

Company number: 3450832
Registered Charity number: 1065963 (England & Wales)

paintings in hospitals

TRUSTEES' REPORT AND
UNAUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 DECEMBER 2020

PAINTINGS IN HOSPITALS

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PAINTINGS IN HOSPITALS

REFERENCE AND ADMINISTRATIVE INFORMATION **FOR THE YEAR ENDED 31 DECEMBER 2020**

| | |
|---------------------------|---|
| Royal Patron | HRH The Prince of Wales |
| Patrons | Lord Browne of Madingley FRS FREng Rt Revd and Rt Hon Dr Richard Chartres KCVO Dr Richard Cork Mr Roger Phillimore Dame Stephanie Shirley CH DBE FREng FBCS Rt Revd and Rt Hon Dame Sarah Mullally DBE |
| Artist Patrons | Ian Davenport Sir Antony Gormley OBE Maggi Hambling CBE Bridget Riley CH CBE Edmund de Waal CBE |
| Trustees | Mr Andrew Hochhauser QC – Chair Mr Stephen Crampton-Hayward – Treasurer and Vice Chair Mr Christopher Annus (resigned 28 April 2021) Dr Mary Black Mr David Cleaton-Roberts Ms. Jeanette Grose (appointed 10 March 2021) Prof. Marion Lynch Ms Lindy Mason (resigned 31 December 2020) Mr Robert Milburn (appointed 12 March 2021) Mr Krishna Omkar Mr John Porter Ms Farha Quadri (appointed 12 March 2021) Mr Tim Reeve Ms Deborah Roslund Prof. Victoria Tischler (resigned 28 April 2020) |
| Company number | 3450832 |
| Charity number | 1065963 (England and Wales), |
| Registered office | North House 198 High Street Tonbridge Kent TN9 1BE |
| Executive Director | Mrs Sandra Bruce-Gordon |

PAINTINGS IN HOSPITALS

REFERENCE AND ADMINISTRATIVE INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2020

| | |
|-----------------------------|--|
| Independent examiner | Samantha Wells FCA CTA Lindeyer Francis Ferguson Limited Chartered Accountants North House, 198 High Street Tonbridge Kent TN9 1BE |
| Principal Bankers | HSBC plc London Bridge Branch 28 Borough High Street London SE1 1YB |
| Legal Advisors | GQ Littler 21 Ironmonger Lane London EC2V 8EY J P C Law Omni House, 252 Belsize Road, London NW6 4BT |

PAINTINGS IN HOSPITALS

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The trustees (who are also directors of the company for the purposes of the Companies Act) present their report and the financial statements of Paintings in Hospitals for the year ended 31 December 2020. The Reference and Administrative information on page 1 forms part of this report.

The trustees confirm that the report and financial statements of the charity comply with the current statutory requirements, the requirements of the company's governing document, and the provisions of "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)" (Charities SORP (FRS 102)).

Objectives and Activities

The objects of the Charity are to use art and creative activities to improve the health, well-being and quality of life of persons suffering from addiction, illness, injury, disorder, or disability, including (without limitation) any disability or disorder on the autistic spectrum in any location or establishment where any such person is resident or in attendance or where any such person is in receipt of treatment, therapy, convalescence, training, education, or assistance.

A new three-year business plan was agreed in December 2020 with the following objectives:

1. To support the design and implementation of high-quality arts interventions.
2. To work toward the development of public awareness of the benefits for health through engaging with the arts.
3. To identify and remove barriers to accessing the arts, including among older adults, people with mental ill health, people of lower socioeconomic status, members of ethnic or other minorities, people with a health condition or disability and people living in geographically isolated areas.
4. To facilitate the development of partnerships and partner working between the health, social care, and arts sectors.
5. To develop training, resources and guidelines that support collaboration between the arts and health sectors.
6. To incorporate evidence on the health benefits of the arts into relevant policy documents.

In setting Paintings in Hospitals' objectives and planning its activities, the trustees have given careful consideration to the Charity Commission's general guidance on public benefit as required in section 17 of the Charities Act 2011 and, in particular, its supplementary public benefit guidance on fee charging.

