans short term creditors. However, a further agreement was signed in December 2020, granting continued support of the Hospital in the form of forbearance on the loans and the overdraft facility until December 2021. Interest payments of both loans and overdraft facility were suspended from August 2018 until March 2020, reverting to monthly payment terms from April 2020. The arrangement fees for the increased facility have also been deferred until December 2021. Repayment of the loans, arrangement fees and accrued interest are due in December 2021.

The Hospital is currently in breach of its banking covenants as a result of delays in the delivery of the new trading facilities. HSBC remain supportive of the Hospital and the redevelopment project. Testing of the covenants has been deferred until December 2021.

### Obligations under Finance Leases

The future minimum payments under finance lease agreements to which the Company was committed at 31 March 2020 were as follows:

	<b>2020</b>	<b>2019</b>
	<b>£ 000</b>	<b>£ 000</b>
<b>Finance Lease Obligations</b>		
Lease Payments due within 1 Year	203	269
Lease Payments due between 2 and 5 Years	340	543
Lease Payments due after 5 Years	-	-
	<hr/>	<hr/>
Total Lease payments due	543	812
Interest and Finance Charges	(70)	(111)
	<hr/>	<hr/>
<b>Total Lease Capital payments due</b>	<b>473</b>	<b>701</b>
	<hr/>	<hr/>
Amounts falling due within 1 year	174	228
Amounts falling due after more than 1 year	299	473
	<hr/>	<hr/>
<b>Total Capital amounts falling due</b>	<b>473</b>	<b>701</b>



## THE VICTORIA FOUNDATION

### 16. MOVEMENT IN FUNDS

GROUP	Unrestricted Funds £ 000	Restricted Funds £ 000	Total Funds £ 000
At 1 <sup>st</sup> April 2018	(7,115)	631	(6,484)
Net Incoming / (Outgoing) Resources	(1,459)	(39)	(1,498)
Gains / (Losses) on disposal of Investment Assets	-	-	-
Unrealised Gains / (Losses) on Investment Assets	70	-	70
Transfer between Funds	(15)	15	-
	<hr/>	<hr/>	<hr/>
At 1 <sup>st</sup> April 2019	(8,519)	607	(7,912)
Net Incoming / (Outgoing) Resources	(2,222)	(21)	(2,243)
Gains / (Losses) on disposal of Investment Assets	(2)	-	(2)
Unrealised Gains / (Losses) on Investment Assets	1	(5)	(4)
Unrealised Gains / (Losses) on Fixed Assets	(1,317)	-	(1,317)
Transfer between Funds	-	-	-
	<hr/>	<hr/>	<hr/>
<b>At 31<sup>st</sup> March 2020</b>	<b>(12,059)</b>	<b>581</b>	<b>(11,478)</b>
	<hr/>	<hr/>	<hr/>
CHARITY	Unrestricted Funds £ 000	Restricted Funds £ 000	Total Funds £ 000
At 1 <sup>st</sup> April 2018	928	276	1,204
Net Incoming / (Outgoing) Resources	(169)	(39)	(208)
Gains / (Losses) on disposal of Investment Assets	-	-	-
Unrealised Gains / (Losses) on Investment Assets	70	-	70
Transfer between Funds	(15)	15	-
	<hr/>	<hr/>	<hr/>
At 1 <sup>st</sup> April 2019	814	252	1,066
Net Incoming / (Outgoing) Resources	(9)	(21)	(30)
Gains / (Losses) on disposal of Investment Assets	(2)	-	(2)
Unrealised Gains / (Losses) on Investment Assets	1	(5)	(4)
Transfer between Funds	-	-	-
	<hr/>	<hr/>	<hr/>
<b>At 31<sup>st</sup> March 2020</b>	<b>804</b>	<b>226</b>	<b>1,030</b>

## THE VICTORIA FOUNDATION

### Movement in Charity Restricted Funds by Charitable Funding Category

	Mobility Aids	Accessible Transport	Medical Support	Other	Medical Bursaries	Total
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
<b>Funds at 31<sup>st</sup> March 2019</b>	<b>5</b>	<b>20</b>	<b>-</b>	<b>-</b>	<b>226</b>	<b>251</b>
Income	46	25	38	45	9	163
Direct Expenditure	<u>(27)</u>	<u>(3)</u>	<u>(18)</u>	<u>(31)</u>	<u>-</u>	<u>(79)</u>
Net Funds for Distribution	<u>24</u>	<u>42</u>	<u>20</u>	<u>14</u>	<u>235</u>	<u>335</u>
Grants - Institutions	(19)	(41)	(25)	(1)	(2)	(88)
Grants - Individuals	<u>(2)</u>	<u>(1)</u>	<u>(2)</u>	<u>(5)</u>	<u>(7)</u>	<u>(17)</u>
Total Distributions	<u>(21)</u>	<u>(42)</u>	<u>(27)</u>	<u>(6)</u>	<u>(9)</u>	<u>(105)</u>
<b>Funds at 31<sup>st</sup> March 2020</b>	<b><u>3</u></b>	<b><u>-</u></b>	<b><u>(7)</u></b>	<b><u>8</u></b>	<b><u>226</u></b>	<b><u>230</u></b>

