



THE NEW VICTORIA HOSPITAL LIMITED

Company number: 5903364
Charity registration number: 1141784

**TRUSTEES' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2021**

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THE NEW VICTORIA HOSPITAL LIMITED

LEGAL AND ADMINISTRATIVE INFORMATION

TRUSTEES

Chairman

G A R Ball
A R Cooke
J A Hamblin
M A Matthews
H E Bradbury
P D Willson

OFFICERS

Chief Executive
Finance Director
Director of Clinical Services
Medical Director

D Marshall
C Twomey
G Welch
Mr P Willson

REGISTERED OFFICE

184 Coombe Lane West
Kingston upon Thames
Surrey KT2 7EG

COMPANY NUMBER

5903364

CHARITY REGISTRATION NUMBER

1141784

AUDITOR

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

BANKERS

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

SOLICITORS

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



THE NEW VICTORIA HOSPITAL LIMITED

TRUSTEES' REPORT

The Trustees are pleased to present their report and the audited accounts of the Company for the year ended 31 March 2021.

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

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

Principal activity and history

The Company, which is a registered charity, owns and operates The New Victoria Hospital, a private independent hospital in Kingston upon Thames, Surrey. The Company is wholly owned by another registered charity, The Victoria Foundation.

As a limited company the Charity's governing document is its Articles of Association. The Company adopted new Articles of Association in March 2011 when it applied for registration as a charity and as a result it now shares the same objects as The Victoria Foundation, 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 which opened in 1958.

Thereafter, The Victoria Foundation (then named The New Victoria Hospital Limited) owned and operated the Hospital as a charitable institution for almost 50 years until 2007 when, it was sold to a commercial operator to enable significant investment. The proceeds raised were used for it to become a significant grant-giving healthcare charity (ultimately named The Victoria Foundation) and in 2011 The Victoria Foundation re-purchased the Hospital and the Hospital re-registered as a charity in May 2011.

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

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



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

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

The Hospital's vision statement is:

To provide outstanding treatment and individual patient care,
delivered by the most dedicated professionals,
whilst achieving our charitable and commercial objectives
and retaining our independence.

To be the hospital of choice.

The provision of excellent care and staff is enhanced by the Hospital's core values which are embraced throughout the organisation:

Compassionate

Caring for patients and each other.

Exceptional

We believe in nothing less than excellence.

Ethical

We act with integrity and are committed to safety.

Charitable

We support those in need.

Strategic Report

Achievements and performance

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.

Overall, the Hospital admitted 5.925 patients in the year, with the proportion of day cases to inpatients being 86%

During the year the Hospital has enjoyed a growth in patient numbers especially outpatients, to a certain extent vindicating the decision to expand our facilities. The final month of the year would almost certainly have been a record month, but on March 23rd the Hospital was effectively sequestered into the NHS. Nevertheless, patient numbers had continued to grow organically throughout the year. In addition, we have developed our relationship with Kingston Hospital to our mutual benefit.



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The Hospital has continued to raise its marketing profile during the year with local advertising, website improvements and engagement with consultants and GPs as well as through hospital communications and events which have been well received.

In order to ensure that the Hospital's Executive Management Team remains effective, well led and focussed on achieving financial and clinical targets, the Hospital has continued with the development of its Heads of Departments to enable them to meet the evolving working practices required. The Hospital has developed a five-year strategy, embracing its Vision and Values, aligned to six key pillars:

- Growth and Profitability
- Customer Experience
- Resource Utilisation
- Marketing and Brand Awareness
- Governance and Quality
- People and Culture.

The Hospital surveys its staff which provides the opportunity for constructive feedback to ensure that the highest levels of engagement are maintained.

Significant Post Balance Sheet Matter

The impact of Covid 19 on the Hospital during the year under review was not material. Subsequently however it has had a significant impact upon the manner in which we have delivered our service to patients. The provision of PPE, the establishment of an enhanced cleaning regimen and other changes in working practices have increased our cost base. However, the impact of the NHS England contracts, the first of which expired on the 31st December 2020, has had a positive impact in terms of the number of patients treated. It remains to be seen, given that we have had to disappoint our existing Consultant base especially for theatre times, whether the medium to longer term benefit of this association will be positive.

Financial review

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

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 repayments 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 increases 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 Statement of Financial Activities on page 17 provides the detail of financial performance.

The Charity recognised incoming resources of £24.8 in the year (2020 - £18.4m), an increase of 34.8%.

Total resources expended were £21.7m (2020 - £20.6m).



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Interest costs associated with the borrowings for the redevelopment, were £1,430,000 (2020 - £1,542,000) as a result of the fact that no bank loan interest was transferred to the costs of the build in the year.

