



St. John of Jerusalem Eye Hospital

Company No: 3867950

Charity No: 1080185

ANNUAL REPORT

AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2019

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Legal and Administrative Information

Patron

The Lord Vestey DL

Registered and Principal Office

4 Charterhouse Mews
London EC1M 6BB
United Kingdom

Bankers

Barclays Bank Plc
1 Churchill Place,
London E14 5HP
United Kingdom

National Westminster Bank Plc
134 Aldersgate Street
London EC1A 4JB
United Kingdom

Independent Auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH
United Kingdom

**St. John of Jerusalem Eye Hospital
Trustees' Report
For the year ended 31 December 2019**

Introduction

The Trustees present the audited financial statements of St. John of Jerusalem Eye Hospital (SJJEH) for the year ended 31 December 2019. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) effective 1 January 2019 and the Companies Act 2006.

St. John of Jerusalem Eye Hospital was formally incorporated as a private company limited by guarantee in October 1999 under the UK Companies House registration number 3867950. Its Memorandum and Articles of Association govern the Company. It is registered as a UK charity having the Charity Number 1080185.

The Charity's operations are centralised in the Occupied Palestinian Territories where it runs Day Hospitals in Hebron and Gaza, and a Clinic in Anabta.

Objects of the Charity

The Company's objects are the relief of sickness and the preservation and protection of health, in particular, but not exclusively, by maintenance and development of St. John Eye Hospital in the Occupied Palestinian Territories or elsewhere and the clinical, teaching and research activities connected therewith.

Governance and Management

The sole member of the Company, since 31 March 2011, is St. John of Jerusalem Eye Hospital Group, (the Group) which appoints the Board of Directors/Trustees of the Company (the "Board"). The Board manages the business and affairs of the Company and usually meets three times a year with at least one meeting in Jerusalem. At its meetings, the Board reviews the performance of the Company and in particular the performance of the hospitals in Gaza, Hebron and Anabta. The Board also considers and approves the operational and capital budgets. The Steering Committee meets three times a year between the three Board meetings to maintain momentum on Board matters between meetings.

The Board is aware of the codification of Directors' duties under the Companies Act 2006 and takes these duties into account in consideration of SJJEH's activities.

New Trustees are selected in consultation with the Board to maintain an appropriate balance of skills and experience. Trustees are appointed for a term of three years and may be reappointed for two further term of three years and are not normally eligible for a further reappointment. An induction programme is in place for new directors.

The Board appoints the Chief Executive who reports to the Chairman and is accountable to the Board. The Chief Executive is Dr. Ahmad Maali, appointed from May 2019.

The Trustees, who are also the directors for the purpose of company law, during the year and at the date of this report, are listed below:

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- Sir Andrew Cash (Chairman)
- Mr G.W. Morton (Deputy Chairman)
- Mr N.C. Goulding (Treasurer and Company Secretary)
- Ms S. Dingwall
- Ms N.J Shaw
- Dr. M. A. Abu-Ramadan
- Dr A. Coleman
- Mr H. von Bose
- Dr D. Verity
- Mr. J. Ingham Clark
- Mr. P. Hall
- Mr. J Macaskill
- Mr. Timothy Jones (joined November 2019)

The Board currently has the following Committees:

- Steering Committee
- Finance Committee*
- Investment Committee*
- Audit Committee*
- Fundraising, Marketing & Communication Committee
- Strategy and Planning Committee
- Clinical Governance Committee
- Honours and Awards Committee*
- Payroll and Remuneration Committee
- Human Resources Committee
- SOA
- Guild Supervisory

****Non-trustees are appointed to these committees for their expertise.***

Each committee has terms of reference, which were updated in 2019.

Review of the Year / Achievements and Performance against Objectives

Gaza

In partnership with the likes of CBM, Fred Hollows Foundation and BMZ, we managed to sustain and increase our services in Gaza. In 2019, we have seen our major surgeries grow by 37% from the previous year. We also ran a Mobile Outreach unit in Gaza, which allowed us to reach the most vulnerable in the area to screen and educate on eye health.

In 2019, our Gaza Hospital saw over 33,413 patients, and performed 1,652 major operations. Our Gaza Mobile Outreach Programme, Diabetic Retinopathy Screening Programme and RAAB study all have screening elements in isolated communities and homes. These programmes in Gaza saw over 10,068 patients.

Anabta

The clinic continues to operate in two floors within the Red Crescent Society leased premises.

In 2019, we treated almost 18,000 outpatients at our Anabta Clinic.

Our Anabta Clinic is accessible for the 1 million residents in Anabta and surrounding Nablus, Tulkarem and Jenin. Those living in the area number amongst the poorest in the oPt. Many of its residents are refugees from Gaza, and it's easily accessible to many who can't journey to our other services. There is a particularly high

prevalence of diabetic retinopathy in this area of the West Bank.

No surgery is undertaken at the Unit.

