



St. John of Jerusalem Eye Hospital

Company No: 3867950

Charity No: 1080185

ANNUAL REPORT

AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2018

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Legal and Administrative Information

Patron

The Lord Vestey DL

Registered Office

4 Charterhouse Mews
London EC1M 6BB
United Kingdom

Bankers

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

National Westminster Bank Plc

134 Aldersgate Street
London EC1A 4JB
United Kingdom

Independent Auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London WC2N 6RH
United Kingdom

**St. John of Jerusalem Eye Hospital
Trustees' Report
For the year ended 31 December 2018**

Introduction

The Trustees present the audited financial statements of St. John of Jerusalem Eye Hospital (SJJEH) for the year ended 31 December 2018. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) effective 1 January 2015 and the Companies Act 2006.

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

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

Objects of the Charity

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

Governance and Management

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

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

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

The Board appoints the Chief Executive who reports to the Chairman and is accountable to the Board. The Joint Chief Executives are Ahmad Maali and Peter Khoury, appointed from October 2017.

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

**St. John of Jerusalem Eye Hospital
Trustees' Report
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- Sir Andrew Cash (Chairman joined 09/2018)
- Mr J.N.Woolf
(Chairman and Order Hospitaller resigned 01/2018)
- Mr G.W. Morton
(Acting Chairman 01/2018 -09/2018)
- Mr N.C. Goulding
(Treasurer and Company Secretary)
- Ms S. Dingwall
- Ms N.J Shaw
- Dr. M. A. Abu-Ramadan
- Mr. J. Pelly (resigned 01/2018)
- Dr A. Coleman
- Mr H. von Bose
- Dr D. Verity
- Mr. J. Ingham Clark
- Mr. P. Hall

The Board currently has the following Committees:

- Steering Committee
- Finance Committee*
- Investment Committee*
- Audit Committee*
- Fundraising Committee
- Strategy and Planning Committee
- Clinical Governance Committee
- Honours and Awards Committee*

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

Each committee has terms of reference, which were updated in 2018.

**St. John of Jerusalem Eye Hospital
Trustees' Report
For the year ended 31 December 2018**

Review of the Year / Achievements and Performance against Objectives

Gaza

In partnership with the likes of CBM, Fred Hollows Foundation and IMC/USAID, we managed to introduce and sustain a number of subspecialties at our Gaza Hospital on a consistent basis, which has seen our major surgeries grow in the region by 33% from the previous year. We are also running a Mobile Outreach unit to Gaza, which allows us to reach the most vulnerable in the area to screen and educate on eye health.

In 2018, our Gaza Hospital saw over 30,200 patients, and performed 1,200 major operations. Our Gaza Mobile Outreach Programme, Diabetic Retinopathy Screening Programme and RAAB study all have screening elements in isolated communities and homes. These programmes in Gaza saw over 16,400 patients.

Anabta

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

In 2018, we treated over 20,500 outpatients at our Anabta Clinic.

Our Anabta Clinic is accessible for the 1 million residents in Anabta and surrounding Nablus, Tulkarem and Jenin. Those living in the area number amongst the poorest in the oPt. Many of its residents are refugees from Gaza, and it's easily

accessible to many who can't journey to our other services. There is a particularly high prevalence of diabetic retinopathy in this area of the West Bank.

No surgery is undertaken at the Unit.

Hebron

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

Our Hospital treated over 12,700 patients in 2018, including performing over 410 major operations.

Financial Review

The cost of the ongoing operations of the company in Gaza and the West Bank amounted to £2.3m (2017, £2.4m) while total patient and voluntary income amounted to £2.5m (2017, £2.5m). The overall net movement in funds was £175k. The principal component of operating costs relates to personnel; 50% (2017, 46%). The Company remains heavily dependent on voluntary income, which in the main is obtained as a result of the fundraising effort of other group companies.

