



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 2021

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LEGAL AND ADMINISTRATIVE INFORMATION

TRUSTEES

Chairman

J A Hamblin
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

AUDITORS

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



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TRUSTEES' REPORT

The Trustees of The Victoria Foundation (the Charity) are pleased to present their report and the audited consolidated accounts of the Group for the year ended 31 March 2021.

The Group 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 Group's strategic report the Group'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 1st January 2015.

Principal activity and history

The Group'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 Hospital).

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.

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 which was re-registered as a charity in May 2011.

The redevelopment of its fourteen-bed day surgery unit, four new theatres, a dedicated high dependency unit, outpatient department and main reception was completed in April 2019.

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, competitive fixed price self-pay packages and significant investment in infrastructure and technology.



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

Strategic Report

Achievements and performance

The Charity has focused its energies on raising funds through a number of virtual events. Notes 3 and 6a to the accounts provide details of donations received through fundraising activities and grants made in the financial year.

The Charity has adapted its fundraising over the year in response to the impact of the pandemic and arranged a virtual fundraising event with special guest Sir Trevor McDonald and several local fundraising challenges in place of key fundraising events including its Annual Winter Ball and Overseas Challenges.

The Victoria Foundation has continued to provide grants to families and organisations in the local community to fund specialist trikes, buggies and medical equipment for disabled children, an accessible minibus for disabled youngsters, therapies for Carers and their cared for, which have helped to prevent loneliness and isolation. The Victoria Foundation received a grant from The Richmond Charities which, together with income from the investment in the London Community Foundation, has helped to make this possible. Many of those receiving grants have been most affected by the pandemic where they have been shielding for long periods.

In addition, The Victoria Foundation has supported frontline staff, patients, and families at Kingston Hospital by awarding a grant of £5,000 to fund equipment for the multi-purpose Gathering Rooms in the Spirituality & Wellbeing Centre at the heart of hospital's Esher Wing. Throughout the pandemic these rooms have been used as extension office spaces providing a space to hold confidential virtual meetings away from the open office environment. The Charity's volunteers helped to replant the Garden of Reflection at Kingston Hospital which has provided a quiet retreat for patients and staff during the pandemic.

In the wider community the Charity has awarded toolkit grants to fifty three medical students studying at twenty universities around the country. These grants support medical students in great need within widening participation in medicine many of whom have faced even greater financial pressure during their studies due to the impact of the pandemic where less part-time employment opportunities are available to them and where they are facing increased costs due to having to travel further to hospital placements and to purchase additional materials to support their remote learning. The number of toolkit grants awarded to medical students to support their studies on their journey to becoming the



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NHS Junior Doctors of the future is only possible due in part to the income The Victoria Foundation receives from a legacy from Mr Charles Anthony Blackwell.

The Charity has also awarded a grant of £15,000 to The Worshipful Company of Barbers which covered the cost of textbooks for first, second and third year students on the Extended Medical Degree course MBBS (EMDP) at King's College London - a course specifically designed for students who are studying A-levels or Access to Medicine at a non-selective state school or who are participants of Realising Opportunities across England.

Covid 19 had a significant effect on the Hospital during the year and to the manner in which the Hospital delivered its service to patients. With effect from March 2020 the hospital was contracted to the NHS to assist the Kingston Hospital NHS Foundation Trust with the provision of non-Covid medical services. The provision of PPE, the establishment of an enhanced cleaning regime and other changes in working practices increased its cost base. However, the impact of the NHS England contract to assist in the provision of surgery had a positive effect in terms of the number of patients treated and therefore on the level of income.

Although the level of medical care to private patients has been severely limited the Hospital has continued to provide excellent patient care, with average patient satisfaction scores of the highest ratings during 2020/21. In total 91% 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.

Financial review

The Victoria Foundation raised £53,026 through fundraising and donations in the year including £10,000 from the Covid19 Discretionary Business Fund of the London Borough of Richmond (2020 - £154,846). The principal event was the virtual Big Night In which raised £22,447. In addition, fundraising in the Community raised £2,000 (2020 - £1,500). Investment income was received from the restricted legacy from the Estate of Charles Anthony Blackwell of £7,975 in support of medical bursaries and £14,163 from the London Community Foundation.

Realised and Unrealised Gains/ (Losses) on the Foundation's investment portfolio during the year were £56,218 (2020 - £ (37,063)).

The Victoria Foundation distributed grants in the year totalling £85,050 (2020 - £195,517), details of which are shown in Note 6a.

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 its objects and 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 the interest receivable per annum on the deferred consideration to £100,000.