Hebron

Our Hebron Hospital is a vital source of eye care in an area that is particularly affected by the movement restrictions in the West Bank. The hospital provides sight-saving treatments such as cataract and laser eye surgery to treat diabetic retinopathy, and serves the 640,000 people who live in and around Hebron, including the semi-nomadic Bedouins.

Our Hospital treated over 12,500 patients in 2019, including performing over 450 major operations.

Financial Review

The cost of the ongoing operations of the company in Gaza and the West Bank amounted to £2.7m (2018, £2.3m) while total patient and voluntary income amounted to £2.4m (2018, £2.5m). The overall net movement in funds was a deficit of £230k. The principal component of operating costs relates to personnel; 45% (2018, 50%). The Company remains heavily dependent on voluntary income which, in the main, is obtained as a result of the fundraising effort of other group companies.

St. John of Jerusalem Eye Hospital

Trustees' Report

For the year ended 31 December 2019

Reserves

At 31 December 2019 reserves totalled £2,178k including restricted funds of £1k leaving £2,177k unrestricted. The Trustees review annually the need for reserves in line with the guidance issued by the Charity Commission. In undertaking this review, the Trustees take into account general reserves available elsewhere in the Group. The Trustees recognise the need to increase, as the circumstances allow, the level of general reserves within the Company to ensure it can continue to run efficiently with adequate working capital. This is intended to be achieved through a renewed focus on cost-cutting, revenue generation, the introduction of new sources of revenue, and enhanced fundraising activities to ensure financial resilience and sustainability for the future. Thus, unrestricted reserves need to be maintained to equate to at least six months running costs (equivalent to £1.4m).

Principal Risks & Uncertainties

A comprehensive risk management policy is in place along with a risk register of all clinical, operational, financial, external, political and governance risks. The risk register is continuously reviewed by the relevant committees with particular focus on residual risks.

A key risk which SJEH faces continues to be financial, in particular by the impact, most recently, of the Covid-19 global pandemic. The position has been exacerbated by Brexit and the impact of the continuing reduction in value of Sterling against the Israeli Shekel, by changes to the statutory level of minimum wages in Israel, and also by the US Administration's decision to cut funding to East Jerusalem hospitals. SJEH relies heavily on voluntary income received mainly from donors in the Middle East, Europe, the United Kingdom and the United States. In

the current global financial situation, it remains a great challenge to continue to attract core funding from existing and new sources. The fundraising strategy includes a focus on endowment and legacy giving in order to mitigate this risk as well as a focus on major gifts for core costs.

Liquidity is a recurring issue, especially with the prolonged payment pattern of the PA for its working capital needs. SJEH therefore sets aside a portion of the investment portfolio as a cash deposit, in order to ensure meeting the working capital needs.

International currency exchange movements are an additional risk. It should be recognised that exchange gains do not represent realisable income which are capable of being utilised by SJEH, as they largely reflect the translation into Sterling of the Israeli Shekel value of the Hospital premises.

Operationally, patient and staff access to Jerusalem is crucial to the continuation of our ability to provide eye care services in the oPt. Working in a volatile region has inherent risks. Gaza has its own risks. The situation could escalate at any time as instability and strife continue to affect the neighbouring countries, a particular current concern.

Going concern

Since March 2020 and the on-set of Covid-19 in Israel and the oPt, the Board of Trustees and Management have been working on flexible plans, both operational and financial, for the continued viability of the organisation.

We currently remain confident about our future, but these are very challenging and unprecedented times for SJEH and society in

**St. John of Jerusalem Eye Hospital
Trustees' Report
For the year ended 31 December 2019**

general; and are likely to remain so for quite some time to come. We plan to work closely with all our global partners and supporters to seek to ensure that we continue to serve our patients in the most efficient and safe manner.

Detailed, yet adaptable, business plans have been prepared, along with financial budgets and cash flow models. These plans are clearly dependent upon a variety and number of key assumptions. For example, national and local Government decisions, travel and border restrictions, social distancing, capacity in our hospitals, the demand from our patients, our ability (and that of the PA) to obtain funding and donations, and our fixed and variable cost structure; to note just a few. Further details of the Company's principal risks and uncertainties are also set out in the Trustees' report.

The plans and models have been prepared for the period to December 2022, which is a period of at least 12 months from the date of approval of the financial statements. Sensitivity analysis has been assessed on these key assumption alongside the financial effects thereon; being reasonably plausible downside scenarios based on information currently available. Further details of the above are set out in Note 1 to the financial statements.

Based on all of the above and the financial support from Group undertakings, the Board of Trustees are confident, at this time, of the Company's ability to remain as a going concern and have, therefore, prepared the financial statements on a going concern basis of accounting. Nevertheless, the Board of Trustees acknowledge that there is a level of uncertainty, which is likely to persist for some time, given the key assumptions and the financial modelling referred to above

Remuneration policy

All roles within the company are evaluated in order to determine where it fits on our pay scale. The salaries within the scale are determined by the market rates for an equivalent position. In exceptional cases, where the market information supports it, salaries may be above the top of the band. Each year, the payroll budget is reviewed, based on legislative, statutory and market changes, using a range of sources and taking account of affordability. Management consult with the finance, pay and remuneration, and HR committees of the board, and a pay review proposal is submitted to the board who makes the decision on the proposal.