The work of Paintings in Hospitals is recognised by the Department of Health and Social Care, the Care Quality Commission (CQC), NHS England and NHS Wales. Paintings in Hospitals is the Health Partner of the Arts Council Collection and works with a number of national galleries and museums. The charity's approach is based on a range of research and evidence, demonstrating the positive effects of displaying and creating visual arts in a wide range of health and social care settings.

Our charitable objects are primarily achieved through our art loans programme, which exists to help create person-centred care spaces that encourage, enrich and empower everyone who uses them. 60 years of experience has allowed us to develop a unique collection of over 3,000 artworks. Our art ranges from paintings and drawings to sculptures and animations, some by the world's greatest artists. All types of health and social care sites can borrow art from our collection.

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FOR THE YEAR ENDED 31 DECEMBER 2020

To enable care sites and their service users to get the most from our artworks, we offer creative activities that provide the knowledge and confidence to engage with visual art. These activities often involve service users choosing the artworks they want for display, giving them a say in their own care experiences and improving levels of wellbeing. In September 2020 we published the Creative Care Homes guide, an A to Z of art activities.

We measure our success through the numbers of care partners we have; where we are working; who we are working with and the number of engagements with patients and staff we have. The main performance indicators we use are:

- The number of health and social care partners borrowing art as part of our loans programme (including the creation of new partnerships and the renewal of partnerships)
- Different types of partners we are working with and their geographical spread
- The number of patients, service-users and staff from our partners involved in the selection of artworks for display in their health or social care environment
- The number of 'mid-loan' art activities and the number of participants that took part
- The percentage of artworks from our collection on public display in health and social care environments at any one time
- Number of engagements on our media channels (our website/ social media) and at our events

From 2021 we will be implementing a new evaluation and performance monitoring framework which will measure our social impact from our charitable objectives.

Structure, Governance and Management

Paintings in Hospitals was established by Trust Deed in 1959 and registered with the Charity Commission in May 1972. Our organisation is a charitable company, limited by guarantee and operates in accordance with its articles of association adopted on 24 April 2019. The strategy and policies of the charity are agreed by the Board of Trustees and its operations are managed by the charity's Executive Director.

Trustees

The Charity is Chaired by Andrew Hochhauser QC with Stephen Crampton-Hayward as Vice Chair and Treasurer. There are currently 12 Trustees. Victoria Tischler resigned in April 2020. Lindy Mason's term of office ended in December 2020 and Christopher Annus resigned in April 2021. Three new trustees were recruited through an open application process in early 2021.

During the year the Board of Trustees was supported by five sub-Committees: Collection; Engagement; Finance & General Purposes, Development and Equality, Diversity and Inclusion (EDI), which meet quarterly. Each is Chaired by a nominated trustee and has a mix of skills, and its own Terms of Reference which are reviewed annually and signed-off by the Board. In 2021 the Board agreed with the recommendation of the Director, and following Board approval of the new 3-year Business Plan, to amalgamate the Collection and Engagement sub-Committees. This provides for better governance and monitoring the performance of the Business Plan against strategic developments. This new sub-Committee will be known as the Strategic Engagement Committee.

Our Collection Committee supports our forward-thinking art collection policies and procedures. Our Engagement Committee advises on ways in which we can engage with a rapidly changing health and social care sector, nationally. Our Finance & General Purposes Committee deals with finances, remuneration, audit and HR. Our Development Committee is focused on fundraising. The EDI committee

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TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

was set up in May 2021 with the focus of work being responsible for the charity's EDI policy and objectives and ensuring that those are embedded within the Business Plan.

Risk Management and Fraud

The trustees have a regularly updated Risk Register and risk management processes which comprise:

- Annual review of all strategic risks by the full Board of Trustees
- The establishment of systems and procedures to mitigate those risks
- The implementation of procedures to minimise any potential impact on Paintings in Hospitals, should any of those risks materialise.