**St. John of Jerusalem Eye Hospital
Trustees' Report
For the year ended 31 December 2018**

Reserves

At 31 December 2018 reserves totalled £2,408k including restricted funds of £153k leaving £2,255k unrestricted. The Trustees review annually the need for reserves in line with the guidance issued by the Charity Commission. In undertaking this review, the trustees take into account general reserves available elsewhere in the Group. The Trustees recognise the need to increase, as the circumstances allow, the level of general reserves within the Company to ensure it can continue to run efficiently with adequate working capital. This is intended to be achieved through a renewed focus on cost-cutting, revenue generation, the introduction of new sources of revenue, and enhanced fundraising activities to ensure financial resilience and sustainability for the future. Thus, unrestricted reserves need to be maintained to equate to at least six months running costs (equivalent to £1.24m).

Principal Risks & Uncertainties

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

A key risk which SJJEH faces continues to be financial. SJJEH still relies heavily on voluntary income received mainly from donors in the United Kingdom, the United States, Europe, and Arab States. In the current global financial situation, it remains a great challenge to continue to attract core funding from existing and new sources. The fundraising strategy includes a focus on endowment and legacy giving in order to mitigate this risk as well as a focus on major gifts for core costs.

Liquidity is also a recurring worry, especially with the prolonged payment pattern of the Palestinian Ministry of Health for the services given. Therefore, SJJEH sets aside a portion of its asset base as a cash deposit, in order to meet the working capital needs. International currency exchange movements are an additional risk.

Working in a volatile region carries its risks. Gaza similarly carries its own risks and the situation could escalate any time as instability and strife continues to affect the neighbouring countries.

Going concern

With unrestricted funds of £2,255k at 31 December 2018, the trustees also believe that the group will continue to provide the charity with sufficient resources and flow of funds, to manage its operations efficiently whilst fulfilling our charitable objectives.

Our planning process, including financial projections, has taken into consideration the current risks and its potential impact on future income. We believe that the above mentioned uncertainties will not call into doubt our ability to continue in operation. Accordingly, these financial statements have been prepared on a going concern basis.

Remuneration policy

All roles within the company are evaluated in order to determine where it fits on our pay scale. The salaries within the scale are determined by the market rates for an equivalent position. In exceptional cases, where the market information supports it, salaries may be above the top of the band. Each year, the payroll budget is reviewed, based on legislative,

St. John of Jerusalem Eye Hospital Trustees' Report For the year ended 31 December 2018

statutory and market changes, using a range of sources and taking account of affordability. Management consult with the finance committee of the board, and a pay review proposal is submitted to the board who makes the decision on the proposal.

Controls and Clinical Governance

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

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

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

Plans for 2019

Training

Doctors and Nurses from Gaza will receive training in different subspecialties at our hospital in Gaza, enabling the team to provide comprehensive services.

Outreach

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

Capacity

Complex surgeries will continue to be brought to Gaza.

Finance

The Brexit effect has hit SJEH hard, due to the devaluation of the GBP and the weakened exchange rate with the NIS in which we pay for most of our services. We will, more than ever, focus on raising vital funds for our sight-saving work with a focus on countries unaffected by Brexit.

Additionally, we are operating in a politically volatile time and this has severely impacted on our finances in the past few years. In October 2018, the US Administration cut \$25m of funding to six East Jerusalem hospitals, of which St John of Jerusalem Eye Hospital is one. This has resulted in an annual loss of around £500,000 which requires us to find alternative sources of comparable levels of funding in future years

Public Benefit

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

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

The Public Benefit from SJJEH's activities is:

- the provision and development of clinical and surgical ophthalmic services to patients at the Hebron & Gaza Hospitals and the clinic in Anabta;

**St. John of Jerusalem Eye Hospital
Trustees' Report
For the year ended 31 December 2018**

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

**St. John of Jerusalem Eye Hospital
Statement of Trustees' Responsibilities
For the year ended 31 December 2018**

Statement of Trustees' Responsibilities

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

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice). Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Statement of Recommended Practice: Accounting and Reporting by Charities (2015);
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient

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

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

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

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

The company has elected to make use of the exemption provided in the Companies Act 2006 not to prepare a Strategic Report.