Total net expenditure was £3,117,000 (2020 - £2,214,000).

A Trustees' valuation of the Hospital was carried out in October 2017, which was supported by professional independent advisors. 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.

Reserves and going concern

The movement in reserves in the year is set out in note 13 to the accounts. The total deficits on reserves at 31st March 2021 were (£33,784,000), (2020 - £ (36,901,000)).

The aim of the Trustees is to maintain cash and free reserves at a level sufficient to fund capital expenditure, meet liabilities as and when they fall due, and provide an appropriate level of risk protection in the event of an unforeseen emergency. The Hospital's reserves policy is reviewed in light of the annual operating budget and the long-term projections prepared to support the refurbishment and redevelopment of the Hospital and presented to the Trustees.

HSBC continued to support the redevelopment of the Hospital which is now complete. In addition, they have provided an overdraft facility, now £2.0m, to support operational cash flow. Forbearance of loan repayments has been granted by the bank until December 2021 without affecting the term. Loan and overdraft interest payments have been accrued from August 2018 reverting to monthly payment from April 2020.

£23.9m had been drawn down against the HSBC Loan facility of £24.1m by the end of the financial year (2020 - £23.7m).

Having reviewed and formally agreed the forecasts prepared in November 2021 and Facility documentation, for the continued funding, the Trustees believe, to the best of their knowledge, that the Hospital remains a going concern for the 12 months from the date of approval of the accounts. The Trustees are committed to the Strategy Plan integral to the forecast and to ensuring that adequate funding is in place to meet HSBC's repayment requirements in December 2022, if necessary, through re-financing.

Clinical Review

The Hospital's philosophy is to provide the highest standards of patient care and service at affordable prices.

The Hospital operates a robust integrated governance and risk programme, the purpose of which is to review and evaluate practice continuously to improve the outcomes of care for patients and ensure the health, safety and wellbeing of staff, patients and visitors.

These processes and outcomes were reviewed both internally and externally and the results used as validation of the services delivered and compliance with regulatory, legislative and best practice requirements and guidance.

The year was a challenging one, providing support to the NHS – almost exclusively Kingston Hospital NHS Foundation Trust (KHFT) – in response to the COVID-19 pandemic whilst continuing to provide as much service as possible to the Hospital's private patients.



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The Hospital worked within the various NHSE contracts that were created to support the country's fight against COVID-19.

All elective private work was suspended for much of the year and efforts were concentrated in providing the most flexible, efficient service to the local NHS community.

CQC

The Hospital is registered and regulated by the Care Quality Commission (CQC) and is required to meet the Fundamental Standards of Care 2014, outlined in the Health and Social Care Act 2008 (Regulated Activities) Regulations 2014.

There were four CQC notifiable incidents; three expected deaths and one serious injury. The latter resulted in a root cause analysis investigation being carried out. All were formally reported.

The CQC Relationship Manager continued to providing support and guidance to the Director of Clinical Services (DCS) who is the Registered Manager and the Integrated Governance and Risk Director (IGRD) when required.

As part of the CQC's regulatory response to COVID-19, they adapted the way they worked while routine inspection activity was cancelled. Remote engagement meetings with the DCS and IGRD were held in August and January.

The first meeting was to discuss how the Hospital's service had changed and was managing during the pandemic. This call was also an opportunity to highlight any areas of innovative practice and any areas of risk, for example accessing PPE.

The second meeting gave the Hospital the opportunity to focus on safety and discuss how effectively services were led and how easy it was for people to access the service.

CQC continued to adapt the way they worked and evolved their approach to regulating by introducing a transitional monitoring approach.

CHKS - Healthcare Accreditation and Quality Unit ISO 9001:2008

Continuing accreditation requires annual surveillance visits to assess on-going compliance and a 3 yearly inspection visit of all ISO and CHKS quality standards.

The tri-annual inspection visit was due in February 2021; however, an extension of three months was agreed as most Hospital resources had been deployed to support the Covid contracts with the NHS.

As a result of this extension, an interim inspection was carried out remotely in February. The findings confirmed compliance with all standards observed and the inspector remarked that staff interviewed displayed a positive, united attitude towards the Hospital's future plans, despite the current pandemic changes.

The online completion of information required was submitted at the end of March in preparation for the full inspection scheduled for May 2021.

Public Health, England (PHE)

The Hospital reports incidences of MRSA, MSSA, E. coli, Klebsiella and Pseudomonas bacteraemia and Clostridium Difficile infections on a monthly basis.

The Hospital submitted one E. coli bacteraemia (not attributable to NVH) for all named infections for this period.