HSBC plc, the main lender, also remained fully supportive throughout the redevelopment having granted forbearance on the current loan repayments from March 2017, until December 2022. In addition, it has provided an overdraft facility, now £2.0m, to support operational cash flows. In addition, HSBC agreed that the overdraft interest would accrue from August 2018 until monthly payments restarted April 2020. Repayment in full of the HSBC loans, accrued interest and deferred arrangement fees is due in December 2022.

The Statement of Financial Activities on pages 14 and 15 provides the detail of financial performance.



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Total incoming resources, were £25.3m in the year (2020 - £18.7m).

Total resources expended were £21.8m (2020 - £20.9m).

Net incoming / (outgoing) resources for the year were £3,625,000 (2020 as restated – £ (3,601,000)).

A Trustees' valuation of the Hospital was carried out in October 2017 which was supported by professional independent advisers. The Trustees have since obtained an updated valuation of £40m but the assets continue to be held at the previous valuation amount. The Hospital has been valued in excess of £50m when trading at full capacity.

Following a valuation of the Hospital in 2017 and the increased debt exposure with HSBC totalling £37.5m, the Trustees of The Victoria Foundation agreed to fully provide against its intra group loan, which is subordinated to the Hospital's HSBC loan facilities, and against the value of the shareholding in the New Victoria Hospital in the Charity accounts.

Reserves and going concern

The movement in reserves in the year is set out in note 16 to the accounts. Total reserves at 31st March 2021 were in deficit at £7,502,000, (2020 as restated – deficit £11,127,000).

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 £37.600m to enable the completion of the redevelopment. 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 largely exhausted the funds available from its investments.

Having reviewed and formally agreed the forecasts prepared in November 2021 and the 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 reviewed 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 2022.

Despite the diminution of the Charity'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 Charity remains a going concern for the 12-month period from the date of approval of these financial statements. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Plans for future periods

The Victoria Foundation will continue to adapt and develop its fundraising activities to support its causes. The Victoria Foundation remains a charity able to pursue its objectives of doing valuable works within the field of medicine and is able to respond to unforeseen changing needs.

The Charity has a local focus by providing mobility aids for disabled youngsters helping them to reach their potential, accessible transport for the elderly helping to prevent loneliness, and life enhancing medical support to organisations and charities with shared objectives.

The Victoria Foundation also has a national focus by supporting the NHS Junior Doctors of the future by awarding grants to medical students within widening participation in medicine studying at universities



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around the UK to support their studies through the purchase of medical equipment, textbooks, and travel costs to hospital placements.

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 as 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 four times each year 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 are:

J A Hamblin *	Chairman
G A R Ball *	Chief Executive
D Cassidy	
A R Cooke *	
M A Matthews *	
E Ofo	
L Votier	

* Four of the Charity' 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 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.



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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 the Financial Reporting Standard applicable in the UK and Republic of Ireland, FRS 102, which was effective from 1st January 2015
- make judgements and estimates that are both 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 Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group 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 Group 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 Group's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves 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 and an external member. The Chief Executive and Finance Director of the New Victoria Hospital are also members. The Committee meets as required and its purpose is to:



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- 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 Group 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 key risk identified by the Trustees of the New Victoria Hospital is its ability to meet the budget for 2021/22 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 four-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 8th December 2021.

Mr J A Hamblin
Chairman



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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 2021 which comprise the Statement of Financial Activities, Balance Sheet, Cash Flow Statement, and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, 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 affairs as at 31 March 2021, and of 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 Charities Act 2011.

Basis for qualified opinion on financial statements

With respect to opening 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 for the year end 31 March 2020 and whether there was any consequential effect on the cost of sales for the year ended 31 March 2021.

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 in relation to going concern

We draw attention to the going concern accounting policy on page 19, and the wording contained in the 'Reserves and Going Concern' section of the Trustees' Annual Report, both of which indicate that there is a material uncertainty on the group's ability to repay bank financing due for repayment in December 2022. This material uncertainty casts significant doubt on the group's ability to continue as a going concern beyond December 2022. Our opinion is not modified in respect of this matter.



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Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' report 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.

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 group 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:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.



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Responsibilities of directors

As explained more fully in the trustees' responsibilities statement set out on page 8, the trustees 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 directors 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 group'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 directors either intend to liquidate the group 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

- The group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation. We determined that the following laws and regulations were most significant including Charities Act 2011, Health and safety regulations and employment law. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.
- We understood how the group is complying with those legal and regulatory frameworks by, making inquiries to management, those responsible for legal and compliance procedures and the company secretary. We corroborated our inquiries through our review of board minutes.
- The engagement partner assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognize non-compliance with laws and regulations. The assessment did not identify any issues in this area.

