

Company registration number: 01946612
Charity number: 292841

TRUSTEES' REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2022

THE VICTORIA
FOUNDATION
(A company limited by
guarantee)

THE VICTORIA FOUNDATION

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS FOR THE YEAR ENDED 31 MARCH 2022

| | |
|----------------------------------|---------------------------------------------------------------------------------------------------------|
| Trustees | J A Hamblin G A R Ball D Cassidy A R Cooke M A Matthews E Ofu L Votier |
| Company registered number | 01946612 |
| Charity registered number | 292841 |
| Registered office | St David's House 15 Worple Way Richmond-Upon-Thames Surrey TW10 6DG |
| Director of Fundraising | L Votier |
| Chief executive officer | G A R Ball |
| Independent 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 |
| Solicitors | Stone King LLP Boundary House 91 Charterhouse Street Clerkenwell London EC1M 6HR |
| Investment Advisors | The Charities Property Fund Savills Investment Management 33 Margaret Street London W1G 0JD |

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TRUSTEES' REPORT

FOR THE YEAR ENDED 31 MARCH 2022

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 2022.

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.

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 has 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.

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

The redevelopment of its 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.

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.

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TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

- 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 Victoria Foundation has focused its energies on raising funds through a number of key events and activities. The Charity has continued to adapt its fundraising over the year in response to the ongoing impact of the pandemic and was delighted to be able to arrange its annual fundraising ball once again.

During the year the Charity made grants totalling £56,000 as detailed in Note 11. The Charity has continued to provide grants to families and organisations in the local community to fund specialist mobility aids and medical equipment, an accessible minibus, therapies for Carers and their cared for, to help disabled youngsters gain greater independence, keep families together, and prevent loneliness and isolation. The Charity received a grant from The Richmond Charities which, together with income from donations, events, the investment in the London Community Foundation, make these grants possible.

The following organisations received grants during the year:

- Clarendon School
- Crossroads Care Richmond & Kingston
- Imperial College
- Leeds University
- Richmond & Ealing friendship Group
- The Holly Lodge Centre, Richmond
- The Hydration Foundation
- The Royal Hospital for Neuro Disability

In the wider community the Charity has awarded toolkit grants and elective bursaries directly to thirty-four medical students studying at twenty universities around the country and a further twenty students through grants awarded to Imperial College London and Leeds University. In addition, The Charity's grant to Leeds University restricted to the NHS Student Workforce Enhanced Counselling and Wellbeing Support will help to fund counselling and wellbeing services for medical students studying at the university. The toolkit grants and elective bursaries aim to support widening participation in medicine and are awarded to medical students in great need 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.

The toolkit grants, elective bursaries and grants the Charity awards to individuals and Institutions to support medical students during their studies on their journey to becoming the NHS Junior Doctors of the future are only possible due largely to the income The Victoria Foundation receives from the Endowment Fund from the legacy from The C A W Blackwell Discretionary Will Trust as well as from its own unrestricted funds.

The Hospital has continued to provide excellent patient care, with average patient satisfaction scores of the highest ratings during 2021/22. In total 99.8% of patients rated their overall quality of care, nursing care and consultant care as excellent, very good or good whilst 99.0% would be likely or extremely likely to recommend the Hospital to family and friends.

Overall, the Hospital admitted 6,145 patients in the year, with the proportion of day cases to inpatients being 78%.

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TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

Financial review

The Victoria Foundation

Shortly before the year end a further legacy was received by the Charity from The C A W Blackwell Discretionary Will Trust of £600,000. This very considerable donation will enable the Charity to increase both the grant amount it awards to medical students facing great financial hardship during their studies and the number of students it supports annually. Grants from 'The Charles Anthony Walter Blackwell Training Fund' will be awarded by the Charity to medical students in great need to help provide study materials, equipment, and travel to hospital or elective placements.

During the year the charity raised £88,488 through fundraising (2021 - £53,026). The principal event was the Winter Ball which raised £37,000. In addition, fundraising in the Community amounted to £2,500 from a grant from the Richmond Charities (2021 - £2,000). Donations of £32,003 (2021 - £7,818) included £15,000 received from Mr Peter Willson, the income from which is restricted to making grants to student doctors. Also received was a donation of £2,500 from Consilient Health and general donations of £14,503. Investment income was received from the investment of the legacy from The C A W Blackwell Discretionary Will Trust of £8,364 and £12,694 from the investment with the London Community Foundation which are included in Endowment Funds.

Realised and Unrealised Gains on the Charity's investment portfolio during the year were £102,721 (2021 - £ 56,218).

The Charity distributed grants in the year totaling £56,004 (2021 - £85,050), details of which are shown in Note 11.

The Group

The Charity's 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 had reduced the interest receivable per annum on the deferred consideration to £100,000. With effect from 1st April 2022 this has been increased to £200,000 per annum.

HSBC plc, the main lender, also remained fully supportive throughout the redevelopment having granted forbearance on the current loan repayments from March 2017, until November 2023. In addition, it has provided an overdraft facility, now £1.0m, to support operational cash flows. HSBC have also 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 November 2023.

The Statement of Financial Activities on page 12 provides the detail of financial performance.

Total incoming resources were £25.8m in the year (2021 - £25.3m). Total resources expended were £25.2m (2021 - £21.8m). Net incoming resources for the year were £0.6m (2021 - £3.6m).