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Overall, the Hospital infection rate for admitted care was 0.1% (0.17% - 2019-20) and the surgical site infection rate was 0.08% (2019-20 = 0.1%).

Controlled Drug Local Intelligence network (CDLIN)

The Director of Clinical Services is the Hospital's Controlled Drug Accountable Officer and submits a quarterly report to CDLIN regarding incidents, concerns and adverse events relating to CDs. No concerns were raised for this period.

This reporting requirement was suspended during the height of the covid pandemic but has now resumed.

Radiation Protection Advisor Review

Radiological policies, procedures, quality checks and activity are reviewed annually against IRMER. During 2020 the Hospital transitioned to a new RPA provider, the Radiological Protection Centre and in August 2020, Dr N Mangat took over as Radiology Clinical Lead, additionally sitting on the Medical Advisory and the Radiation Protection Committees.

The RPC meeting, held on 8 February 2021, demonstrated the Hospital's continuing compliance and dose audits evidenced good use of dose optimisation. The meeting reviewed two CT protocol changes which were made following complaint/ Datix investigations. The changes were made as supplementary measures and were not the cause of the complaint or Datix. At present no issues or areas of concern have been identified.

All processes, practices and policies were found to be fully compliant. An overarching project is being undertaken to convert current policies and procedural guidelines to the Radiological Protection Centre's templates.

National Joint and Cosmetic Breast Registries

Hip, knee and shoulder implant data was submitted to the NJR and breast implant data submitted to the Cosmetic Breast Registry throughout the year. Consultant outcomes are monitored by the Medical Director through the NJR report.

Pathology Services

The Hospital continued to outsource most pathology services to South West London Pathology (SWLP). A limited amount of work continued to go to The Doctors Laboratory and histology specimens went to St George's or Richmond Park Pathology.

The SWLP contract has been managed well and all incidents were discussed at the regular contract review/operational meetings. SWLP were responsive with investigating problems in a timely manner. Turnaround times for results greatly improved but there were ongoing issues with microbiology samples going missing. This situation improved with the appointment of a new Microbiology Manager.

The contract with SWLP is due for renewal; going forward it will include Blood Transfusion Services rather than having a separate Service Level Agreement for this.

Data Protection and Information Governance

The Hospital invested resources to improve data lines to the NHS via the Health and Social Care Network (HSCN). This has allowed the Hospital to submit patient information to the NHS via the Secondary Users System (SUS). Hospital staff have accessed patient information on KHFT's Electronic Patient Record system via the HSCN.

The Hospital invested in a new computer server platform to replace old servers. The new platform has provided the Hospital's IT systems with increased resilience and business continuity.



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There was one significant Information Security incident reported. This resulted in an increase in cyber security training for all users and the implementation of two factor authentication for managers.

The Information Governance Steering Group has been set up to review, and provide guidance on, Information Security issues. The group includes representatives from clinical, financial and administrative departments.

Medical Profession (Responsible Officer) Regulations 2010 and Revalidation

Dr Amira Girgis continued in her role as the Hospital's Responsible Officer (RO). Dr Girgis is RO for 9 consultants (this has increased by one since last year). She also provided support to consultants not aligned to the NHS regarding the requirements set out in the RO regulations, with particular regard to appraisal, 360° colleague and patient feedback, activity and adverse outcome data.

The Higher-Level Responsible Officer (HLRO) inspection was scheduled for Q4 but this was postponed due to the COVID-19 pandemic; it has yet to be rescheduled.

Medical Director

The collaboration between Mr Peter Willson and Dr Abdulsatar Ravalia in the MD role was successful during the height of the pandemic. Following the resignation of Dr Anil Verma, this role was reviewed in the summer and Peter Willson became the new MD in July. In recognition of his support, Abdulsatar Ravalia was appointed as Associate Medical Director.

The MD met regularly with the Chief Executive, Director of Clinical Services and Integrated Governance and Risk Director to review adverse outcomes, complaints and concerns.

Medical Advisory Committee (MAC)

The Terms of Reference for the MAC were comprehensively reviewed. As part of this review, it was identified that several members had served on the committee for a considerable length of time.,

It was agreed to commence a phased replacement of all long serving members with new consultants. In September Dr Andrew Poullis stepped down as Chair and was replaced by Dr Ravalia.