This risk management work has identified a relatively small number of key risks, but ongoing review has resulted in improvements through the implementation of management and mitigation procedures and increased contingency planning. Both financial and non-financial risks are included in the register. The risk register was last reviewed by the Board in April 2021.

The three most significant risks identified are as follows:

1. Failure to achieve the performance levels set out in the Business Plan, which could put at risk the future viability of the charity. To mitigate against this risk the trustees review performance on a quarterly basis and are actively seeking to diversify the charity's sources of income. The charity also has a significant asset base (in the form of the collection) which could be applied in support of its viability if necessary.
2. The loss of key members of staff which would cause dislocation to the charity's operations in the short and medium term while suitable replacements were found. The charity has recently carried out a restructure of its workforce with a view to improving morale and motivation and is in the process of recruiting a number of new or enhanced roles.
3. The inherent risk of working within the NHS environment at the current time given the strains on the sector from the coronavirus pandemic, budget constraints and resourcing. Given its objectives, the charity tolerates this risk but seeks to monitor the situation and respond appropriately to any changes, both adverse and favourable.

Achievements and Performance

2020 was a challenging year with operations badly affected by lockdown restrictions during the pandemic. A decision had been taken by the Board of Trustees to close the Menier Gallery in June 2020; however, due to Covid-19, regrettably the closure had to be brought forward to March 2020. This resulted in cancelled exhibitions with the knock-on effect of reduced income.

2020 was also the last year of our Art in Large Doses project, which saw emerging curators from the BA (Hons) Culture, Criticism and Curation course at Central Saint Martins propose an art exhibition to support the mental health and wellbeing of student patients at King's College London NHS Health Centre.

Funded by the National Lottery Heritage Fund a virtual exhibition exploring and sharing Paintings in Hospitals heritage was launched prominently on our website. 'People, Paintings and Positivity'

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FOR THE YEAR ENDED 31 DECEMBER 2020

showcased the work that the charity has been doing across six decades, working with every type of health and social care site – from hospitals to care homes.

Our Linear Meditations exhibition went on display at the Antenatal Day Assessment Unit and Obstetric Ultrasound area at Milton Keynes University Hospital, featuring the works of influential British abstract artist Wilhelmina Barns-Graham.

A new exhibition chosen in partnership with patients and care staff at Pocklington Group Practice, Yorkshire, 'In Her Footsteps' celebrated the many ground-breaking women artists in the Paintings in Hospitals collection.

In August 2020 we launched our Colour in Motion project. Colour in Motion is a collaboration between Paintings in Hospitals, the Jerwood Collection, and Cambridge University Hospitals NHS Foundation Trust. It was supported by Addenbrooke's Charitable Trust. Featuring Ian Davenport prints the exhibition has been specifically designed for Addenbrooke's rehabilitation gymnasiums, to enhance the physiotherapy environment with art that evokes movement and energy.

Paintings in Hospitals collaborated with artist Tom Croft and partnered with the Google Cultural Institute to create the new online collaborative exhibition 'Healthcare Heroes' which went live via Google on 20th August 2020. The exhibition features almost 800 portraits submitted through #portraitsforNHSheroes initiative, as well as audio, video and written exhibits.

With support from the Baring Foundation we published our Creative Care Homes guide. This is an A to Z of creative ideas which will enable anyone to deliver creative sessions within a care home environment. The 40-page booklet, available online, as a digital download and in a printed hardcopy (by request), launched on 24th September, National Day of Arts in Care Homes 2020.

Our Collection

At the end of 2020, there were over 3,000 artworks in our Collection. Of these, 1,384 were at the Menier Chocolate Factory or in external storage, many of which now require funds for reframing and conservation. In 2020, 18 artworks entered the collection. At the end of 2020, there were 2,307 artworks on public display at either our showcase displays, or our loan partner sites – a slight reduction on the previous year.

Communications and public engagement

Website Performance

Our website visits remained stable. Our Google project launched on 20th August saw a 270% spike in traffic to our website.