We assessed the susceptibility of the Charity's financial statements to material misstatement, including how fraud might occur. We considered the opportunities and incentives that may exist within the organisation for fraud and

Identified the greatest potential for fraud in the following areas; posting of fraudulent journal entries, authorisation, processing, and payment of fraudulent expenses, stock misappropriation and timing of revenue recognition.

Audit procedures performed by the engagement team included:

- Identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
- Understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
- Challenging assumptions and judgments made by management in its significant accounting estimates; and



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Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>.

Use of our report

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

DocuSigned by:

Janice Matthews

634F24DE92A4471...

Janice Matthews (Senior Statutory Auditor)

For and on behalf of

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

Date: 15-Dec-2021



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CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES YEAR ENDED 31 MARCH 2021

	Note	Unrestricted Funds £ 000	Restricted Funds £ 000	Endowment Funds £ 000	Total Funds 2021 £ 000	Unrestricted Funds (as restated) £ 000	Restricted Funds (as restated) £ 000	Endowment Funds (as restated) £ 000	Total Funds (as restated) 2020 £ 000
Income									
Donations and Legacies	3	61	2	-	63	102	156		258
Provision of hospital services		25,243	-	-	25,243	18,412	-		18,412
Investment Income	4	18	-	21	39	28	9	12	49
Total Income		25,322	2	21	25,345	18,542	165	12	18,719
Expenditure									
Cost of raising funds		6	-		6	17	79		96
Expenditure on charitable activities	6a	61	4	19	84	77	105	14	196
Provision of hospital services	6b	20,220	-		20,220	19,083	-		19,083
Other		136	-	4	140	145	-	3	148
Interest Payable	9	1,326	-		1,326	1,442	-		1,442
Total Expenditure		21,749	4	23	21,776	20,764	184	17	20,965
Realised / Unrealised Gains / (Losses) on Investments	12	(14)	-	70	56	(1)	(6)	(31)	(38)
Net Income / (Expenditure)		3,559	(2)	68	3,625	(2,223)	(25)	(36)	(2,284)



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CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES YEAR ENDED 31 MARCH 2021 continued

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds	Unrestricted Funds (as restated)	Restricted Funds (as restated)	Endowment Funds (as restated)	Total Funds (as restated)
Note	£ 000	£ 000	£ 000	2021 £ 000	£ 000	£ 000	£ 000	2020 £ 000
Net Income / (Expenditure) <i>see above</i>	3,559	(2)	68	3,625	(2,223)	(25)	(36)	(2,284)
Other Recognised Gains/(Losses)								
Gain on revaluation of assets	11	-	-	-	(1,317)	-	-	(1,317)
Net Movement in Funds	3,559	(2)	68	3,625	(3,540)	(25)	(36)	(3,601)
Reconciliation of Funds:-								
Total Funds brought forward	(11,705)	226	352	(11,127)	(8,520)	606	-	(7,914)
Prior year adjustment	7					-	388	388
Total Funds brought forward (as restated)					(8,520)	606	388	(7,526)
Transfer between Funds	14	(222)	208	-	355	(355)	-	-
Total Funds carried forward	(8,132)	2	628	(7,502)	(11,705)	226	352	(11,127)

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 19 to 39 form part of these financial statements.



THE VICTORIA FOUNDATION

CHARITY STATEMENT OF FINANCIAL ACTIVITIES YEAR ENDED 31 MARCH 2021

	Note	Unrestricted Funds £ 000	Restricted Funds £ 000	Endowment Funds £ 000	Total Funds 2021 £ 000	Unrestricted Funds (as restated) £ 000	Restricted Funds (as restated) £ 000	Endowment Funds (as restated) £ 000	Total Funds (as restated) 2020 £ 000
Income									
Donations and Legacies	3	61	2	-	63	102	156	-	258
Investment Income	4	118		21	139	128	9	12	149
Total Income		179	2	21	202	230	165	12	407
Expenditure									
Cost of raising funds		6	-		6	17	79	-	96
Expenditure on charitable activities	6a	61	4	19	84	77	105	14	196
Other		136	-	4	140	145	-	3	148
Total Expenditure		203	4	23	230	239	184	17	440
Realised / Unrealised Gains / (Losses) on Investments	12	(14)	-	70	56	(1)	(6)	(31)	(38)
Net Movement in Funds		(38)	(2)	68	28	(10)	(25)	(36)	(71)
Reconciliation of Funds:-									
Total Funds brought forward		804	226		1,030	814	251		1,065
Prior year adjustment		-	-	352	352	-	-	388	388
Total funds brought forward (as restated)		804	226	352	1,382	814	251	388	1,453
Transfer between Funds		14	(222)	208	-	-	-	-	-
Total Funds carried forward		780	2	628	1,410	804	226	352	1,382

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 19 to 39 form part of these financial statements.