Quality Improvement Initiatives

The following initiatives were implemented:

- *Adherence to national IPC guidance for the safe management of staff and patients during the COVID-19 pandemic:* The incidence of COVID-19 infections was minimal and all positive cases were successfully isolated, preventing nosocomial spread.
- *Freedom to Speak up Guardianship:* A FTSUG was appointed; she had regular meetings with staff and fed back to the Chief Executive on a monthly basis. Protected time was allocated to promote and embed the framework
- *Hospital Values:* Using output from the multidisciplinary strategy group the Marketing team and the EMT revised the Hospital Values which were be launched in May 2021
- *Admission booklets for children:* These were designed and published during the year are sent to all paediatrics prior to admission
- *Think Drink:* This campaign was introduced to optimise patient's hydration status before their operations
- *Pathway for guidewire placement for patient's undergoing breast surgery:* This was implement following a review of a serious incident in theatre
- *The WHO checklist:* This was introduced in the Outpatient and Imaging departments for patients having interventional procedures
- *Reporting discrepancies guidance and policy:* The Imaging department implemented new guidelines and a process to improve reporting discrepancies



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- *Consent process:* Improvement was made to the written consent process for interventional procedures in the Interventional room
- *Outpatient notes:* Care pathway documentation was introduced for outpatient procedures in the treatment rooms
- *Physiotherapy documentation:* The physio team reviewed their patient documentation to ensure it was up to date with best practise guidelines and included a holistic assessment
- *My Catheter Passport:* This document was created by the nursing staff for patients with indwelling urinary catheters. It includes information about how to care for the catheter and signs and symptoms of a UTI
- *Medical Professional Assurance Framework:* The recommendations were incorporated in the Practising Privileges Policy and embedded with the consultant body

Conclusion

Overall, 2020/21 was a challenging but successful year, with patient activity reaching its highest level ever. Patient care and clinical outcomes continued to be of the highest standard, despite the constantly changing cohort of patients throughout the year.

Working with KHFT required the Hospital to frequently review and adapt existing processes to meet the needs of the patients.

The quality of care and service delivery continued to achieve excellent outcomes and positive feedback. Recognition and thanks were received from the NHS neuro rehabilitation team who reported improved clinical outcomes for their patients during their stay at the hospital.

Hospital Plans for future periods

The Hospital recognises its challenge to meet and exceed the forecasts that have been set in support of the redevelopment project and with a strengthened Executive Management Team will be rising to the challenge to maximise revenue and embrace efficiencies and cost saving strategies that higher activity enables.

The Hospital continues to review its current portfolio of activity and explore new opportunities as well as increasing cardiac diagnostic, orthopaedic, gastroenterology, general surgery, gynaecology and urology services, and so attracting new consultants. The Hospital is keen to maximise its self-pay revenue streams with a competitive, transparent offering for patients which is supported by its finance product to assist patients in the payment of treatment.

The Hospital's consultants support the Hospital due to the quality of care and the standards it is able to offer as a charitable independent hospital. The Hospital is committed to ensuring that this is maintained with increased capacity and higher activity levels. The patient journey is being reviewed in light of the new facilities, reinforcing and challenging current practices to ensure that the Hospital continues to embrace best practice.

The Hospital recognises that excellent staff are its key asset and will continue to ensure that they provide an excellent service by providing adequate budgets for training and nursing revalidation support. In addition, partly as an action from staff survey feedback, the Hospital has reviewed its pay and benefits packages to ensure parity across the Hospital to remain competitive in attracting and retaining its staff.



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Structure, Governance, and Management

Governing Document

As a limited company the Charity's governing document is its Articles of Association. The Company adopted new Articles of Association in March 2011 when it applied for registration as a charity and shares the same objects as its parent, The Victoria Foundation, which are detailed on page 3.

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 Hospital's affairs and its future strategy. The Trustees meet monthly, which some of the Executive Management Team attend. The Trustees review the financial and operational performance of the Hospital as well as clinical and financial governance and quality assurance programmes.

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

G A R Ball*	(Appointed 26 th April 2021)
H E Bradbury	
A R Cooke*	(Retired 24 th August 2020)
M J Curtis	
J A Hamblin*	
M A Matthews*	
Dr A Poullis	(Retired 29 th March 2021)
Mr P Willson	(Appointed 27 th September 2021)

* Four of the Hospital Trustees are also Trustees of The Victoria Foundation.

Rotation, recruitment and appointment and induction of Trustees

The Trustees consider it essential that the Board 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.

The Trustees are responsible for ensuring that adequate segregation of duties is maintained across the structure and governance of the Hospital. To this endeavour the Trustees review its key posts and those defining the management of the Hospital's governance to ensure that these roles are adequately aligned and rotated.

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.



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All Trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

Statement of Trustees' Responsibilities

The Trustees are responsible for the approval of the annual accounts, ensuring compliance with the Charities Act 2011, the Companies Act 2006 and 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.