A Trustees' valuation of the Hospital was carried out in April 2021, which was supported by professional independent advisors, valuing the Hospital at £40m. The Hospital has been valued at £54m when trading at full capacity.

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's 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 2022 were in deficit at £6.8m (2021 - deficit £7.5m).

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 £37.9m 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 2022 and the confirmation of continued funding,

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TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

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 November 2023.

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.

Reserves Policy

The Trustees of the Charity have adopted a policy regarding reserves in accordance with guidelines issued by the Charity Commission. The policy ensures that we are able to meet all our current and future liabilities and is reviewed periodically by the Board of Trustees. It is considered that the level of reserves needs to be adequate to maintain core activities and this should not fall below 12 months' operating costs being approximately £150,000.

Plans for future periods

The Charity 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 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 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's Trustees are also Trustees of the New Victoria Hospital Limited.

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TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

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.

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 four times each year and its purpose is to:

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

Risk Management

The Trustees have a duty to identify and review the risks to which the 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.

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TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

The key risk identified by the Trustees of the New Victoria Hospital is its ability to meet the budget for 2022/23 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.

Statement of Trustees' responsibilities

The Trustees (who are also the directors of the Company for the purposes of company law) are responsible for preparing the Trustees' report including the strategic report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of their incoming resources and application of resources, including their income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles of the Charities SORP (FRS 102);
- make judgements and estimates that are both reasonable and prudent
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the group will continue in business

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and 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 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.

Auditor

The auditors, Menzies LLP, will be proposed for reappointment in accordance with section 485 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

Approved by order of the members of the board of Trustees and signed on their behalf by:



J A Hamblin
Chairman
Date: 19 December 2022

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MENZIES
BRIGHTER THINKING

INDEPENDENT AUDITORS' 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 2022 which comprise the consolidated statement of financial activities, the consolidated balance sheet, the company balance sheet, the consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the possible effects of matters described in the Basis for Qualified opinions paragraph, the financial statements:

- give a true and fair view of the state of the Group's and of the parent charitable company's affairs as at 31 March 2022 and of the Group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Charities Act 2011.

Basis for qualified opinion on financial statements

With respect to opening stock in the year ended 31 March 2021, 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 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. Our audit opinion on the financial statements for the period ended 31 March 2021 was modified accordingly. Our opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.

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 Auditors' 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 related to going concern

We draw attention to the going concern accounting policy on page 17, and the wording contained in the 'Reserves and Going Concern' section of the Trustees' Annual Report, both of which indicate that there is a significant uncertainty on the group's ability to repay bank financing due for repayment in November 2023. This material uncertainty casts significant doubt on the group's ability to continue as a going concern beyond December 2023. Our opinion is not modified in respect of this matter.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE VICTORIA FOUNDATION (CONTINUED)

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditors' 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.

Opinion 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 including the Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report and the Strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE VICTORIA FOUNDATION (CONTINUED)

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

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 extent to which our procedures 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, employment law, Care Quality Commission and other medical regulatory bodies. 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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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE VICTORIA FOUNDATION (CONTINUED)

- 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 for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of 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 auditors' 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 its members, as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

634F24DE92A4471...

Janice Matthews FCA (senior statutory auditor)

for and on behalf of

Menzies LLP

Chartered Accountants

Statutory Auditor

Centrum House

36 Station Road

Egham

Surrey

TW20 9LF

Date: 20-Dec-2022

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CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 MARCH 2022

| | Note | Unrestricted funds 2022 £000 | Restricted funds 2022 £000 | Endowment funds 2022 £000 | Total funds 2022 £000 | Total funds 2021 £000 |
|-----------------------------------------------------------------|------|---------------------------------------|-------------------------------------|------------------------------------|--------------------------------|--------------------------------|
| Income and endowments from: | | | | | | |
| Donations and legacies | 4 | 14 | 18 | 600 | 632 | 8 |
| Charitable activities | 5 | 25,061 | 3 | - | 25,064 | 25,243 |
| Other trading activities | 6 | 88 | - | - | 88 | 55 |
| Investments | 7 | 25 | 8 | - | 33 | 39 |
| Total income and endowments | | 25,188 | 29 | 600 | 25,817 | 25,345 |
| Expenditure on: | | | | | | |
| Raising funds | 8 | 33 | - | - | 33 | 6 |
| Charitable activities | 9 | 24,046 | 10 | 5 | 24,061 | 20,444 |
| Interest payable | 12 | 1,195 | - | - | 1,195 | 1,326 |
| Total expenditure | | 25,274 | 10 | 5 | 25,289 | 21,776 |
| Net (expenditure)/income before net gains on investments | | | | | | |
| | | (86) | 19 | 595 | 528 | 3,569 |
| Net gains on investments | | 30 | - | 73 | 103 | 56 |
| Net movement in funds | | (56) | 19 | 668 | 631 | 3,625 |
| Reconciliation of funds: | | | | | | |
| Total funds brought forward | | (8,132) | 2 | 628 | (7,502) | (11,127) |
| Net movement in funds | | (56) | 19 | 668 | 631 | 3,625 |
| Total funds carried forward | | (8,188) | 21 | 1,296 | (6,871) | (7,502) |

The Consolidated statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 16 to 39 form part of these financial statements.