THE VICTORIA FOUNDATION

17. NOTES TO CASH FLOW STATEMENT

a) Reconciliation of operating profit to net cash inflow from operating activities

	2020	2019
	£ 000	£ 000
<b>Net Income / (Expenditure)</b>	<b>(2,249)</b>	<b>(1,428)</b>
Depreciation	947	833
Loss on disposal of Fixed Assets	(5)	-
Investment Income	(37)	(34)
Assets in construction expensed	306	-
Loan Interest Paid and Accrued	1,442	537
Realised Gains / Losses	3	-
Unrealised Gains / Losses	3	(70)
(Increase) / Decrease in Stock	(136)	71
(Increase / Decrease in Debtors	(251)	(102)
Increase / (Decrease) in Creditors	164	822
<b>Net Cash Inflow from Operating Activities</b>	<b>187</b>	<b>629</b>

b) Analysis of changes in net debt

	Movement in Year	2020	2019
	£ 000	£ 000	£ 000
<b>Cash at Bank and in Hand</b>	<b>97</b>	<b>(2,845)</b>	<b>(2,942)</b>
Bank Loans	(1,078)	(34,668)	(33,590)
Finance Leases	228	(471)	(699)
<b>Movement in Debt</b>	<b>(850)</b>	<b>(35,139)</b>	<b>(34,289)</b>
<b>Net Debt</b>	<b>(753)</b>	<b>(37,984)</b>	<b>(37,231)</b>

## THE VICTORIA FOUNDATION

### c) Reconciliation of net cash flow in period to changes in net debt

	2020	2019
	£ 000	£ 000
Increase / (Decrease) in Cash in period	97	(1,450)
Bank Loans Advanced	(1,078)	(5,347)
Bank Loan Repaid	-	-
Finance Leases Obtained	-	-
Capital element of Finance Lease Repayments	228	285
	<hr/>	<hr/>
<b>Net Debt</b>	<b>(753)</b>	<b>(6,512)</b>

## 18. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

### a) Capital and other financial commitments

The Company has also secured an overdraft facility of £3,400,000, which has reduced to £2,500,000 in December 2020.

### b) Obligations under operating leases

At 31 March 2020 the Company had the following annual commitments under operating leases:

	2020	2019
	£ 000	£ 000
<b>Land and Buildings</b>		
Due to expire within 1 Year	-	4
Due to expire between 2 and 5 years	-	-
	<hr/>	<hr/>
	<b>-</b>	<b>4</b>
<b>Other</b>		
Due to expire within 1 Year	31	36
Due to expire between 2 and 5 years	83	64
	<hr/>	<hr/>
	<b>114</b>	<b>100</b>
	<hr/>	<hr/>
<b>Total Obligations under Operating Leases</b>	<b>114</b>	<b>104</b>

## THE VICTORIA FOUNDATION

### 19. TRUSTEES INTERESTS IN CONTRACTS AND RELATED PARTY TRANSACTIONS

Details of Trustees' remuneration are given in note 8 above.

Four Trustees serve as Trustees for both The Victoria Foundation and The New Victoria Hospital: Mr G A R Ball, Mr J A Hamblin, Mr M A Matthews and Mr A R Cooke.

Mr Ball is a director and shareholder of ControlAccount Plc, a company which provides specialist debt collection services to hospitals and which provided £3,985 of services to the Hospital during the year (2019 - £3,176). At 31 March 2020, the Company owed ControlAccount Plc £1,183 (2019 - £763).

Mr. Curtis is consultant surgeon with practising privileges at the Hospital. As a consultant surgeon he acts as independent contractor and not as an agent of the Hospital and as such does not provide services to the Hospital. He also uses the medical facilities, which are made available to all consultants who use the Hospital including the hire of consulting rooms on a sessional basis. The Hospital provides these facilities to him on the same commercial terms as to other consultants.

Ms Mackay, a Trustee of the Hospital has provided services to the Hospital in her capacity as a personal coach and counsellor totalling £nil (2019 - £nil) until her resignation.

Ms Votier became a Trustee after the end of the year on 30 April 2020 and also receives remuneration for her role as Director of Fundraising.

### 20. POST BALANCE SHEET EVENTS

Phase Two of the Hospital's redevelopment was delivered materially over budget, significantly late and with a number of defects, which required remedial works to be carried out.

Following the completion of Phase Two and the issues encountered, the Trustees decided to change both the original contractor and the original architect for the latter phases having been advised that these latter phases could be delivered more economically and with significantly less risk as the new contractor was prepared to proceed with the latter phases on a design and build contract basis.

The Hospital is investigating the possibility of bringing claims against the original contractor and/or other members of the professional team. The potential claims being investigated are likely to be in excess of any liability, if any, that the New Victoria Hospital has to the original contractor.