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

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

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

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

In so far as the Trustees are aware:

- there is no relevant audit information of which the Company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves 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 16 to the accounts.

Executive Management Team

The Trustees delegate the day-to-day management of the Hospital to the Chief Executive and the officers of the Company, being the Director of Clinical Services and the Finance Director, along with the Operations Director, Business Development Director, Integrated Governance Director, IT Director and HR Director constitute the Hospital's Executive Management Team (EMT) which meets twice a month. The EMT is supported by the Heads of Department who meet on a monthly basis.

Medical Advisory Committee

The Medical Advisory Committee comprises a chairperson, the Medical Director, consultants who have practising privileges at the Hospital, the Chief Executive and Director of Clinical Services. The Committee meets quarterly and is responsible for advising the Trustees on matters related to the management of medical practice and any regulatory obligations required. The purpose of the Committee is to:



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- Act as a communication link between the Hospital and Consultants.
- Advise when requested on issues of ethics and standards.
- Advise the Chief Executive on the granting, maintenance and withdrawal of Practice and Admitting Privileges.
- Advise the Chief Executive regarding proposed new practices and treatments.
- Advise on all aspects of medical policy and clinical practice.
- Review Clinical Governance Reports with regard to Key Performance Indicators, patient clinical complaints and clinical incidents.
- Review and oversee the Medicines management policy and ensure the safe and accurate use of medicines.

Audit and Finance Committee

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

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

Risk Management

The Trustees have a duty to identify and review the risks to which the Charity is exposed and to ensure that appropriate controls are in place to provide reasonable assurance against fraud and error. The Trustees review annually the major strategic, business, and operational risks to which the Charity is 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 and through the governance structure in the Hospital.

The key risk identified is aligned to meeting the budget for 2021/22 and subsequent forecasts agreed with HSBC. The Trustees and Executive Management 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.

The Trustees and Executive Management Team regularly review the required management structures to ensure support for the Executive Management Team in the management of the Hospital. This will ensure that robust processes are in place, aligned to efficient staffing and cost management, to meet profitability against the forecasts and budgets set. The business development team has been



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enhanced to support the anticipated increases in activity through an agreed marketing plan, linked to the Hospital's strategy.

The Executive Management Team ensure that regular communications are made with the Trustees of the Hospital and those of The Victoria Foundation in addition to formal meetings to ensure all key decision makers are kept fully up to date on progress.

The Trustees have identified the following commercial and operational risks:

- Loss of revenue from Private Medical Insurers (PMIs) is a key risk in ever changing market conditions and a reduced number of PMIs through acquisition and reduced corporate policies together with more aggressive pricing. The Hospital has launched a self-pay product and services which are aligned to Competition and Markets Authority requirements as well as additional revenue streams which enhance current activity and the opportunity to work more closely with the NHS.
- Loss of key consultants would have an adverse impact on revenue streams and the Hospital's ability to meet its forecasts. The Hospital continues to monitor activity and works closely with its consultants as well as actively seeking new consultants to meet its strategic objectives keeping abreast of internal and external factors which may potentially affect practices. In addition, the Hospital is focussed on succession planning for those consultants who are mature in their careers.
- The risk of closure caused by an outbreak of Covid 19 or other systemic infection can never be discounted. The Hospital has an extreme cleaning regimen and hygiene policy and as outlined in the Clinical Review has robust procedures in place to ensure this risk is mitigated to the minimum possible.
- Increased costs associated with external regulatory compliance has impacted results in the year and will continue to do so with Competition and Markets Authority requirements which include the Private Healthcare Information Network (PHIN) subscriptions and clinical coding to provide transparent and comparable data, helping to inform patient choice of hospital and patient information requirements as a result of the Montgomery legal case and Duty of Candour requirements.
- There is a continuing requirement to increase the use of technology to support patient diagnosis and treatment with higher demands for IT support. Cyber threats and potential data loss is protected through robust security, data backup and disaster recovery plans. The Hospital has robust policies and procedures in place to monitor this and is accredited for its information management systems under ISO27001.

Auditor

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

The report of the Trustees, including the strategic report, was approved and signed on behalf of the Trustees on 29th November 2021.

Mr G A R Ball
Executive Chairman



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Independent Auditor's Report to the Members of The New Victoria Hospital Limited

Qualified Opinion

We have audited the financial statements of The New Victoria Hospital Limited (the 'charitable company') 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 charitable company'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 charitable company's records, we were unable to obtain sufficient appropriate audit evidence regarding the opening stock figure which consequently means we do not have sufficient and appropriate audit evidence regarding the cost of sales value reported in 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 charitable company 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 qualified opinion.