The trustees report was approved by the trustees on 20 May 2019 and signed on their behalf by



Sir Andrew Cash
Chairman, Board of Trustees,
St John of Jerusalem Eye Hospital
Company No. 3867950
20 May 2019

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

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2018 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2018; the statement of financial activities, the income and expenditure account for the year then ended; and the notes to the financial statements.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the charitable company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

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

Trustees' Annual Report

In our opinion, based on the work undertaken in the course of the audit the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and the Trustees' Annual Report has been prepared in accordance with applicable legal requirements.

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

Responsibilities for the financial statements and the audit

Responsibilities of the trustees for the financial statements

As explained more fully in the Statement of Trustees' Responsibilities set out on page 8, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The trustees are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

influence the economic decisions of users taken on the basis of these financial statements.

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

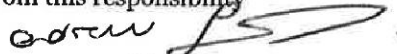
Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

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



Andrew Lowe (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London,
20 May 2019

St. John of Jerusalem Eye Hospital
Statement of Financial Activities
For the year ended 31 December 2018

	Notes	Unrestricted Funds 2018 £'000	Restricted Funds 2018 £'000	Total Funds 2018 £'000	Total Funds 2017 £'000
Income					
Donations and legacies	3	501	616	1,117	1,231
Income from charitable activities	4	1,384	-	1,384	1,245
Total income		1,885	616	2,501	2,476
Expenditure					
Expenditure on charitable activities		(1,492)	(727)	(2,219)	(2,335)
Other expenditure		(45)	-	(45)	(31)
Total expenditure	5	(1,537)	(727)	(2,264)	(2,366)
Net income / (expenditure)		348	(111)	237	110
Transfers between funds	10,11	28	(28)	-	-
Exchange (losses) / gains on overseas activities		(62)	-	(62)	31
Net Movement in Funds		314	(139)	175	141
Fund balances brought forward at 1 January		1,941	292	2,233	2,092
Fund balances carried forward at 31 December	12	2,255	153	2,408	2,233

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

**Income and Expenditure Account for the year ended 31
December 2018**

	2018 £'000	2017 £'000
Income	2,501	2,476
Expenditure	(2,264)	(2,366)
Net income	237	110

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


The accounting policies and the notes on pages 13 to 19 form part of these financial statements.

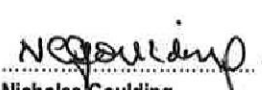
**St. John of Jerusalem Eye Hospital
Company 3867950
Balance Sheet as at 31 December 2018**

	Note	2018 £'000	2017 £'000
Fixed Assets			
Tangible assets	7	2,806	2,990
Total Fixed Assets		2,806	2,990
Current Assets			
Stocks		86	70
Debtors	8	406	429
Cash at bank and in hand		870	748
Total Current Assets		1,362	1,247
Creditors: Amounts falling due within one year	9	(1,760)	(1,142)
Net Current (Liabilities) / Assets		(398)	105
Total Assets Less Current Liabilities		2,408	3,095
Creditors: Amounts falling due after more than one year	9	-	(862)
Net Assets		2,408	2,233
The Funds of the Charity			
Restricted income funds	10	153	292
Unrestricted income funds	11	2,255	1,941
Total Charity Funds	12	2,408	2,233

The accounting policies and the notes on pages 13 to 19 form part of these financial statements.

The financial statements were approved by the Trustees on 20 May 2019 and signed on their behalf by:


Sir Andrew Cash
Chairman, Board of Trustees


Nicholas Goulding
Treasurer

**St. John of Jerusalem Eye Hospital
Notes to the Financial Statements
For the year ended 31 December 2018**

1 Principal accounting policies

a Basis of preparation

The financial statements have been prepared on the going concern basis, under the historical cost convention, except for investments which are stated at market value, with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these financial statements. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) effective 1 January 2015 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Companies Act 2006.