Controls and Clinical Governance

Great emphasis continues to be placed covering risk management - clinically, operationally and financially.

The Clinical Governance Committee continues its regular review of all medical and nursing policies and protocols in addition to instigating and reviewing clinical audits and investigating clinical complications and 'near misses'.

The Board engages independent firms of accountants to carry out internal audit programmes on the financial controls in operation within the company's activities.

Plans for 2020

Training

Doctors and Nurses from Gaza will receive training in different subspecialties at our

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hospital in Gaza, enabling the team to provide comprehensive services.

Outreach

Will continue with our very successful Diabetic Retinopathy Screening Programme at the refugee camps in the Gaza Strip.

Capacity

Complex surgeries will continue to be provided in Gaza especially with the opening of the second theatre.

Finance

Unfortunately, we are operating in a politically volatile time and this has severely impacted our finances in the past few years. The unrest within the region and the shift in the international focus to other immediate humanitarian interventions has affected the level of donations received by the hospital.

Pre-Brexit period has caused a sharp depreciation in the Pound Sterling against all currencies, including the Israeli Shekel. The US Dollar is also depreciating against the Israeli Shekel. Thus, the hospital was affected by such movements in exchange rates as a substantial proportion of our voluntary donations are received in these currencies

Public Benefit

The Trustees have given due regard to the Charity Commission's General Guidance on public benefit when planning the charity's activities.

Our Annual Report sets out our activities, achievements and performance during the year, which are directly related to the objects and purposes for which SJJEH exists. SJJEH achieves its principal objectives through the delivery of services to members of the public in the West Bank and Gaza without regard for any distinction by race, class or religion.

The Public Benefit from SJJEH's activities is:

- the provision and development of clinical and surgical ophthalmic services to patients at the Hebron & Gaza Hospitals and the clinic in Anabta;
- the exemption from charge when the relevant authority does not finance the treatment and the patient is unable to pay themselves;
- the teaching and training activities at the Hospitals which enhance the quality of service rendered by the company and also increase the pool of qualified ophthalmologists and specialist nurses within the region;
- the research activities into endemic diseases affecting the Palestinian population; and
- our services enhance education and employment prospects and contribute to economic growth.

**St. John of Jerusalem Eye Hospital
Statement of Trustees' Responsibilities
For the year ended 31 December 2019**

Statement of Trustees' Responsibilities

The Trustees (who are also directors of St. John of Jerusalem Eye Hospital for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice). 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 the affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Statement of Recommended Practice: Accounting and Reporting by Charities (2019);
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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 also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

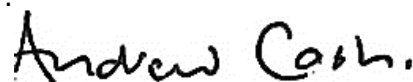
The Trustees are responsible for the maintenance and integrity of the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In so far as the Trustees are aware at the time of approving our Trustees' Annual Report:

- (a) there is no relevant audit information of which the company's auditors are unaware; and
- (b) the Trustees have taken all the steps that he ought to have taken as a trustee in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The Trustees' (Directors') report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

The Trustees' Report on pages 2 to 8 was approved by the trustees and signed on their behalf by:



Sir Andrew Cash

Chairman, Board of Trustees,
St John of Jerusalem Eye Hospital
Company No. 3867950
15 January 2021

Independent auditors' report to the members of St John of Jerusalem Eye Hospital

Report on the audit of the financial statements

Opinion

In our opinion, St John of Jerusalem Eye Hospital's financial statements (the "financial statements"):

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2019 and of its 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 (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2019; the statement of financial activities, and the income and expenditure account for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

- 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the charitable company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Independent auditors' report to the members of St John of Jerusalem Eye Hospital

Trustees' 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; and the Trustees' Report has been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Trustees' Report. We have nothing to report in this respect.

Responsibilities for the financial statements and the audit

Responsibilities of the Trustees for the financial statements

As explained more fully in the Statement of Trustees' Responsibilities set out on page 8, 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 in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Trustees are also 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.

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.