Material uncertainty in relation to going concern

We draw attention to the going concern accounting policy on page 22, 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 charitable company's ability to repay bank financing due for repayment in December 2022. This material uncertainty casts significant doubt on the charitable company's ability to continue as a going concern beyond December 2022. Our opinion is not modified in respect of this matter.



THE NEW VICTORIA HOSPITAL LIMITED

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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- 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

Responsibilities of directors

As explained more fully in the trustees' responsibilities statement set out on page 12, 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 charitable



THE NEW VICTORIA HOSPITAL LIMITED

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 directors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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 charitable company 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 charitable company 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

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



THE NEW VICTORIA HOSPITAL LIMITED

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 company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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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



THE NEW VICTORIA HOSPITAL LIMITED

STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED 31 MARCH 2021

		Unrestricted Funds	Restricted Funds	Total Funds	Unrestricted Funds	Restricted Funds	Total Funds
	Note	£ 000	£ 000	2021 £ 000	£ 000	£ 000	2020 £ 000
Income							
<i>Income from charitable activities</i>							
Provision of hospital services		25,243	-	25,243	18,412	-	18,412
Total Income		25,243	-	25,243	18,412	-	18,412
Expenditure							
<i>Expenditure on charitable activities</i>							
Provision of hospital services	4	20,220	-	20,220	19,084	-	19,084
<i>Other Expenditure</i>							
Interest Payable	6	1,426	-	1,426	1,542	-	1,542
Taxation	7	-	-	-	-	-	-
Total Expenditure		21,646	-	21,646	20,626	-	20,626
Net Income/(Expenditure)		3,597	-	3,597	(2,214)	-	(2,214)
Other Recognised Losses							
Loss on revaluation of assets	8	-	-	-	(1,317)	-	(1,317)
Net Movement in Funds		3,597	-	3,597	(3,531)	-	(3,531)
Reconciliation of Funds							
Total Funds brought forward		(36,901)	-	(36,901)	(33,370)	-	(33,370)
Total Funds carried forward		(33,304)	-	(33,304)	(36,901)	-	(36,901)

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 22 to 35 form part of these financial statements.



THE NEW VICTORIA HOSPITAL LIMITED

BALANCE SHEET As at 31 MARCH 2021

	Note	2021 £ 000	2020 £ 000
Fixed Assets			
Tangible Fixed Assets	8	27,659	28,000
Total Fixed Assets		27,659	28,000
Current Assets			
Stock		532	618
Debtors	9	2,829	1,889
Cash at Bank and in Hand		-	-
Total Current Assets		3,361	2,507
Liabilities			
Creditors falling due within one year	10	39,782	67,109
Net Current Liabilities		(36,421)	(64,602)
Total Assets less Current Liabilities		(8,762)	(36,602)
Creditors: falling due after more than one year	11	24,542	299
Net (Liabilities) / Assets		(33,304)	(36,901)
Capital and Reserves			
Allotted, called up and fully paid (100 ordinary shares of £1 each)		-	-
Unrestricted Funds	13	(33,304)	(36,901)
Total Capital and Reserves		(33,304)	(36,901)

The accounts were approved by the Trustees and authorised for issue on 29th November 2021.

J. A. Hamblin
Director

G. A. R. Ball
Director and Executive Chairman

The notes on pages 22 to 35 form part of these financial statements.



THE NEW VICTORIA HOSPITAL LIMITED

CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2021

	Note	2021	2020
		£ 000	£ 000
Cash flow from Operating Activities	14a	4,600	412
Cash flow from Investing Activities			
Acquisition of Tangible Fixed Assets		(448)	(964)
Cash used in Investing Activities		(448)	(964)
Cash flow from Financing Activities			
Increase in Bank Borrowings		187	1,078
Interest Paid on Bank Borrowings		(1,167)	-
Interest Paid on Intra Group Borrowings		(100)	(100)
Repayment of Finance Lease Borrowings		(167)	(228)
Interest Paid on Finance Lease Borrowings		(31)	(41)
Cash (used in)/provided by Financing Activities		(1,278)	709
Increase in Cash and Cash Equivalents in the year		2,874	157
Cash and Cash Equivalents brought forward		(2,917)	(3,074)
Total Cash and Cash Equivalents at the end of the year		(43)	(2,917)

The notes on pages 22 to 35 form part of these financial statements.



THE NEW VICTORIA HOSPITAL LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 MARCH 2021

1. ACCOUNTING POLICIES

The New Victoria Hospital Limited is a private company limited by shares incorporated in England and Wales and a registered charity. The address if 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 New Victoria Hospital meets 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 Charity had an excess of income over expenditure of £3,597,000. At the year-end it had net total liabilities of £33,304,000 including bank borrowings of £34,855,000. At the date of approving these financial statements, the Charity had increased its total bank borrowing facilities to £37,600,000 in order to fund the completion of the hospital redevelopment plan and to cover all working capital requirements.