The ultimate parent undertaking and controlling party is St. John of Jerusalem Eye Hospital Group, a company incorporated in the United Kingdom under registration number 7355619. It is registered as a charity under the number 1139527 and has a registered Office at 4 Charterhouse Mews, London, EC1M 6BB. St. John of Jerusalem Eye Hospital Group is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2018.

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

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

b Foreign currencies

The Charity's functional and presentational currency is pounds sterling. Transactions in foreign currencies are recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities at the year end are translated at the rate ruling at the balance sheet date. Results of overseas operations are translated at the average rate for the period and their assets and liabilities at the balance sheet rate. All exchange differences are dealt with in the Statement of Financial Activities. Exchange differences on the translation of the assets and liabilities of overseas operations are included as other recognised gains and losses. All other exchange differences are included as incoming resources or resources expended as appropriate. The exchange rate of the British Pound to the Shekel at 2018 year-end was 4.7934 (2017, 4.6819), while the average rate for 2018 was 4.7982 (2017, 4.6345).

c Income recognition

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

d Volunteers

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

e Resources expended and basis of allocation of costs

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

f Costs of generating funds

These include the salaries, and direct expenditure costs of the staff who primarily promote fundraising. Also included are the investment management fees.

g Costs of charitable activities

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

h Governance costs

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

i Cash flow statement exemption

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

j Rentals

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

k Liquid resources

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

St. John of Jerusalem Eye Hospital
Notes to the Financial Statements
For the year ended 31 December 2018

1 Principal accounting policies (continued)

l Pension and other end of service costs

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

m Taxation

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

n Tangible assets and depreciation

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

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

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

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

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

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

o Funds

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

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

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

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

p Stocks

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

q Estimates and assumptions

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

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

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

2 Legal status of the Charity

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

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

3 Donations and legacies

	Unrestricted £'000	Restricted £'000	2018 £'000	Unrestricted £'000	Restricted £'000	2017 £'000
Donations	212	616	828	232	973	1,205
Donations in kind	289	-	289	26	-	26
	501	616	1,117	258	973	1,231

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4 Income from charitable activities

	2018 £'000 Total	2017 £'000 Total
Outpatient income	1,039	927
Surgical income	622	586
Less: Patient Relief	(277)	(268)
Net Patient Related Income	1,384	1,245
Other Hospital income	-	-
	1,384	1,245

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

5 Total expenditure

a Resources expended

	Costs of charitable activities 2018 £'000	Costs of charitable activities 2017 £'000	Governance Costs 2018 £'000	Governance Costs 2017 £'000	Total 2018 £'000	Total 2017 £'000
Personnel costs (note 6)	1,130	1,081	-	-	1,130	1,081
Medical costs	565	536	-	-	565	536
Establishment costs	126	131	-	-	126	131
Depreciation (note 7)	315	364	-	-	315	364
Office expenses	38	41	-	-	38	41
Travel and subsistence	13	18	-	-	13	18
Auditors' remuneration	-	-	16	16	16	16
Other professional fees	51	31	29	15	80	46
Other costs	-	120	-	-	-	120
Finance costs	(19)	13	-	-	(19)	13
	2,219	2,335	45	31	2,264	2,366
Support costs included above	162	207	-	-	162	207

Total resources expended in 2017 of £2,366,000 comprise £1,270,000 for unrestricted funds and £1,096,000 for restricted funds.

	2018 £'000	2017 £'000
Support costs comprise:		
Personnel costs	48	51
Establishment costs	63	66
Depreciation	32	36
Office expenses	38	41
Finance costs	(19)	13
	162	207

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5 Total resources expended (continued)

	2018	2017
b Auditors' remuneration (excluding value added tax):	£	£
External Audit	13,350	13,519
Other services provided by external auditors	5,307	-
	18,657	13,519

6 Employee information

a Staff numbers

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

	2018 Number	2017 Number
Medical and nursing	59	51
Support services	16	12
Administration	5	5
	80	68

b Staff costs

	2018 £'000	2017 £'000
Wages and salaries	1,073	1,033
Pension costs	51	46
Other related costs	6	2
	1,130	1,081

c Emoluments of employees

There are no employees who received employee benefits of more than £60,000 (2017: none).

d Remuneration received by key management personnel

This represents salaries and other benefits received by senior management personnel within their course of employment in managing the daily operations of the charity. The amount received by 3 staff members (2017: 4) amounted to £127,000 (2017: £162,000).