THE VICTORIA FOUNDATION

BALANCE SHEETS

31 MARCH 2021

	Note	GROUP		CHARITY	
		2021 £ 000	2020 (as restated) £ 000	2021 £ 000	2020 (as restated) £ 000
Fixed Assets					
Tangible Fixed Assets	11	27,839	28,186	180	185
Investments	12	1,080	1,067	1,080	1,067
Total Fixed Assets		28,919	29,253	1,260	1,252
Current Assets					
Stock		531	618	-	-
Debtors	13	2,830	1,957	3	75
Cash at Bank and in Hand		181	72	181	72
Total Current Assets		3,542	2,647	184	147
Liabilities					
Creditors falling due within one year	14	39,814	42,728	34	17
Net Current (Liabilities) / Assets		(36,272)	(40,081)	150	130
Total Assets less Current Liabilities		(7,353)	(10,828)	1,410	1,382
Creditors: falling due after more than one year	15	149	299	-	-
Net (Liabilities) / Assets		(7,502)	(11,127)	1,410	1,382
Capital and Reserves					
Endowment Funds (as restated)	16	628	352	628	352
Restricted Funds (as restated)	16	2	226	2	226
Unrestricted Funds (as restated)	16	(8,132)	(11,705)	780	804
Total Capital and Reserves		(7,502)	(11,127)	1,410	1,382

The accounts were approved by the Board of Trustees and authorised for issue on 8th December 2021.

J A Hamblin
Chairman and Trustee

G A R Ball
Trustee



THE VICTORIA FOUNDATION

CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2021

	Note	2021	2020
		£ 000	£ 000
Cash flow from Operating Activities	17a	<u>4,527</u>	<u>187</u>
Cash flow from Investing Activities			
Investment Income		39	37
Investment Management Costs		-	-
Investments – (Increase) / Decrease		43	31
Rental Income		-	-
Interest Income		-	-
(Acquisition) / Disposal of Tangible Fixed Assets		(448)	(967)
Cash provided by / (used in) Investing Activities		<u>(366)</u>	<u>(899)</u>
Cash flow from Financing Activities			
Increase in Bank Borrowings		187	1,078
Repayment of Bank Borrowings		-	-
Interest Paid on Bank Borrowings		(1,167)	-
Increase in Finance Lease Borrowings		-	-
Repayment of Finance Lease Borrowings		(167)	(228)
Interest Paid on Finance Lease Borrowings		(31)	(41)
Cash provided by / (used in) Financing Activities		<u>(1,178)</u>	<u>809</u>
Increase / (Decrease) in Cash and Cash Equivalents in the year		2,983	97
Cash and Cash Equivalents brought forward		(2,845)	(2,942)
Total Cash and Cash Equivalents at the end of the year		<u>138</u>	<u>(2,845)</u>

The notes on pages 19 to 39 form part of these financial statements.



THE VICTORIA FOUNDATION

NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2021

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 1st 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 income over expenditure of £3,625,000 and a cash inflow of £2,983,000. At the year-end it had total net liabilities of £7,502,000 including bank borrowings of £37,366,000. At the date of approving these financial statements the Charity's subsidiary had total bank borrowing facilities available of £37,600,000 in order to fund all working capital requirements.

Having reviewed and formally agreed detailed trading and cash flow projections prepared in November 2021, the Trustees believe, to the best of their knowledge, that the Hospital remains a going concern for at least the period to December 2022. The Trustees are committed to the business transformation plan integral to the projections and to agreeing the Hospital's position following the completion of the redevelopment and to ensuring that adequate funding is in place to meet HSBC's repayment requirement in December 2022.

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



THE VICTORIA FOUNDATION

Capital and Reserves of £1,410,000, the Trustees believe, to the best of their knowledge, that the Foundation remains a going concern to at least the 31st December 2022, 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.



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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 fair value 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.

Land and buildings 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: -



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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 and the Director of Fundraising.

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 scheme. Pension costs represent the Group's contributions to this scheme; and its liability is limited to the amount of these contributions.

n) 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.