The Trustees have prepared, reviewed and formally approved detailed trading and cash flow projections covering the period beyond 31st December 2022. The Trustees are committed to the business transformation plan integral to these projections, and to ensuring that adequate funding is in place to meet the Bank's requirement for loan repayment in full in December 2022, if necessary, through refinancing. Based on these projections and the bank facility documentation for the increased funding, the Trustees believe, to the best of their belief and knowledge, that the Charity remains a going concern for at least the period to 31st December 2022 and, accordingly, these financial statements have been prepared on the going concern basis.



THE NEW VICTORIA HOSPITAL LIMITED

d) Income

All income is included on the statement of financial activities when the Charity 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.

e) 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.

f) 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 costs of grant-funding activities and the provision of hospital services, and include 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.

g) 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.



THE NEW VICTORIA HOSPITAL LIMITED

h) 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 the 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 Company deem that the property held by the Company 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: -

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

i) 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.

j) Pay Policy for Senior Staff

The Trustees consider the Trustees, who are the Hospital's Directors, and the Executive Management Team, who comprise the key management personnel of the Charity, are 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 those Trustees' remuneration, expenses and related party transactions as disclosed in note 16 to the accounts.

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



THE NEW VICTORIA HOSPITAL LIMITED

k) Pensions

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

m) 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 Company 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 Company and arose wholly in the United Kingdom.

3. NET INCOME

Net Income is stated after charging:	2021	2020
	£ 000	£ 000
Auditor Fees – Audit	29	34
Operating Lease Rentals - Equipment	119	85
Depreciation – Buildings	434	434
Depreciation – Equipment	287	349
Depreciation - Equipment held under Finance Leases	67	159
Gain on disposal of Fixed Assets	-	(5)



THE NEW VICTORIA HOSPITAL LIMITED

4. EXPENDITURE - 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

5. STAFF COSTS AND TRUSTEES' / DIRECTORS' REMUNERATION

Staff Costs	2021	2020
	£ 000	£ 000
Wages and Salaries	8,436	7,698
Social Security	862	765
Pension	234	205
Staff Benefits – Medical Insurance, Life Assurance	243	273
Agency and Other Staff	405	122
Other Staff Costs	213	202
	10,393	9,265



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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
	206	226

The average number of employees exclude those working on zero hours contracts (bank staff).
The number of staff, including 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	7	5
£70,000 to £79,999	6	2
£80,000 to £89,999	1	2
£90,000 to £99,999	2	3
£100,000 to £109,999	1	-
£180,000 to £189,999	-	1
£200,000 to £209,999	1	-
	18	13

The aggregate of salaries paid to key management personnel was £1,134,000 (2020 - £1,100,000).

Trustees' remuneration

Mr Ball served as Chief Executive of the Charity until 31 December 2018 when he became the Executive Chairman. His engagement was approved by the Charity Commission and is reviewed annually by the Trustees. Remuneration paid to Mr Ball in the year was £69,000 gross salary and £2,000 pension contribution totalling £71,000 (2020 - £77,000).

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 2021.

Ms Girgis was paid a salary in the year of £10,300 and a pension contribution of £Nil (2020 - £Nil) 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.



THE NEW VICTORIA HOSPITAL LIMITED

6. INTEREST PAYABLE

	2021	2020
	£ 000	£ 000
Bank Loans and Overdrafts	1,295	1,401
Finance Leases	31	41
Loan from Parent Undertaking	100	100
	1,426	1,542

7. TAXATION

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

8. TANGIBLE ASSETS

Tangible Assets	Freehold Land and Buildings £ 000	Equipment £ 000	Construction in Progress £ 000	Total £ 000
Cost or Valuation				
As at 1 st April 2020	27,605	3,005	(5)	30,605
Additions	76	285	87	448
As at 31st March 2021	27,681	3,290	82	31,053
Depreciation				
As at 1 st April 2020	951	1,654	-	2,605
Depreciation Charge for the Year	435	354	-	789
As at 31st March 2021	1,386	2,008	-	3,394
Net Book Value as at 31st March 2021	26,295	1,282	82	27,659
As at 31 st March 2020	26,654	1,351	(5)	28,000



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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.

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.