Auditors' 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 auditors' 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. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the charity's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns

We have no exceptions to report arising from this responsibility

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the Trustees were not entitled to: take advantage of the small companies' exemption in preparing the Trustees' Report; and take advantage of the small companies exemption from preparing a Strategic Report. We have no exceptions to report arising from this responsibility



Andrew Lowe (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
15 January 2021

St. John of Jerusalem Eye Hospital
Statement of Financial Activities
For the year ended 31 December 2019

	Notes	Unrestricted Funds 2019 £'000	Restricted Funds 2019 £'000	Total Funds 2019 £'000	Total Funds 2018 £'000
Income					
Donations and legacies	3	43	566	609	1,117
Income from charitable activities	4	1,770	-	1,770	1,384
Total income		1,813	566	2,379	2,501
Expenditure					
Expenditure on charitable activities		(2,023)	(671)	(2,694)	(2,219)
Other expenditure		(45)	-	(45)	(45)
Total expenditure	5	(2,068)	(671)	(2,739)	(2,264)
Net (expenditure) / income		(255)	(105)	(360)	237
Transfers between funds	10,11	47	(47)	-	-
Exchange gains / (losses) on overseas activities		130	-	130	(62)
Net Movement in Funds		(78)	(152)	(230)	175
Fund balances brought forward at 1 January		2,255	153	2,408	2,233
Fund balances carried forward at 31 December	12	2,177	1	2,178	2,408

All gains and losses recognised in the year are included in the statement of financial activities.
All of the above are derived from continuing activities.

**Income and Expenditure Account for the year ended
31 December 2019**

	2019 £'000	2018 £'000
Income	2,379	2,501
Expenditure	(2,739)	(2,264)
Net (expenditure) / income	(360)	237

The income and expenditure account excludes the exchange gains (losses) on overseas operations shown in the Statement of Financial Activities.

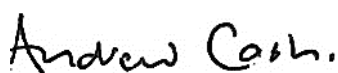
The accounting policies and the notes on pages 13 to 21 form part of these financial statements.

St. John of Jerusalem Eye Hospital
Company 3867950
Balance Sheet as at 31 December 2019

	Note	2019 £'000	2018 £'000
Fixed Assets			
Tangible assets	7	2,793	2,806
Total Fixed Assets		2,793	2,806
Current Assets			
Stocks		31	86
Debtors	8	721	406
Cash at bank and in hand		799	870
Total Current Assets		1,551	1,362
Creditors: Amounts falling due within one year	9	(2,166)	(1,760)
Net Current (Liabilities)		(615)	(398)
Total Assets Less Current Liabilities		2,178	2,408
Creditors: Amounts falling due after more than one year	9	-	-
Net Assets		2,178	2,408
The Funds of the Charity			
Restricted income funds	10	1	153
Unrestricted income funds	11	2,177	2,255
Total Charity Funds	12	2,178	2,408

The accounting policies and the notes on pages 13 to 21 form part of these financial statements.

The financial statements on pages 11 to 21 were approved by the Trustees and signed on their behalf by:



Sir Andrew Cash
Chairman, Board of Trustees



Nicholas Goulding
Treasurer

Date: 15 January 2021

St. John of Jerusalem Eye Hospital
Notes to the Financial Statements
For the year ended 31 December 2019

1 Principal accounting policies

a Basis of preparation

The financial statements have been prepared on the going concern basis, under the historical cost convention, except for investments which are stated at market value, with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these financial statements. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Companies Act 2006.

The ultimate parent undertaking and controlling party is St. John of Jerusalem Eye Hospital Group, a company incorporated in the United Kingdom under registration number 7355619. It is registered as a charity under the number 1139527 and has a registered Office at 4 Charterhouse Mews, London, EC1M 6BB. St. John of Jerusalem Eye Hospital Group is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2019.

Being a subsidiary, the company has taken advantage of exemption from preparing a cash flow statement under the terms of 'Financial Reporting Standard 102 - 1.12b on 'Cash flow statements'.

The consolidated financial statements of St. John of Jerusalem Eye Hospital Group are available from 4 Charterhouse Mews, London, EC1M 6BB.

**Going Concern
BACKGROUND**

In assessing the going concern position of the Charity as at 31 December 2019, the Board of Trustees have considered the Company's projected activities, financial budgets, cash flows and liquidity for a period to December 2022, which is a period of at least 12 months from the date of approval of the financial statements.

Based on the Company's cash flow projections, and support from Group undertakings, the Board of Trustees have adopted the going concern basis of accounting in preparing these financial statements.

IMPACT OF COVID-19

The first case of COVID 19 was confirmed in Israel on 22nd February 2020 and the first case was confirmed in the occupied Palestinian territories on 6th March. The Palestinian Authority (PA) declared a state of emergency and imposed a lockdown on all Palestinians, including severe movement restrictions. Beginning the 11th March, Israel began lockdown measures, including enforcing social distancing and other rules to limit the spread of infection.

The country was hit with a second COVID 19 wave in September and, as a result, the Israeli Authorities imposed a lockdown on the 18th September for 4 weeks. As for the PA, no lockdown was imposed, except for specific areas with a high incidence of COVID 19. The authorities keep all of these measures and restrictions under regular review. On 18th December, The Palestinian Authority announced a new set of strict nationwide measures aimed at slowing down the rapid spread of the COVID 19 pandemic across Palestine. This was followed by similar measures by the Israeli authorities.

The emergence of COVID 19 and reactions to it have had, and continue to have, a profound effect on domestic and global economies, organisations and society at large.