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3. INCOME FROM DONATIONS – GROUP AND CHARITY

	Unrestricted Funds	Restricted Funds	Total Funds	Unrestricted Funds (as restated)	Restricted Funds (as restated)	Total Funds (as restated)
	£000	£000	2021 £000	£000	£000	2020 £000
Donations						
Other Trading Activities	53	-	53	16	139	155
Charitable Activities		2	2		2	2
General Donations	8		8	86	15	101
Total Income	61	2	63	102	156	258

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

	2021 £ 000	2020 (as restated) £ 000
Endowment Funds:-	-	-
London Community Foundation	13	12
Charities Property Investment Fund	8	-
	<u>21</u>	<u>12</u>
Restricted Funds:-		
Charities Property Investment Fund	-	9
Unrestricted Funds:-		
Property Rent	18	28
	<u>39</u>	<u>49</u>

INVESTMENT INCOME continued

Investment Income - CHARITY

	2021 £ 000	2020 (as restated) £ 000
Endowment Funds:-		
London Community Foundation	13	12
Charities Property Investment Fund	8	-
	<u>21</u>	<u>12</u>
Restricted Funds:-		
Charities Property Investment Fund		9
Unrestricted Funds:-		
Property Rent	18	28
Interest on Loan to Subsidiary	100	100
	<u>139</u>	<u>149</u>



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5. NET EXPENDITURE

Net Expenditure is stated after charging:	2021	2020
	£ 000	£ 000
Auditor Fees – Audit Charity	7	10
Auditor Fees – Audit Subsidiary	29	34
Operating Lease Rentals - Equipment	119	85
Depreciation – Buildings	439	438
Depreciation – Equipment	288	350
Depreciation - Equipment held under Finance Leases	67	159
Loss on disposal of Fixed Assets	-	(5)

6. EXPENDITURE

a) Grant Funding Expenditure

	Mobility Aids	Accessible Transport	Medical Support	Other	Medical Bursaries	Total
	£	£	£	£	£	£
Restricted Fund Distributions						
Individuals	4	-	-	-	-	5
<i>Grants to Individuals</i>	4	-	-	-	-	5
Total Restricted Fund Grants	4	-	-	-	-	5



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Endowment Fund Distributions

TAG Youth Club	-	14	-	-	-	14
<i>Grants to Institutions</i>	-	14	-	-	-	14
Individuals	-	-	-	-	5	5
<i>Grants to Individuals</i>	-	-	-	-	5	5
Total Endowment Fund Grants	-	14	-	-	5	19

Unrestricted Fund Grants

Challengers	2	-	-	-	-	2
RUILS	1	-	-	-	-	1
TAG Youth Club	10	-	-	-	-	10
Alzheimer's Society	-	-	1	-	-	1
Crossroads Care Kingston & Richmond	-	-	15	-	-	15
Richmond Rugby Club	-	-	-	1	-	1
<i>Grants to Institutions</i>	14	-	16	1	-	30
Individuals	7	-	2	-	21	31
<i>Grants to Individuals</i>	7	-	2	-	21	31
Total Unrestricted Fund Grants	21	-	18	1	21	61
Total Grants	26	14	18	1	27	85



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b) Provision of Hospital Services

	Direct Activities	Support Costs	2021	Direct Activities	Support Costs	2020
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Provision of Hospital Services						
Staff and other Staff Costs	6,317	4,075	10,392	5,556	3,709	9,265
Medical and Other Supplies	2,812	-	2,812	2,827	-	2,827
Contracted Services	3,194	1,538	4,732	3,014	1,239	4,253
Depreciation	312	476	788	456	486	942
Other	19	1,477	1,496	17	1,780	1,797
	12,654	7,566	20,220	11,870	7,214	19,084

Governance Costs

Staff And Other Staff Costs		449				373
Other			394			359
			843			732

7. PRIOR YEAR ADJUSTMENT

The Foundation's investment in the London Community Foundation comprises an initial investment of £165,196 together with match funding from the Grassroots Grants Matched Challenge making a total investment of £330,392. The value of the investment at 31st March 2021 was £420,470 (2020: £352,138). The investment is managed through the donor-advised fund of the London Community Foundation which provides investment services.

Income is made available to the Foundation each year for the purpose of making grants in accordance with agreed criteria. For the year to 31st March 2021 the amount available for distribution in grants was £14,163 (2020: £13,592).

In previous years the investment has been treated as "off balance" sheet. Following advice, the Trustees have incorporated the value of the investment as an asset with an equivalent amount being held as Endowment Funds. The comparative figures have been restated accordingly.