THE VICTORIA FOUNDATION
(A company limited by guarantee)
REGISTERED NUMBER: 01946612

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2022

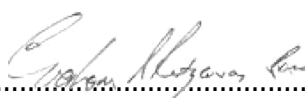
| | Note | 2022 £000 | 2021 £000 |
|---------------------------------------------------------|------|-----------------|-----------------|
| Fixed assets | | | |
| Tangible assets | 16 | 27,946 | 27,839 |
| Investments | 17 | 1,184 | 1,080 |
| | | <u>29,130</u> | <u>28,919</u> |
| Current assets | | | |
| Stocks | | 740 | 532 |
| Debtors | 19 | 2,334 | 2,830 |
| Cash at bank and in hand | 26 | 1,258 | 181 |
| | | <u>4,332</u> | <u>3,543</u> |
| Creditors: amounts falling due within one year | 20 | (40,299) | (39,815) |
| Net current liabilities | | <u>(35,967)</u> | <u>(36,272)</u> |
| Total assets less current liabilities | | <u>(6,837)</u> | <u>(7,353)</u> |
| Creditors: amounts falling due after more than one year | 21 | (33) | (149) |
| Total net assets | | <u>(6,870)</u> | <u>(7,502)</u> |
| Charity funds | | | |
| Endowment funds | 22 | 1,296 | 628 |
| Restricted funds | 22 | 20 | 2 |
| Unrestricted funds | 22 | (8,186) | (8,132) |
| Total funds | | <u>(6,870)</u> | <u>(7,502)</u> |

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:



J A Hamblin
Chairman and Trustee
Date: 19 December 2022



G A R Ball
Trustee

The notes on pages 16 to 39 form part of these financial statements.

THE VICTORIA FOUNDATION
(A company limited by guarantee)
REGISTERED NUMBER: 01946612

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

| | Note | 2022 £000 | 2021 £000 |
|------------------------------------------------|------|--------------|--------------|
| Fixed assets | | | |
| Tangible assets | 16 | 175 | 180 |
| Investments | 17 | 1,184 | 1,080 |
| | | <u>1,359</u> | <u>1,260</u> |
| Current assets | | | |
| Debtors | 19 | 5 | 3 |
| Cash at bank and in hand | | 803 | 181 |
| | | <u>808</u> | <u>184</u> |
| Creditors: amounts falling due within one year | 20 | (30) | (34) |
| Net current assets | | <u>778</u> | <u>150</u> |
| Total assets less current liabilities | | <u>2,137</u> | <u>1,410</u> |
| Total net assets | | <u>2,137</u> | <u>1,410</u> |
| Charity funds | | | |
| Endowment funds | 22 | 1,308 | 628 |
| Restricted funds | 22 | 19 | 2 |
| Unrestricted funds | 22 | 810 | 780 |
| Total funds | | <u>2,137</u> | <u>1,410</u> |

The Company's net movement in funds for the year was £727k (2021 - £27k).

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:



J A Hamblin
Chairman and Trustee



G A R Ball
Trustee

Date: 19 December 2022

The notes on pages 16 to 39 form part of these financial statements.

THE VICTORIA FOUNDATION

(A company limited by guarantee)

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2022

| | 2022 | <i>2021</i> |
|---------------------------------------------------------|----------------|----------------|
| | £000 | <i>£000</i> |
| Cash flows from operating activities | | |
| Net cash generated from operating activities | 2,705 | <i>4,749</i> |
| Cash flows from investing activities | | |
| Purchase of tangible fixed assets | (821) | <i>(448)</i> |
| Investments (increase/decrease) | (104) | <i>(13)</i> |
| Net cash used in investing activities | (925) | <i>(461)</i> |
| Cash flows from financing activities | | |
| Increase in bank borrowings | 60 | <i>60</i> |
| Repayments of finance leases | (156) | <i>(167)</i> |
| Interest paid on bank borrowings | (1,135) | <i>(1,167)</i> |
| Interest paid on finance lease borrowings | (29) | <i>(31)</i> |
| Endowment funds received | 600 | <i>-</i> |
| Net cash used in financing activities | (660) | <i>(1,305)</i> |
| Change in cash and cash equivalents in the year | 1,120 | <i>2,983</i> |
| Cash and cash equivalents at the beginning of the year | 138 | <i>(2,845)</i> |
| Cash and cash equivalents at the end of the year | 1,258 | <i>138</i> |

The notes on pages 16 to 39 form part of these financial statements

THE VICTORIA FOUNDATION

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

1. General information

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 1).

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

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), 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 meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The consolidated statement of financial activities (SOFA) and consolidated balance sheet consolidate the financial statements of the Company and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of financial activities in these financial statements.

2.2 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

THE VICTORIA FOUNDATION

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

2.3 Going concern

During the financial period, the Group had an excess of income over expenditure of £631k and a cash inflow of £1,120k. At the year-end it had total net liabilities of £6,870k including bank borrowings of £34,939k. At the date of approving these financial statements the Charity's subsidiary had total bank borrowing facilities available of £37,600k in order to fund all working capital requirements.

Having reviewed and formally agreed detailed trading and cash flow projections prepared in November 2022, the Trustees believe, to the best of their knowledge, that the Hospital remains a going concern for at least the period to December 2023. 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 November 2023.

Despite the diminution of the Foundation's investment portfolio, the Hospital's forecasts include intragroup 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 Capital and Reserves of £2,137k, the Trustees believe, to the best of their knowledge, that the Foundation remains a going concern to at least the 31st December 2023, accordingly the financial statements have been prepared on a going concern basis.

2.4 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.