As a result of all the restrictions imposed by the authorities, the Company experienced a reduction in clinical activities which has resulted in a significant decline in patient related income. In addition, the PA has been facing major financial difficulties that have resulted in the inability of their ministry of health to make sufficient, regular and timely payments to the Group during 2020. Additionally, due to the global crisis, and in common with many other charitable organisations, the Company has experienced a decline in voluntary income receipts which is likely to continue for some while.

TRUSTEES' ACTIONS

To seek to minimise the financial impact of the pandemic, the Company carried out the following actions during 2020:

- Many staff members took one month of unpaid leave during April 2020.
- All staff took one month of unpaid leave (between May and August).
- A reduction in variable operational costs of circa 70% was targeted.
- Additional reduction in payroll costs due to postponement of recruitment.
- Reduction in non-critical operational spending and deferral of capital expenditure.
- Deferral of promotions and study/professional leave.
- An emergency appeal was launched with a planned return of £0.5m.
- All Priors of the Order of St John were requested and lobbied to increase their financial support.

As for additional and new sources of finance, the hospitals expects to receive US\$150k from the Israeli Government as a grant for returning employees to work (the majority of those funds have already been received). Additionally, the hospital received US\$75k from the Jerusalem Fund. Moreover, the Priors of St John have reassured the Trustees of their commitment to continue supporting the Group.

BUSINESS PLAN

In order to assess, for example, the use of the going concern assumption, Management and the Trustee Board have produced a detailed, yet adaptable, business plan that considers projected activity, the related financial budgets, cash flows and liquidity of the Company covering the period to December 2022.

KEY ASSUMPTIONS

The business and financial plans incorporate the following key assumptions:

- National and local Government decisions, rules and advice, along with travel and border restrictions and social distancing, will be relaxed sufficiently to permit the hospitals to provide a full range of services so as to serve patients in the most efficient and safe manner.
- There are no further impositions of closures, or the impact of any matter noted above, that would affect the Company's operations.
- Demand for services from patients return to a lower level than normally achieved, though in excess of that effectively permitted by current social distancing and other lockdown measures.
- The capacity and supply of patient services by the Company is not impacted by Covid-related matters.
- Payment by the PA (directly, or indirectly via its own funding sources) of sufficient, regular and timely payments to the Company for patient services provided.
- The achievement of a reduction in cash outflows through the restructuring of the organisation and measures planned to reduce costs during periods when activities may be limited.
- The Company is able to obtain on-going voluntary and fundraising unrestricted income, in particular from the St John Pories, albeit at levels reduced from prior periods.

SENSITIVITY ANALYSIS

Management and the Trustee Board have considered the impact on projected activities, budgets, and cash flows of reasonably plausible downside scenarios such that the key assumptions are not met, or able to be met, in whole or in part. This includes, for example, restrictions in supply of, or demand for, patient services; and reductions in income through voluntary income and fundraising targets not being achieved, beyond those considered in the current plans.

The Trustee Board has also sought to identify certain mitigating actions that could provide additional liquidity or reduce cash outflows to ensure that the company can maintain sufficient liquidity over the next 24 months. Under certain of these scenarios, the Company could utilise a large proportion of its available cash reserves, which exclude cash related to restricted income and endowment funds, within the period to December 2022 and require the implementation of some, or all, of the mitigating actions identified by Management and the Trustee Board. Such measures, whilst being identified and achievable based on current advice, may not necessarily provide liquidity to the degree required or within the required timescales. The Board of Trustees acknowledge that there is a level of uncertainty, which is likely to persist for some time, given the key assumptions and the financial modelling referred to above.

CONCLUSIONS

Having assessed the combination of all these various options and the financial support from Group undertakings, the Trustee Board, however, has a reasonable current expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of approval of the financial statements. For these reasons, the Trustee Board has adopted the going concern basis of accounting in the preparation of these financial statements. Accordingly, these financial statements do not include any adjustments to the carrying amount or classification of assets and liabilities that would result if the Charity were unable to continue as a going concern.

St. John of Jerusalem Eye Hospital
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b Foreign currencies

The Charity's functional and presentational currency is pounds sterling. Transactions in foreign currencies are recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities at the year end are translated at the rate ruling at the balance sheet date. Results of overseas operations are translated at the average rate for the period and their assets and liabilities at the balance sheet rate. All exchange differences are dealt with in the Statement of Financial Activities. Exchange differences on the translation of the assets and liabilities of overseas operations are included as other recognised gains and losses. All other exchange differences are included as incoming resources or resources expended as appropriate. The exchange rate of the British Pound to the Shekel at 2019 year-end was 4.5597 (2018, 4.7934), while the average rate for 2019 was 4.5535 (2018, 4.7982).

c Income recognition

Donations and other income are recognised in the financial statements on a receivable basis. Grants are recognised when the entitlement to the grant is confirmed. Legacies are recognised when the entitlement arises, being the earlier of the Charity being notified of the impending distribution or the legacy being received. Income from charitable activities is accounted for when earned. Subsidies and exemptions in respect of medical services provided without charge are shown as a deduction from gross income.