In addition, the funds arising from the legacy from The Charles Blackwell Estate previously held as Restricted Funds have also, following advice, been transferred to Endowment Funds with effect from 1st April 2020.



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8. STAFF COSTS AND TRUSTEES' / DIRECTORS' REMUNERATION

	2021	2020
	£ 000	£ 000
Wages and Salaries	8,498	7,768
Social Security	869	773
Pension	236	207
Staff Benefits – Medical Insurance, Life Assurance	243	273
Agency and Other Staff	413	131
Other Staff Costs	213	202
	10,472	9,354
Average Number of Employees	2021	2020
Hospital – Senior Management	9	9
Hospital Services - Clinical	101	98
Hospital Services – Support Services	47	54
Hospital Services - Administrative	49	65
Charity	1	1
	207	227

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:

Higher Paid Staff – Number of Employees by ranges in excess of £60,000	2021	2020
£60,000 to £69,999	6	5
£70,000 to £79,999	6	2
£80,000 to £89,999	2	2
£90,000 to £99,999	2	3
£100,000 to £109,999	1	-
£180,000 to £189,999	-	-
£200,000 to £209,999	1	1
	18	13

The aggregate paid to key management personnel was £1,205,000 (2020 - £1,100,000).



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Trustees' remuneration

Mr Ball is currently the Executive Chairman of the Victoria Foundation. 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	2021	2020
	£ 000	£ 000	£ 000	£000
G A R Ball - Charity	17	1	18	20
G A R Ball - Hospital	69	2	71	77
L Votier – Charity	50	1	51	-
	136	4	140	97

Mr Curtis was paid fees in the year of £Nil (2020 - £7,500) for his services as Medical Director and Responsible Officer of the Hospital before he resigned from both positions in June 2019. Dr Verma was paid a salary in the year of £13,563 and pension contributions of £407 (2020 – £Nil) for his services as Medical Director for the period from 1st April, 2020 to 30th June, 2020 before he resigned. Mr Willson became a Director after the end of the year on 27 September. Ms Girgis was paid a salary in the year of £10,300 for her services as Responsible Officer. The other Trustees received no payment for their services during the year and were not reimbursed for any expenses.

9. INTEREST PAYABLE

	2021	2020
	£ 000	£ 000
Bank Loans and Overdrafts	1,295	1,401
Finance Leases	31	41
	1,326	1,442

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.



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11. TANGIBLE ASSETS

Tangible Assets - GROUP	Freehold Land and Buildings	Equipment	Construction in Progress	Total
	£ 000	£ 000	£ 000	£ 000
Cost or Valuation				
As at 1 st April 2020	27,818	3,009	(5)	30,822
Additions	76	285	87	448
As at 31st March 2021	27,894	3,294	82	31,270
Depreciation				
As at 1 st April 2020	980	1,657	-	2,637
Depreciation Charge for the Year	439	355	-	794
As at 31st March 2021	1,419	2,012	-	3,431
Net Book Value				
As at 31st March 2021	26,475	1,282	82	27,839
As at 31 st March 2020	26,839	1,352	(5)	28,186

The net book value of equipment held under finance leases at 31 March 2021 was £163,000 (2020 - £200,000). Its original cost was £1,502,000 (2020 - £1,471,000) and the depreciation charged in the year was £67,000 (2020 - £186,000). During the year, no new finance leases were contracted for.

The Charity's freehold land and buildings were formerly valued by an independent third party as at 31st March 2019 at £750,000 as commercial property. The Trustees do not believe there to be any change in this fair value as at 31st March 2021. 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.

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 Trustees obtained an updated valuation of £40m but this uplifted valuation has not been recognised. The Hospital has been valued in excess of £50m when new facilities are fully operational.

Tangible Assets - CHARITY	Freehold Land and Buildings	Equipment	Construction in Progress	Total
	£ 000	£ 000	£ 000	£ 000
Cost or Valuation				
As at 1 st April 2020	212	5	-	217
As at 31st March 2021	212	5	-	217



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Depreciation

As at 1 st April 2020	29	3	-	32
Depreciation Charge for the Year	4	1	-	5
			-	-
As at 31st March 2021	33	4	-	37

Net Book Value

As at 31st March 2021	179	1	-	180
As at 31 st March 2020	183	2	-	185

12. INVESTMENTS

	2021	GROUP 2020 (as restated)	2021	CHARITY 2020 (as restated)
	£ 000	£ 000	£ 000	£ 000
Listed Investments	205	246	205	246
Unlisted Investments	875	821	875	821
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)
	1,080	1,067	1,080	1,067

Listed and Unlisted Investments

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

Market Value of Investments	2021	2020 (as restated)
	£ 000	£ 000
As at 1 st April	1,067	747
Additions	47	388
Disposals	(90)	(30)
Gains / (Losses) on Disposal	(6)	-
Unrealised Gains / (Losses)	62	(38)
As at 31st March	1,080	1,067



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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. The Registered Office of the New Victoria Hospital Limited is located at 184, Coombe Lane West, Kingston-upon-Thames, Surrey, KT2 7EG.