9. DEBTORS

	2021	2020
	£ 000	£ 000
Trade Debtors	1,105	1,664
Other Debtors	3	1
Prepayments and Accrued Income	1,721	224
	2,829	1,889

10. CREDITORS: amounts falling due within one year

	2021	2020
	£ 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
Loan from Parent Undertaking	-	24,392
Trade Creditors	1,095	1,435
Other Taxes and Social Security Costs	291	444
Accruals	872	682
Other Creditors	-	50
Intra Group Balances	2	7
	39,782	67,109



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

	2021	2020
	£ 000	£ 000
Obligations Under Finance Leases	150	299
Loan from Parent Undertaking	24,392	-
	<u>24,542</u>	<u>299</u>

The loan from the parent undertaking of £24,392,000 comprises a loan from The Victoria Foundation on its acquisition of the Company in January 2011 and subsequent increases to support the Hospital's redevelopment and operational cash flow requirements. The loan is sub-ordinated to the facilities provided by HSBC plc. The Trustees of The Victoria Foundation have agreed that interest charged and paid be limited to £100,000 per annum.

The loan is repayable on 28th January 2026.

Bank loans

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

Bank Loans	2021	2020
	£ 000	£ 000
Within 1 Year	34,855	34,668
	<u>34,855</u>	<u>34,668</u>
As at 31st March		

The first loan with HSBC 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



THE NEW VICTORIA HOSPITAL LIMITED

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

The Charity 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 Company was committed at 31 March 2021 were as follows:

Finance Lease Obligations	2021	2020
	£ 000	£ 000
Lease Payments due within 1 Year	175	203
Lease Payments due between 2 and 5 Years	172	340
	<hr/>	<hr/>
Total Lease payments due	347	543
Interest and Finance Charges	(41)	(70)
	<hr/>	<hr/>
Total Lease Capital payments due	306	473
	<hr/>	<hr/>
Amounts falling due within 1 year	156	174
Amounts falling due after more than 1 year	150	299
	<hr/>	<hr/>
Total Capital amounts falling due	306	473



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12. SHARE CAPITAL

	2021	2020
	£	£
Authorised		
1,000 ordinary shares of £1 each	1,000	1,000
Called – up allotted and fully paid		
100 ordinary shares of £1 each	100	100

13. SHAREHOLDERS' FUNDS

	Profit and Loss Account £ 000
At 1 st April 2019	(33,370)
Retained Loss for the Year	(3,531)
	<hr/>
At 1 st April 2020	(36,901)
Retained Profit/(Loss) for the Year	3,597
	<hr/>
At 31st March 2021	(33,304)



THE NEW VICTORIA HOSPITAL LIMITED

14. NOTES TO CASH FLOW STATEMENT

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

	2021	2020
	£ 000	£ 000
Net Income/(Expenditure)	3,597	(2,214)
Depreciation	788	942
Profit on disposal of Fixed Assets	-	(5)
Assets in construction expensed	-	306
Loan Interest Paid and Accrued	1,426	1,542
Decrease / (Increase) in Stock	86	(136)
Increase in Debtors	(940)	(183)
(Decrease) / Increase in Creditors	(357)	160
Net Cash Inflow from Operating Activities	4,600	412

b) Analysis of changes in net debt

	Movement in Year	2021	2020
		£ 000	£ 000
Cash at Bank and in Hand	2,874	(43)	(2,917)
Bank Loans	(187)	(34,855)	(34,668)
Finance Leases	166	(306)	(472)
Loan from Parent Undertaking	-	(24,392)	(24,392)
Movement in Debt	(21)	(59,553)	(59,532)
Net Debt	2,853	(59,596)	(62,449)



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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	2,874	157
Bank Loans Advanced	(187)	(1,078)
Capital element of Finance Lease Repayments	166	227
Net Debt	2,853	(694)

15. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

a) Capital and other financial commitments

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

b) Obligations under operating leases

At 31 March 2021 the Company had the following future 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
	168	253
Total Obligations under Operating Leases	168	253



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16. TRUSTEES' INTERESTS IN CONTRACTS AND RELATED PARTY TRANSACTIONS

Details of Trustees' remuneration are given in note 5 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 Control Account 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 Control Account 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 now a member of the Executive Management Team at the Hospital.

17. ULTIMATE CONTROLLING PARTY

The Company's ultimate controlling party is The Victoria Foundation, a company limited by guarantee and a registered charity. The registered office of The Victoria Foundation is St David's House, 15 Worples Way, Richmond-upon-Thames, Surrey, TW10 6DG and its registered charity number is 292841 and company number is 01946612. The principle activities of the entity are the funding of charitable healthcare activities through grants and the operation of its wholly owned subsidiary, The New Victoria Hospital Limited.

18. POST BALANCE SHEET EVENTS

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

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.