d Volunteers

The value of services rendered by medical volunteers is recognised in these financial statements

e Resources expended and basis of allocation of costs

Resources expended are accounted for on an accruals basis and have been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of resources. The irrecoverable value added tax is included with the item of expense to which it relates.

f Costs of charitable activities

These represent the costs of providing the medical and training services of the hospital and its clinics including both direct expenditure and the associated support costs.

g Governance costs

These comprise costs attributable to the overall management of the Charity's affairs and compliance with constitutional and statutory requirements.

h Cash flow statement exemption

The Charity has taken advantage of the exemption in FRS 102 from preparing a statement of cash flows, on the basis that it is a qualifying entity.

i Rentals

The costs in respect of rentals are charged to the Statement of Financial Activities on a straight line basis over the contract period.

j Liquid resources

Liquid resources are cash, time deposits, and certificates of deposit, in addition to cash at bank and in hand held in current accounts with UK, Israeli and Palestinian Banks.

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1 Principal accounting policies (continued)

k Pension and other end of service costs

The amount charged in the Statement of Financial Activities in respect of pension costs is the contributions payable in the year on an accruals basis. Other end of service benefits are accrued as earned on an undiscounted basis.

l Taxation

The Charity is entitled to certain tax exemptions on income and gains from investments, and surpluses on any trading activities carried on in furtherance of its primary objectives, if these gains and surpluses are applied solely for charitable purposes.

m Tangible assets and depreciation

Cost of tangible assets includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Donated fixed assets are brought into account at an estimate of their market value at the time of acquisition and, thereafter, depreciated on the bases set out below. The costs of minor additions to fixed assets under £500 are expensed in the year in which they are incurred. Impairment reviews are only carried out if there is an indication that the recoverable amount of an asset is below its net book value.

Depreciation on fixed assets is provided at rates estimated to write off the cost, less estimated residual value of each asset, over its expected useful life on a straight line basis, as follows:

Buildings	- 2.5% per annum
Building improvements	- 10% per annum
Medical equipment	- 15% per annum
Motor vehicles	- 20% per annum
Other equipment	- 20% per annum
Fixtures and fittings	- 6% per annum
Computer equipment	- 33% per annum

The holding values and estimated useful lives of assets are regularly reviewed for impairment and, where deemed appropriate, are written down.

On disposal of an item of tangible assets, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within note 4.

n Funds

Restricted funds are funds which are subject to specific conditions imposed by the donors.

Unrestricted funds are generally available for the Charity to carry out its charitable objectives.

General reserves are unrestricted funds available to be used at the discretion of the Board of Trustees for the furtherance of the charitable objectives of the Charity and which have not been designated for any other purpose.

Transfers between funds represent tangible assets purchased with restricted donations and used for daily hospital operations.

o Stocks

Stocks comprise hospital medical stores and supplies stated at the lower of cost or net realisable value using the FIFO method.

p Estimates and assumptions

The preparation of the financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenditure during the reporting period. Although these amounts are based on Trustees' best estimates of the amount, events or actions may mean that actual results ultimately differ from those estimates, and these differences may be material. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the change takes place if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Exchange rates are fundamental to the uncertainties. Mainly the impact of subsequent adverse movements between the exchange rates of the reporting and the operative currencies which would potentially affect, to some extent, the operating capability notwithstanding the enhanced but unrealisable balance sheet value of non UK located fixed assets.

The Charity provides against receivables by making judgements based on experience regarding the level of provision required to account for potentially uncollectible receivables.

2 Legal status of the Charity

The Charity is a company limited by guarantee and has no share capital (Company No.3867950 and Charity No. 1080185) and has a registered Office at 4 Charterhouse Mews, London, EC1M 6BB. The liability of each member in the event of winding up is limited to £10.

The company owns two £1 shares being all the issued shares in The St. John Eye Hospital (Palestine) Limited, which has not traded since incorporation.

3 Donations and legacies

	Unrestricted £'000	Restricted £'000	2019 £'000	Unrestricted £'000	Restricted £'000	2018 £'000
Donations	36	566	602	212	616	828
Donations in kind	7	-	7	289	-	289
	43	566	609	501	616	1,117

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4 Income from charitable activities

	2019 £'000 Total	2018 £'000 Total
Outpatient income	1,275	1,039
Surgical income	913	622
Less: Patient Relief	(423)	(277)
Net Patient Related Income	1,765	1,384
Other Hospital income	5	-
	1,770	1,384

Patient Relief represents subsidies and exemptions to cover the value of medical services rendered when payment is waived by the company where funding is not available from the relevant authorities and where the patients are unable to pay any balance owing. All of the above income comprises unrestricted funds.