The recognition of income from legacies is dependent on establishing entitlement, the probability of receipt and the ability to estimate with sufficient accuracy the amount receivable. Evidence of entitlement to a legacy exists when the Company has sufficient evidence that a gift has been left to them (through knowledge of the existence of a valid will and the death of the benefactor) and the executor is satisfied that the property in question will not be required to satisfy claims in the estate. Receipt of a legacy must be recognised when it is probable that it will be received and the fair value of the amount receivable, which will generally be the expected cash amount to be distributed to the Company, can be reliably measured.

2.5 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.

Endowment funds are funds which have been given to the charity to be invested to provide an income to support the activities of the charity.

THE VICTORIA FOUNDATION

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

2.6 Expenditure

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.

Grants payable are charged in the year when the offer is made except in those cases where the offer is conditional, such grants being recognised as expenditure when the conditions attaching are fulfilled. Grants offered subject to conditions which have not been met at the year end are noted as a commitment, but not accrued as expenditure.

2.7 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 2022.

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.

Investments in subsidiaries are valued at cost less provision for impairment.

2.8 Finance leases and hire purchase

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 VICTORIA FOUNDATION

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

2.9 Tangible 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 ceases 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.

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 |

2.10 Stocks

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.

2.11 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 transaction as disclosed in note 27 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.

THE VICTORIA FOUNDATION

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

2.12 Financial instruments

The Group only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

2.13 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.

2.14 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the reporting date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the consolidated statement of financial activities.

3. Principal activity and income

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

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

4. Income from donations and legacies

| | Unrestricted funds 2022 £000 | Restricted funds 2022 £000 | Endowment funds 2022 £000 | Total funds 2022 £000 | Total funds 2021 £000 |
|-------------------|---------------------------------------|-------------------------------------|------------------------------------|--------------------------------|--------------------------------|
| Donations | 14 | 18 | - | 32 | 8 |
| Legacies | - | - | 600 | 600 | - |
| | <u>14</u> | <u>18</u> | <u>600</u> | <u>632</u> | <u>8</u> |
| <i>Total 2021</i> | <u>8</u> | <u>-</u> | <u>-</u> | <u>8</u> | |

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.

5. Income from charitable activities

| | Unrestricted funds 2022 £000 | Restricted funds 2022 £000 | Total funds 2022 £000 | Total funds 2021 £000 |
|-----------------------------------|---------------------------------------|-------------------------------------|--------------------------------|--------------------------------|
| Income from charitable activities | 25,061 | 3 | 25,064 | 25,245 |
| | <u>25,061</u> | <u>3</u> | <u>25,064</u> | |
| <i>Total 2021</i> | <u>25,243</u> | <u>2</u> | <u>25,245</u> | |

6. Income from other trading activities

Income from fundraising events

| | Unrestricted funds 2022 £000 | Total funds 2022 £000 | Total funds 2021 £000 |
|-------------------|---------------------------------------|--------------------------------|--------------------------------|
| Fundraising | 88 | 88 | 53 |
| | <u>88</u> | <u>88</u> | |
| <i>Total 2021</i> | <u>53</u> | <u>53</u> | |

THE VICTORIA FOUNDATION

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

7. Investment income

| | Unrestricted funds 2022 £000 | Restricted funds 2022 £000 | Total funds 2022 £000 | Total funds 2021 £000 |
|------------------------|---------------------------------------|-------------------------------------|--------------------------------|--------------------------------|
| Property rent | 13 | - | 13 | 18 |
| Investment fund income | 12 | 8 | 20 | 21 |
| | <u>25</u> | <u>8</u> | <u>33</u> | <u>39</u> |
| <i>Total 2021</i> | <u>31</u> | <u>8</u> | <u>39</u> | |

8. Expenditure on raising funds

Costs of raising voluntary income

| | Unrestricted funds 2022 £000 | Total funds 2022 £000 | Total funds 2021 £000 |
|------------------------|---------------------------------------|--------------------------------|--------------------------------|
| Costs of raising funds | 33 | 33 | 6 |
| | <u>6</u> | <u>6</u> | |
| <i>Total 2021</i> | <u>6</u> | <u>6</u> | |

THE VICTORIA FOUNDATION

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

9. Analysis of expenditure on charitable activities

Summary by fund type

| | Unrestricted funds 2022 £000 | Restricted funds 2022 £000 | Endowment funds 2022 £000 | Total funds 2022 £000 | Total funds 2021 £000 |
|-----------------------|---------------------------------------|-------------------------------------|------------------------------------|--------------------------------|--------------------------------|
| Charitable Activities | 24,046 | 10 | 5 | 24,061 | 20,446 |
| <i>Total 2021</i> | <u>20,437</u> | <u>5</u> | <u>4</u> | <u>20,446</u> | |

10. Analysis of expenditure by activities

| | Activities undertaken directly 2022 £000 | Grant funding of activities 2022 £000 | Support costs 2022 £000 | Total funds 2022 £000 | Total funds 2021 £000 |
|-----------------------|------------------------------------------------------|---------------------------------------------------|----------------------------------|--------------------------------|--------------------------------|
| Charitable activities | 15,077 | 56 | 8,928 | 24,061 | 20,446 |
| <i>Total 2021</i> | <u>12,655</u> | <u>85</u> | <u>7,706</u> | <u>20,446</u> | |