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7 Tangible assets

	Buildings & Improvements £'000	Medical Equipment £'000	Other Assets £'000	Total £'000
Cost				
Balance at 1st January 2018	2,148	2,893	388	5,429
Additions	-	177	24	201
Exchange differences	(50)	(67)	(9)	(126)
Balance at 31st December 2018	2,098	3,003	403	5,504
Accumulated Depreciation				
Balance at 1st January 2018	140	2,123	176	2,439
Charge for the year	54	218	43	315
Exchange differences	(3)	(49)	(4)	(56)
Balance at 31st December 2018	191	2,292	215	2,698
Net Book Value				
At 31st December 2018	1,907	711	188	2,806
At 31st December 2017	2,008	770	212	2,990

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

8 Debtors

	2018 £'000	2017 £'000
Amounts falling due within one year		
Trade debtors	388	403
Donation receivable	-	9
Prepayments and accrued income	18	17
	406	429

9 Creditors

a Amounts falling due within one year	2018 £'000	2017 £'000
Trade creditors	87	124
Taxation and social security	2	3
Accruals	362	364
Transfer from Amounts falling due after one year	1,031	-
Intercompany balance	269	647
Holiday pay accrual	9	4
	1,760	1,142

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

b Amounts falling due after more than one year

	2018 £'000	2017 £'000
Retirement benefits		
1st January	862	889
Additions	217	161
Exchange differences	(21)	8
Transfer from Amounts falling due after one year	(1,031)	-
Payments	(27)	(196)
31st December	-	862

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

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10 Restricted income funds

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

	At 1st January 2017 £'000	Incoming Resources £'000	Costs of charitable activities £'000	Purchase of Tangible Fixed Assets £'000	At 31 December 2017 £'000
Emir of Qatar	434	-	(251)	(82)	101
MAP UK Fund	-	331	(313)	-	18
Fred Hollows Foundation	-	232	(232)	-	-
Pontifical Mission	-	41	-	(33)	8
IMC / USAID Fund	-	44	(44)	-	-
BMZ Fund	152	325	(256)	(56)	165
	586	973	(1,096)	(171)	292

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

11 Unrestricted income funds

	2018 £'000	2017 £'000
Opening balance	1,941	1,506
Net movement in funds excluding transfers	286	264
Transfer from restricted funds	28	171
Total Unrestricted Funds	2,255	1,941

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

12 Analysis of total funds

Analysis by type of asset and liability	Unrestricted Funds 2018 £'000	Unrestricted Funds 2017 £'000	Restricted Funds 2018 £'000	Restricted Funds 2017 £'000	Total Funds 2018 £'000	Total Funds 2017 £'000
Tangible assets	2,806	2,990	-	-	2,806	2,990
Net current (liabilities) / assets	(551)	(187)	153	292	(398)	105
Creditors: Amounts falling due after more than one year	-	(862)	-	-	-	(862)
	2,255	1,941	153	292	2,408	2,233

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13 Trustees' remuneration

The trustees receive no remuneration.

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

14 Related party transactions

The company has elected to make use of the exemption provided in FRS 102 not to disclose related party transactions with other members of St. John of Jerusalem Eye Hospital Group.

15 Contractual & designated obligations

In 2018, the Group implemented a project that aims at expanding the level of operations within the Gaza branch through the introduction of Diabetic Retinopathy screening and epidemiological research components. The Group received £502,000 and expensed £387,000 on related activities.

16 Financial Instruments

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

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

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