5 Total expenditure

a Resources expended

	Costs of charitable activities 2019 £'000	Costs of charitable activities 2018 £'000	Governance Costs 2019 £'000	Governance Costs 2018 £'000	Total 2019 £'000	Total 2018 £'000
Personnel costs (note 6)	1,239	1,130	-	-	1,239	1,130
Medical costs	894	565	-	-	894	565
Establishment costs	116	126	-	-	116	126
Depreciation (note 7)	297	315	-	-	297	315
Office expenses	29	38	-	-	29	38
Travel and subsistence	16	13	-	-	16	13
Auditors' remuneration	-	-	16	16	16	16
Other professional fees	68	51	29	29	97	80
Other costs	8	-	-	-	8	-
Finance costs	27	(19)	-	-	27	(19)
	2,694	2,219	45	45	2,739	2,264
Support costs included above	184	162	-	-	184	162

Total resources expended in 2018 of £2,264,000 comprise £1,537,000 for unrestricted funds and £727,000 for restricted funds.

	2019 £'000	2018 £'000
Support costs comprise:		
Personnel costs	40	48
Establishment costs	58	63
Depreciation	30	32
Office expenses	29	38
Finance costs	27	(19)
	184	162

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5 Total resources expended (continued)

	2019	2018
	£	£
b Auditors' remuneration (excluding value added tax):		
External Audit	13,677	13,350
Other services provided by external auditors	13,609	5,307
	27,286	18,657

6 Employee information

a Staff numbers

The average monthly number of employees, including part time staff calculated on a full-time equivalent basis, analysed by function was:

	2019 Number	2018 Number
Medical and nursing	57	59
Support services	13	16
Administration	5	5
	75	80

b Staff costs

	2019 £'000	2018 £'000
Wages and salaries	1,182	1,073
Pension costs	55	51
Other related costs	2	6
	1,239	1,130

c Emoluments of employees

There are no employees who received employee benefits of more than £60,000 (2018: none).

d Remuneration received by key management personnel

This represents salaries and other benefits received by senior management personnel within their course of employment in managing the daily operations of the charity. The amount received by 3 staff members (2018: 3) amounted to £131,000 (2018: £127,000).

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7 Tangible assets

	Buildings & Improvements £'000	Medical Equipment £'000	Other Assets £'000	Total £'000
Cost				
Balance at 1st January 2019	2,098	3,003	403	5,504
Additions	-	133	8	141
Disposal	-	-	(5)	(5)
Exchange differences	108	154	19	281
Balance at 31st December 2019	2,206	3,290	425	5,921
Accumulated Depreciation				
Balance at 1st January 2019	191	2,292	215	2,698
Charge for the year	57	197	43	297
Disposal	-	-	(3)	(3)
Exchange differences	10	116	10	136
Balance at 31st December 2019	258	2,605	265	3,128
Net Book Value				
At 31st December 2019	1,948	685	160	2,793
At 31st December 2018	1,907	711	188	2,806

Other Assets comprise furniture and fixtures, vehicles, and office equipment.

8 Debtors

	2019 £'000	2018 £'000
Amounts falling due within one year		
Trade debtors	683	388
Donation receivable	21	-
Prepayments and accrued income	17	18
	721	406

9 Creditors

a Amounts falling due within one year

	2019 £'000	2018 £'000
Trade creditors	87	87
Taxation and social security	4	2
Accruals	370	362
Retirement benefits	1,154	1,031
Intercompany balance	541	269
Holiday pay accrual	10	9
	2,166	1,760

Intercompany balance includes cash advances and transfers from the Israeli entity (Amuta) to the Charity.

b Amounts falling due after more than one year

	2019 £'000	2018 £'000
Retirement benefits		
1st January	-	862
Additions	-	217
Exchange differences	-	(21)
Transfer from Amounts falling due after one year	-	(1,031)
Payments	-	(27)
31st December	-	-

Accrued retirement benefits mainly represent amounts payable in line with Palestinian law when staff leave the employment of the company. Such amounts are accrued when earned, based on current monthly salaries and periods of service. Also included in the balance are provident schemes.

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10 Restricted income funds

	At 1st January 2019 £'000	Incoming Resources £'000	Costs of charitable activities £'000	Purchase of Tangible Fixed Assets £'000	At 31 December 2019 £'000
Emir of Qatar	79	-	(79)	-	-
MAP UK Fund	-	-	-	-	-
Fred Hollows Foundation	-	281	(281)	-	-
Pontifical Mission	-	-	-	-	-
IMC / USAID Fund	-	-	-	-	-
BMZ Fund	73	284	(310)	(47)	-
Poor Patient Fund	1	1	(1)	-	1
	153	566	(671)	(47)	1

	At 1st January 2018 £'000	Incoming Resources £'000	Costs of charitable activities £'000	Purchase of Tangible Fixed Assets £'000	At 31 December 2018 £'000
Emir of Qatar	101	-	(2)	(20)	79
MAP UK Fund	18	55	(73)	-	-
Fred Hollows Foundation	-	231	(231)	-	-
Pontifical Mission	8	-	-	(8)	-
IMC / USAID Fund	-	58	(58)	-	-
BMZ Fund	165	271	(363)	-	73
Poor Patient Fund	-	1	-	-	1
	292	616	(727)	(28)	153