Analysis of direct costs

| | Activities 2022 £000 | Total funds 2022 £000 | Total funds 2021 £000 |
|----------------------------|----------------------------|--------------------------------|--------------------------------|
| Staff costs | 7,075 | 7,075 | 6,319 |
| Depreciation | 164 | 164 | 312 |
| Medical and other supplies | 3,599 | 3,599 | 2,811 |
| Contracted services | 4,199 | 4,199 | 3,194 |
| Other | 40 | 40 | 19 |
| | <u>15,077</u> | <u>15,077</u> | <u>12,655</u> |
| <i>Total 2021</i> | <u>12,655</u> | <u>12,655</u> | |

THE VICTORIA FOUNDATION

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

10. Analysis of expenditure by activities (continued)

Analysis of support costs

| | Activities | Total | <i>Total</i> |
|---------------------|-------------------|--------------|--------------|
| | 2022 | funds | <i>funds</i> |
| | £000 | 2022 | <i>2021</i> |
| | | £000 | <i>£000</i> |
| Staff costs | 4,780 | 4,780 | 4,154 |
| Contracted services | 1,457 | 1,457 | 1,538 |
| Depreciation | 545 | 545 | 476 |
| Other | 2,146 | 2,146 | 1,538 |
| | <hr/> | <hr/> | <hr/> |
| | 8,928 | 8,928 | 7,706 |
| | <hr/> | <hr/> | <hr/> |
| <i>Total 2021</i> | 7,706 | 7,706 | |
| | <hr/> | <hr/> | |

THE VICTORIA FOUNDATION

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

11. Grant Funding Expenditure

| | Mobility Aids £000 | Accessible Transport £000 | Medical Support £000 | Medical Bursaries & Toolkits £000 | Total £000 |
|---------------------------------------|--------------------------|---------------------------------|----------------------------|--------------------------------------------|---------------|
| Restricted Fund Distributions | | | | | |
| Individuals | - | - | 1 | 2 | 3 |
| Grants to Individuals | - | - | 1 | 2 | 3 |
| | - | - | 1 | 2 | 3 |
| Total Restricted Fund Grants | | | | | |
| Endowment Fund Distributions | | | | | |
| Leeds University | - | - | 3 | - | 3 |
| Grants to Institutions | - | - | 3 | - | 3 |
| Individuals | - | - | - | 7 | 7 |
| Grants to Individuals | - | - | - | 7 | 7 |
| | - | - | 3 | 7 | 10 |
| Total Endowment Fund Grants | | | | | |
| Unrestricted Fund Grants | | | | | |
| Imperial College | - | - | - | 5 | 5 |
| Clarendon School | - | 18 | - | - | 18 |
| Crossroads Care Kingston & Richmond | - | - | 17 | - | 17 |
| Leeds University | - | - | - | 2 | 2 |
| Royal Hospital for Neuro Disability | - | - | 3 | - | 3 |
| Holly Lodge Centre | - | - | 1 | - | 1 |
| The Hydration Foundation | - | - | 1 | - | 1 |
| Homelink - Grant returned | - | (25) | - | - | (25) |
| Grants to Institutions | - | (7) | 22 | 7 | 22 |
| Individuals | 16 | - | 4 | 1 | 21 |
| Grants to Individuals | 16 | - | 4 | 1 | 21 |
| | 16 | (7) | 26 | 8 | 43 |
| Total Unrestricted Fund Grants | | | | | |
| | 16 | (7) | 30 | 17 | 56 |
| Total Grants | | | | | |

THE VICTORIA FOUNDATION

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

12. Interest payable

| | Unrestricted funds 2022 £000 | Total funds 2022 £000 | <i>Total funds 2021 £000</i> |
|---------------------------|-------------------------------------------------|------------------------------------------|------------------------------------------|
| Bank loans and overdrafts | 1,166 | 1,166 | 1,295 |
| Finance leases | 29 | 29 | 31 |
| | <u>1,195</u> | <u>1,195</u> | <u>1,326</u> |
| <i>Total 2021</i> | <u>1,326</u> | <u>1,326</u> | |

13. Auditors' remuneration

| | 2022 £000 | <i>2021 £000</i> |
|---------------------------------------------------------------------------------------------------|----------------------|----------------------|
| Fees payable to the Charity's auditor for the audit of the Charity's annual accounts | 7 | 7 |
| Fees payable to the Charity's auditor for the audit of the Subsidiary annual accounts | 31 | 31 |
| Fees payable to the Charity's auditor in respect of: All non-audit services not included above | 15 | - |

14. Staff costs

| | Group 2022 £000 | <i>Group 2021 £000</i> | Company 2022 £000 | <i>Company 2021 £000</i> |
|------------------------------------------------------|--------------------------------|--------------------------------|----------------------------------|----------------------------------|
| Wages and salaries | 10,636 | 9,376 | 82 | 79 |
| Social security costs | 971 | 862 | - | - |
| Contribution to defined contribution pension schemes | 249 | 234 | - | - |
| | <u>11,856</u> | <u>10,472</u> | <u>82</u> | <u>79</u> |

THE VICTORIA FOUNDATION

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

14. Staff costs (continued)

The average number of persons employed by the Company during the year was as follows:

| | Group 2022 No. | <i>Group 2021 No.</i> |
|--------------------------------------|-------------------------------|-------------------------------|
| Hospital - Senior Management | 9 | 9 |
| Hospital Services - Clinical | 128 | 101 |
| Hospital Services - Support Services | 46 | 47 |
| Hospital Services - Administrative | 51 | 49 |
| Charity | 2 | 1 |
| | <u>236</u> | <u>207</u> |

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

The number of employees, excluding Trustees, whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

| | Group 2022 No. | <i>Group 2021 No.</i> |
|---------------------------------|-------------------------------|-------------------------------|
| In the band £60,001 - £70,000 | 9 | 6 |
| In the band £70,001 - £80,000 | 4 | 6 |
| In the band £80,001 - £90,000 | 3 | 2 |
| In the band £90,001 - £100,000 | 2 | 2 |
| In the band £100,001 - £110,000 | 1 | 1 |
| In the band £120,001 - £130,000 | 1 | - |
| In the band £190,001 - £200,000 | 1 | - |
| In the band £200,001 - £210,000 | - | 1 |

The aggregate paid to key management personnel was £1,160,726 (2021: £1,205,000).