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

	2021	2020
	£ 000	£ 000
Fixed and Current Assets	31,020	30,507
Liabilities	(64,324)	(67,408)
Net (Liabilities) as at 31st March	(33,304)	(36,901)
Turnover	25,243	18,412
Expenditure	(21,646)	(20,626)
Profit / (Loss) for the Year ended 31st March	3,597	(2,214)

Loans to Group Undertakings

Loans to group undertakings of £24,392,000 (2020 - £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 (2020 - £100,000). 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 2021 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 31st March 2019 to cover an increase in the loan to the Hospital made during the year ended 31st March 2019. The Trustees have since obtained an updated valuation of £40m but the assets continue to be held at the previous valuation amount. The Hospital has been valued in excess of £50m when new facilities are fully operational.



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13. DEBTORS

	GROUP		CHARITY	
	2021	2020	2021	2020
	£ 000	£ 000	£ 000	£ 000
Trade Debtors	1,105	1,664	-	-
Other Debtors	3	1	-	-
Prepayments and Accrued Income	1,722	292	1	68
Amounts owed by Group Undertakings	-	-	2	7
	2,830	1,957	3	75

14. CREDITORS: amounts falling due within one year

	GROUP		CHARITY	
	2021	2020	2021	2020
	£ 000	£ 000	£ 000	£ 000
Bank Overdraft	43	2,917	-	-
Bank Loans	34,855	34,668	-	-
Bank Loans Accrued Interest	2,468	2,341	-	-
Obligations Under Finance Leases	156	173	-	-
Trade Creditors	1,356	1,435	-	-
Other Taxes and Social Security Costs	30	444	-	-
Accruals	906	700	34	17
Other Creditors	-	50	-	-
	39,814	42,728	34	17

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

	GROUP		CHARITY	
	2021	2020	2021	2020
	£ 000	£ 000	£ 000	£ 000
Bank Loans	-	-	-	-
Obligations Under Finance Leases	149	299	-	-
	149	299	-	-



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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:

	2021	2020
	£ 000	£ 000
Within 1 Year	34,855	34,668
As at 31st March	34,855	34,668

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 2021 was £10,981,000 (2020 - £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 2021 £23,875,000 (2020 - £23,687,000) 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 repayments on the initial loan and second loan following completion of phase 3 of the redevelopment. This agreement was in place granting forbearance of repayment of both loans and the overdraft facility until December 2021. Interest payments of both loans and the overdraft facility were suspended from August 2018 until March 2020, reverting to monthly payment terms from April 2020. The arrangement fees for the increase in the facility have also been deferred until December 2021. HSBC have agreed to extend their agreement to defer repayment of the loans, overdraft, arrangement fees and accrued interest until December 2022.

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 2022.

Obligations under Finance Leases

The future minimum payments under finance lease agreements to which the Hospital was committed at 31 March 2021 were as follows:

	2021	2020
	£ 000	£ 000
Lease Payments due within 1 Year	175	203
Lease Payments due between 2 and 5 Years	172	340
Total Lease payments due	347	543
Interest and Finance Charges	(42)	(70)
Total Lease Capital payments due	305	473



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Amounts falling due within 1 year	156	174
Amounts falling due after more than 1 year	149	299
Total Capital amounts falling due	305	473