- Emir of Qatar contributed towards the cost of constructing a new Day Case Hospital in Gaza and supporting its running expenditure.
- MAP UK Fund contributed towards expanding the level of ophthalmic service provision by St. John in the Gaza strip
- Fred Hollows Foundation contributed towards expanding the level of operations within the Gaza branch through the introduction of a Diabetic Retinopathy screening and epidemiological research components,
- Pontifical Mission fund contributed towards purchasing new medical equipment for the Gaza hospital.
- IMC / USAID Fund contributed towards improving the service delivery in the Gaza hospital by introducing new services, in addition to capacity development component for staff, as well as a research.
- BMZ Fund project contributed towards expanding the level of operations within the Gaza branch through the introduction of a Diabetic Retinopathy screening and epidemiological research components,
- Poor Patient Fund contributes towards the treatment costs of needy patients.

11 Unrestricted income funds

	2019 £'000	2018 £'000
Opening balance	2,255	1,941
Net movement in funds excluding transfers	(125)	286
Transfer from restricted funds	47	28
Total Unrestricted Funds	2,177	2,255

Transfers represent amounts released from restricted funds for the purchase of tangible assets.

12 Total charity funds

Analysis by type of asset and liability	Unrestricted Funds 2019 £'000	Unrestricted Funds 2018 £'000	Restricted Funds 2019 £'000	Restricted Funds 2018 £'000	Total Funds 2019 £'000	Total Funds 2018 £'000
Tangible assets	2,793	2,806	-	-	2,793	2,806
Net current (liabilities) / assets	(616)	(551)	1	153	(615)	(398)
	2,177	2,255	1	153	2,178	2,408

13 Trustees' remuneration

The Trustees receive no remuneration.

All expenses incurred by the Trustees were paid by the parent charitable company.

14 Financial Instruments

The company has taken advantage of the exemption which is available under FRS 102 1.12 (c), (relating to sections 11 and 12 of the standard) as a wholly owned subsidiary not to disclose the

- . Categories of financial instruments
- . Items of income, expenses, gains or losses relating to financial instruments, and
- . Exposure to and management of financial risks

Full disclosure in relation to financial instruments is available in the consolidated financial statements of the St John of Jerusalem Eye Hospital Group.

15 Subsequent events

The first case of COVID 19 was confirmed in Israel on 22nd February 2020 and the first case was confirmed in the occupied Palestinian territories on 6th March. The Palestinian Authority (PA) declared a state of emergency and imposed a lockdown on all Palestinians, including severe movement restrictions. Beginning the 11th March, Israel began lockdown measures, including enforcing social distancing and other rules to limit the spread of infection. The country was hit with a second COVID 19 wave in September and, as a result, the Israeli Authorities imposed a lockdown on the 18th September for 4 weeks. As for the Palestinian Authority, no lockdown was imposed, except for specific areas with a high incidence of COVID 19. The authorities keep all of these measures and restrictions under regular review. On 18th December, The Palestinian Authority announced a new set of strict nationwide measures aimed at slowing down the rapid spread of the COVID 19 pandemic across Palestine. This was followed by The emergence of COVID 19 and reactions to it have had, and continue to have, a profound effect on domestic and global economies, organisations and society at large.

The Charity's financial statements reflect the financial position that existed at 31 December 2019 and therefore exclude the significant subsequent effects of the COVID-19 global pandemic.

Subsequent to the year end (31 December 2019), as a result of all the restrictions imposed by the authorities, the Company experienced a reduction in clinical activities which has resulted in a significant decline in patient related income, especially during March, April and May 2020. In addition, the PA has been facing major financial difficulties that have resulted in the inability of their ministry of health to make sufficient, regular and timely payments to the Company during 2020. The delay in settlement of sums due from the PA has been an ongoing issue for several years, although experience has shown that the sums due are eventually paid. Funding from overseas sovereign territories helps the PA to reduce outstanding balances. Additionally, due to the global crisis, and in common with many other charitable organisations, the Company has experienced a decline in voluntary income receipts which is likely to continue for some while.

In accordance with accounting standards, it has been determined that all these events are to be treated as non-adjusting subsequent events. The financial position and results of operations as at and for the year ended 31 December 2019 have, therefore, not been adjusted to reflect their impact.

The duration and long-term impact of the COVID-19 pandemic remains unclear. Accordingly, it is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods.

Based on the Company's business and financial plans, and the financial support from Group undertakings, the Board of Trustees are confident, at this time, of the Company's ability to remain as a going concern and have, therefore, prepared the financial statements on a going concern basis of accounting. Nevertheless, the Board of Trustees acknowledge that there is a level of uncertainty, which is likely to persist for some time. Further details relating to the going concern assumption are included in the basis of preparation section within note 1 to the financial statements.