THE VICTORIA FOUNDATION

(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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:

| | Salary | Pension | 2022 | 2021 |
|---------------------------------------|------------|----------|-------------------|------------|
| | £000 | £000 | £000 | £000 |
| Remuneration paid to Directors | | | | |
| G A R Ball - Charity | 18 | 1 | 19 | 18 |
| G A R Ball - Hospital | 71 | 2 | 73 | 71 |
| L Votier - Charity | 45 | 1 | 46 | 51 |
| | <u>134</u> | <u>4</u> | <u>138</u> | <u>140</u> |

Dr Verma was paid a salary in the year of £Nil and pension contributions of £Nil (2021: £13,970) for his services as Medical Director for the period from 1st April, 2020 to 30th June 2020 before he resigned.

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

15. Taxation

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

THE VICTORIA FOUNDATION

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

16. Tangible fixed assets

Group

| | Freehold property £000 | Office equipment £000 | Other fixed assets £000 | Total £000 |
|---------------------------|------------------------------|-----------------------------|-------------------------------|---------------|
| Cost or valuation | | | | |
| At 1 April 2021 | 27,893 | 3,295 | 82 | 31,270 |
| Additions | 186 | 516 | 119 | 821 |
| Transfers between classes | 201 | - | (201) | - |
| At 31 March 2022 | <u>28,280</u> | <u>3,811</u> | <u>-</u> | <u>32,091</u> |
| Depreciation | | | | |
| At 1 April 2021 | 1,420 | 2,011 | - | 3,431 |
| Charge for the year | 463 | 251 | - | 714 |
| At 31 March 2022 | <u>1,883</u> | <u>2,262</u> | <u>-</u> | <u>4,145</u> |
| Net book value | | | | |
| At 31 March 2022 | <u>26,397</u> | <u>1,549</u> | <u>-</u> | <u>27,946</u> |
| At 31 March 2021 | <u>26,473</u> | <u>1,284</u> | <u>82</u> | <u>27,839</u> |

The net book value of equipment held under finance leases at 31 March 2022 was £137k (2021: £371k). Its original cost was £748k (2021: £1,502k) and the depreciation charged in the year was £106k (2021: £240k). 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 2022. 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 was carried out in April 2021, supported by professional independent advisors, valuing the Hospital at £40m which has not been recognised in the accounts. The Hospital has been valued at £54m when trading at full capacity.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

16. Tangible fixed assets (continued)

Company

| | Freehold property £000 | Office equipment £000 | Total £000 |
|--------------------------|------------------------------|-----------------------------|---------------|
| Cost or valuation | | | |
| At 1 April 2021 | 212 | 5 | 217 |
| At 31 March 2022 | <u>212</u> | <u>5</u> | <u>217</u> |
| Depreciation | | | |
| At 1 April 2021 | 33 | 4 | 37 |
| Charge for the year | 4 | 1 | 5 |
| At 31 March 2022 | <u>37</u> | <u>5</u> | <u>42</u> |
| Net book value | | | |
| At 31 March 2022 | <u>175</u> | <u>-</u> | <u>175</u> |
| <i>At 31 March 2021</i> | <u>179</u> | <u>1</u> | <u>180</u> |

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

17. Fixed asset investments

| Group and Company | Investments in subsidiary companies £000 | Listed investments £000 | Unlisted investments £000 | Loans to subsidiaries £000 | Total £000 |
|--------------------------|---------------------------------------------------|-------------------------------|---------------------------------|----------------------------------|---------------|
| Cost or valuation | | | | | |
| At 1 April 2021 | 1,636 | 205 | 875 | 24,392 | 27,108 |
| Additions | - | - | 85 | - | 85 |
| Disposals | - | - | (84) | - | (84) |
| Revaluations | - | 49 | 54 | - | 103 |
| At 31 March 2022 | <u>1,636</u> | <u>254</u> | <u>930</u> | <u>24,392</u> | <u>27,212</u> |
| Impairment | | | | | |
| At 1 April 2021 | 1,636 | - | - | 24,392 | 26,028 |
| At 31 March 2022 | <u>1,636</u> | <u>-</u> | <u>-</u> | <u>24,392</u> | <u>26,028</u> |
| Net book value | | | | | |
| At 31 March 2022 | - | 254 | 930 | - | 1,184 |
| At 31 March 2021 | - | 205 | 875 | - | 1,080 |

Loans to Group Undertakings

Loans to group undertakings of £24,392,000 (2021: £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 interest charges and 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 (2021: £100,000). Interest charged but not payable until the loan is repaid has been added to the principal of the loan.