16. MOVEMENT IN FUNDS

GROUP	Unrestricted Funds (as restated) £ 000	Restricted Funds (as restated) £ 000	Endowment Funds (as restated) £ 000	Total Funds (as restated) £ 000
At 1 st April 2019	(8,520)	606	-	(7,914)
Prior year adjustment	-	-	388	388
At 1st April 2019 (as restated)	(8,520)	606	388	(7,526)
Net Incoming / (Outgoing) Resources	(2,222)	(19)	(5)	(2,246)
Gains / (Losses) on disposal of Investment Assets	(2)	-	-	(2)
Unrealised Gains / (Losses) on Investment Assets	1	(6)	(31)	(36)
Unrealised Gains / (Losses) on Fixed Assets	(1,317)			(1,317)
Transfer between Funds	355	(355)	-	-
At 1st April 2020 (as restated)	(11,705)	226	352	(11,127)
Net Incoming / (Outgoing) Resources	3,573	(2)	(2)	3,569
Gains / (Losses) on disposal of Investment Assets	(6)	-	-	(6)
Unrealised Gains / (Losses) on Investment Assets	(8)	-	70	62
Transfer between Funds	14	(222)	208	-
At 31st March 2021	(8,132)	2	628	(7,502)
CHARITY	Unrestricted Funds (as restated) £ 000	Restricted Funds (as restated) £ 000	Endowment Funds (as restated) £ 000	Total Funds (as restated) £ 000
At 1 st April 2019	814	251	-	1,065
Prior Year Adjustment	-	-	388	388
At 1st April 2019 (as restated)	814	251	388	1,453
Net Incoming / (Outgoing) Resources	(9)	(19)	(5)	(33)
Unrealised Gains / (Losses) on Investment Assets	(1)	(6)	(31)	(38)
At 1st April 2020 (as restated)	804	226	352	1,382
Net Incoming / (Outgoing) Resources	(24)	(2)	(2)	(28)
	34			



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Unrealised Gains / (Losses) on Investment Assets	(14)	-	70	56
Transfer between Funds	14	(222)	208	-
	-	-	-	-
At 31st March 2021	780	2	628	1,410

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
Funds at 31st March 2020	4	-	-	-	222	226
Transfer to Endowment Funds	-	-	-	-	(222)	(222)
Income	-	-	-	2	-	2
Net Funds for Distribution	4	-	-	2	-	6
Grants - Individuals	(4)	-	-	-	-	(4)
Total Distributions	(4)	-	-	-	-	(4)
Funds at 31st March 2021	-	-	-	2	-	2



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17. NOTES TO CASH FLOW STATEMENT

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

	2021	2020
	£ 000	£ 000
Net Income / (Expenditure)	3,625	(2,249)
Depreciation	794	947
Loss on disposal of Fixed Assets	-	(5)
Investment Income	(39)	(37)
Assets in construction expensed	-	306
Loan Interest Paid and Accrued	1,326	1,442
Realised (Gains) / Losses	6	3
Unrealised (Gains) / Losses	(62)	3
(Increase) / Decrease in Stock	86	(136)
(Increase / Decrease in Debtors	(873)	(251)
Increase / (Decrease) in Creditors	(336)	164
	<hr/>	<hr/>
Net Cash Inflow from Operating Activities	4,527	187

b) Analysis of changes in net debt

	Movement in Year	2021	2020
	£ 000	£ 000	£ 000
Cash at Bank and in Hand	<hr/> 2,983	<hr/> 138	<hr/> (2,845)
Bank Loans	(187)	(34,855)	(34,668)
Finance Leases	168	(305)	(473)
	<hr/>	<hr/>	<hr/>
Movement in Debt	(19)	(35,160)	(35,141)
	<hr/>	<hr/>	<hr/>
Net Debt	2,964	(35,022)	(37,986)



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

	2021	2020
	£ 000	£ 000
Increase in Cash in period	2,983	97
Bank Loans Advanced	(187)	(1,078)
Capital element of Finance Lease Repayments	168	228
	<hr/>	<hr/>
Net Debt	2,964	(753)

18. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

a) Capital and other financial commitments

The Hospital has an overdraft facility of £2,000,000 (2020: £3,400,000).

b) Obligations under operating leases

At 31 March 2021 the Hospital had the following annual commitments under operating leases:

	2021	2020
	£ 000	£ 000
Other		
Due to expire within 1 Year	85	109
Due to expire between 2 and 5 years	83	144
	<hr/>	<hr/>
	168	253
	<hr/>	<hr/>
Total Obligations under Operating Leases	168	253



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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 £1,890 of services to the Hospital during the year (2020 - £3,985). At 31 March 2021, the Company owed ControlAccount Plc £331 (2020 - £1,183).

Mr Curtis, Dr A Ravalia and Mr Wilson, who have all held the position of Medical Director at the Hospital, are also consultants with practising privileges at the Hospital. As consultant surgeons, they act as independent contractors and not as agents of the Hospital and as such do not provide services to the Hospital. They also use 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 them on the same commercial terms as to other consultants.

Mr Willson was appointed Medical Director in July 2020 and is a member of the Executive Management Team at the Hospital.

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

20. POST BALANCE SHEET EVENT

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.

The Hospital is 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.