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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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

18. Principal subsidiaries

The following was a subsidiary undertaking of the Company:

| Name | Company number | Charity registration number | Registered office or principal place of business |
|-----------------------------------|----------------|-----------------------------|-----------------------------------------------------|
| The New Victoria Hospital Limited | 05903364 | 1141784 | 184 Coombe Lane West, Kingston upon Thames, KT2 7EG |

| Principal activity | Class of shares | Holding |
|------------------------------------------------|-----------------|---------|
| Operation of the New Victoria Hospital Limited | Ordinary | 100% |

The financial results of the subsidiary for the year were:

| Name | Income £000 | Expenditure £000 | Profit/(Loss)/ Surplus/ (Deficit) for the year £000 | Net assets/ (liabilities) £000 |
|-----------------------------------|----------------|---------------------|-----------------------------------------------------------------|--------------------------------------|
| The New Victoria Hospital Limited | 25,064 | 25,157 | (93) | (33,397) |

19. Debtors

| | Group 2022 £000 | Group 2021 £000 | Company 2022 £000 | Company 2021 £000 |
|------------------------------------|-----------------------|-----------------------|-------------------------|-------------------------|
| Due within one year | | | | |
| Trade debtors | 1,992 | 1,105 | - | - |
| Amounts owed by group undertakings | - | - | 3 | 2 |
| Other debtors | 90 | 3 | - | - |
| Prepayments and accrued income | 252 | 1,722 | 2 | 1 |
| | 2,334 | 2,830 | 5 | 3 |

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20. Creditors: Amounts falling due within one year

| | Group 2022 £000 | <i>Group 2021 £000</i> | Company 2022 £000 | <i>Company 2021 £000</i> |
|-------------------------------------------------------------|--------------------------------|--------------------------------|----------------------------------|----------------------------------|
| Bank overdrafts | - | 44 | - | - |
| Bank loans | 34,939 | 34,855 | - | - |
| Trade creditors | 1,292 | 1,096 | - | - |
| Other taxation and social security | 274 | 291 | - | - |
| Obligations under finance lease and hire purchase contracts | 116 | 156 | - | - |
| Accruals and deferred income | 3,678 | 3,373 | 30 | 34 |
| | 40,299 | 39,815 | 30 | 34 |

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.

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 2022 was £10,981,000 (2021: £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 2022 £23,958,000 (2021: £23,875,000) 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 November 2023.

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 November 2023.

21. Creditors: Amounts falling due after more than one year

| | Group 2022 £000 | <i>Group 2021 £000</i> |
|-----------------------------------------------------------------|--------------------------------|--------------------------------|
| Net obligations under finance lease and hire purchase contracts | 33 | 149 |

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

22. Statement of funds

Statement of funds - current year

| | Balance at 1 April 2021 £000 | Income £000 | Expenditure £000 | Gains/ (Losses) £000 | Balance at 31 March 2022 £000 |
|---------------------------------------|------------------------------------|----------------------|------------------------|----------------------------|-------------------------------------|
| Unrestricted funds | | | | | |
| General Funds | (8,132) | 25,190 | (25,274) | 30 | (8,186) |
| Endowment funds | | | | | |
| Charities Property Investment Fund | 205 | 600 | - | 22 | 827 |
| London Community Foundation | 423 | - | (5) | 51 | 469 |
| | <u>628</u> | <u>600</u> | <u>(5)</u> | <u>73</u> | <u>1,296</u> |
| Restricted funds | | | | | |
| Restricted Funds | <u>2</u> | <u>28</u> | <u>(10)</u> | <u>-</u> | <u>20</u> |
| Total of funds | <u><u>(7,502)</u></u> | <u><u>25,818</u></u> | <u><u>(25,289)</u></u> | <u><u>103</u></u> | <u><u>(6,870)</u></u> |

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

22. Statement of funds (continued)

Statement of funds - prior year

| | <i>Balance at 1 April 2020 £000</i> | <i>Income £000</i> | <i>Expenditure £000</i> | <i>Transfers in/out £000</i> | <i>Gains/ (Losses) £000</i> | <i>Balance at 31 March 2021 £000</i> |
|--------------------------------|---------------------------------------------|------------------------|-----------------------------|--------------------------------------|-------------------------------------|--------------------------------------------------|
| Unrestricted funds | | | | | | |
| General Funds | (11,705) | 25,343 | (21,770) | 14 | (14) | (8,132) |
| Endowment funds | | | | | | |
| Endowment Funds | 352 | - | (2) | 208 | 70 | 628 |
| Restricted funds | | | | | | |
| Mobility Aids | 4 | - | (4) | - | - | - |
| Medical Support | - | - | (1) | 1 | - | - |
| Other | 1 | 2 | - | (1) | - | 2 |
| Medical Bursaries - Capital | 222 | - | - | (222) | - | - |
| | <u>227</u> | <u>2</u> | <u>(5)</u> | <u>(222)</u> | <u>-</u> | <u>2</u> |
| Total of funds | <u>(11,126)</u> | <u>25,345</u> | <u>(21,777)</u> | <u>-</u> | <u>56</u> | <u>(7,502)</u> |

Endowment funds

The charity'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 original investment of £330,392. The value of the investment at 31 March 2022 was £466,408 (2021: £420,470). The investment is managed through the donor-advised fund of the London Community Foundation which provides investment services.

Income is made available to the Charity each year for the purpose of making grants in accordance with agreed criteria. For the year to 31 March 2022 the amount available for distribution in grants was £12,694 (2021: £12,547).

With effect from 1 April 2020 the funds arising from The Charles Blackwell Estate were transferred from Restricted Funds to Endowment Funds. During the year ended 31 March 2022 a further amount was received from the Estate of £600,000.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

23. Summary of funds

Summary of funds - current year

| | Balance at 1 April 2021 £000 | Income £000 | Expenditure £000 | Gains/ (Losses) £000 | Balance at 31 March 2022 £000 |
|------------------|------------------------------------|----------------|---------------------|----------------------------|-------------------------------------|
| General funds | (8,132) | 25,190 | (25,274) | 30 | (8,186) |
| Endowment funds | 628 | 600 | (5) | 73 | 1,296 |
| Restricted funds | 2 | 28 | (10) | - | 20 |
| | <u>(7,502)</u> | <u>25,818</u> | <u>(25,289)</u> | <u>103</u> | <u>(6,870)</u> |

Summary of funds - prior year

| | Balance at 1 April 2020 £000 | Income £000 | Expenditure £000 | Transfers in/out £000 | Gains/ (Losses) £000 | Balance at 31 March 2021 £000 |
|------------------|------------------------------------|----------------|---------------------|-----------------------------|----------------------------|----------------------------------------|
| General funds | (11,705) | 25,343 | (21,770) | 14 | (14) | (8,132) |
| Endowment funds | 352 | - | (2) | 208 | 70 | 628 |
| Restricted funds | 227 | 2 | (5) | (222) | - | 2 |
| | <u>(11,126)</u> | <u>25,345</u> | <u>(21,777)</u> | <u>-</u> | <u>56</u> | <u>(7,502)</u> |

24. Analysis of net assets between funds

Analysis of net assets between funds - current year

| | Unrestricted funds 2022 £000 | Restricted funds 2022 £000 | Endowment funds 2022 £000 | Total funds 2022 £000 |
|-------------------------------------|---------------------------------------|-------------------------------------|------------------------------------|--------------------------------|
| Tangible fixed assets | 27,946 | - | - | 27,946 |
| Fixed asset investments | 488 | - | 696 | 1,184 |
| Current assets | 3,712 | 20 | 600 | 4,332 |
| Creditors due within one year | (40,299) | - | - | (40,299) |
| Creditors due in more than one year | (33) | - | - | (33) |
| Total | <u>(8,186)</u> | <u>20</u> | <u>1,296</u> | <u>(6,870)</u> |

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

24. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

| | <i>Unrestricted funds 2021 £000</i> | <i>Restricted funds 2021 £000</i> | <i>Endowment funds 2021 £000</i> | <i>Total funds 2021 £000</i> |
|-------------------------------------|-------------------------------------------------|-----------------------------------------------|----------------------------------------------|------------------------------------------|
| Tangible fixed assets | 27,839 | - | - | 27,839 |
| Fixed asset investments | 452 | - | 628 | 1,080 |
| Current assets | 3,541 | 2 | - | 3,543 |
| Creditors due within one year | (39,815) | - | - | (39,815) |
| Creditors due in more than one year | (149) | - | - | (149) |
| Total | (8,132) | 2 | 628 | (7,502) |

25. Reconciliation of net movement in funds to net cash flow from operating activities

| | Group 2022 £000 | <i>Group 2021 £000</i> |
|--------------------------------------------------------------------|--------------------------------|--------------------------------|
| Net income for the year (as per Statement of Financial Activities) | 631 | 3,625 |
| Adjustments for: | | |
| Depreciation charges | 714 | 794 |
| Loan interest paid and accrued | 1,187 | 1,326 |
| Decrease/(increase) in stocks | (208) | 87 |
| Decrease/(increase) in debtors | 497 | (873) |
| Increase/(decrease) in creditors | 484 | (210) |
| Endowment funds received | (600) | - |
| Net cash generated by operating activities | 2,705 | 4,749 |

26. Analysis of cash and cash equivalents

| | Group 2022 £000 | <i>Group 2021 £000</i> |
|----------------------------------------|--------------------------------|--------------------------------|
| Cash in hand | 1,258 | 181 |
| Bank overdraft | - | (43) |
| Total cash and cash equivalents | 1,258 | 138 |

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

27. Analysis of changes in net debt

| | At 1 April 2021 | Cash flows £000 | At 31 March 2022 £000 |
|-------------------------------------|--------------------|--------------------|-----------------------------|
| Cash at bank and in hand | 181 | 1,077 | 1,258 |
| Bank overdrafts repayable on demand | (44) | 44 | - |
| Debt due within 1 year | (34,855) | (84) | (34,939) |
| Finance leases | (305) | 156 | (149) |
| | <u>(35,023)</u> | <u>1,193</u> | <u>(33,830)</u> |

28. Operating lease commitments

At 31 March 2022 the Group and the Company had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

| | Group 2022 £000 | Group 2021 £000 |
|----------------------------------------------|-----------------------|-----------------------|
| Not later than 1 year | 83 | 85 |
| Later than 1 year and not later than 5 years | - | 83 |
| | <u>83</u> | <u>168</u> |

The following lease payments have been recognised as an expense in the statement of financial activities:

| | Group 2022 £000 | Group 2021 £000 |
|-------------------------|-----------------------|-----------------------|
| Operating lease rentals | 129 | 119 |

29. Capital and other financial commitments

The Hospital has an overdraft facility of £2,000,000 (2021: £2,000,000).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

30. 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 £9,816 of services to the Hospital during the year (2021: £1,890). At 31 March 2022, the Company owed ControlAccount Plc £Nil (2021: £331).

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.