Press (Additional Online/Offline Coverage)

In August 2020, trustee Mary Black wrote a blog for BMJ online about our Healthcare Heroes project. This was followed up in October when the blog and the Healthcare Heroes project was again the subject of a two-page spread in the physical edition of the BMJ. Healthcare Heroes was also featured on Google blog (8.5 million monthly visits) as well as in 23 other blogs.

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TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

Market/Audience Research:

Paintings in Hospitals new business plan provides an excellent opportunity to refocus our messaging and ensure that we tailor our service offers properly to our target audiences.

Fundraising

We started to sell the 2020 Patrons Circle Print by Bridget Riley in August which was earlier than previous years. The limited edition sold out and we acquired one print for our collection which was funded by the H&LP portfolio. The main fundraiser in 2020 was the on-line art for health auction.

Financial Results

2020 was an exceedingly challenging year financially. Paintings in Hospitals ended the year with a large deficit of £112,031 (2019: deficit of £1,292).

Income for the year was £250,488 (2019: £476,630). This much reduced income figure is directly related to the closure of the Menier Gallery and a reduction in the amount of income from Trusts and Foundations as they struggled to cope with applications at an all-time high because of the pandemic.

The total expenditure in the year was £366,964 (2019: £486,273). This represents a 30% reduction on the previous year. The Director and Finance & General Purposes Committee continue to jointly monitor the charity's income, expenditure and cash-flow closely in order to fully advise the Board on income and expenditure projections into 2021.

Investment Policy

The trustees invested funds that are surplus to the immediate needs of the charity in investments that generate reasonable rates of return whilst minimising the risk of loss. Investment gains and losses are taken through the Statement of Financial Activities to unrestricted reserves. At 31 December 2020, our investments had a market value of £107,924 (2019: £122,222).

We are proud that the charity uses ethical investment vehicles. For any future changes to our investments, such as moving to new service, the charity would assess the social, environmental, and ethical considerations of the investing organisation (as well as the likely returns).

Reserves

The aim of the trustees is to maintain a level of free, unrestricted reserves of or around 6 months average annual expenditure that will enable Paintings in Hospitals to operate from a financial perspective with certainty and flexibility. At 31 December 2020 free unrestricted reserves (unrestricted funds less fixed assets) decreased to £100,642 (2019: £200,842). The charity's cash position increased by 16% to £79,213 (2019: £67,998). These funds were largely generated through the receipt of art loan income in advance.

Business Plan

In 2020 the charity developed a new three-year business plan which aligned its charitable objectives to the needs of the much-changed health and social care sector. The Business Plan also set down a route to financial resilience in the longer term using as a catalyst toward this repayable finance of £150,000. This investment was made by Nesta's Cultural Impact Development Fund. This is the first time in the charity's history that Trustees agreed to the borrowing of money. This financial support enabled the creation of new roles to drive forward the business plan and allow for a staff restructure with the loan covering redundancy payments and associated costs.

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TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

Patronage

Paintings in Hospitals are particularly grateful to the unwavering support and guidance of all our Patrons. Our Patrons help us raise awareness, expand our national reach and advocate for all that we do.

Our Thanks

We are extremely pleased to have received grants and donations from a number of individuals, Trusts and Foundations during the year. It is through the continued support of these generous people, donors and funders that we are able to benefit those most in need, through our work.

We are very grateful again to the entire staff team for their devotion and hard work throughout 2020. We are grateful to many of the health and social care partners that benefit directly from our programmes, and who, through evaluation and feedback, help us to refine and improve them.

Statement of Trustees' responsibilities

This Trustees' report has 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 United Kingdom and Republic of Ireland (FRS 102) and in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

The trustees (who are also the Directors of Paintings in Hospitals for the purposes of company law) are responsible for preparing a Trustees' annual report and accounts in accordance with applicable law and regulations and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Company law requires the trustees to prepare financial statements for each financial year. Under that 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 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 accountancy policies and then apply them consistently;
- observe the methods and principles in the Charities SORP FRS 102;
- make judgements and estimates that are both prudent and reasonable;
- state whether applicable UK accounting standards 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 charity will continue in operation.

The trustees are responsible for keeping accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any one time the financial position of the charity and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence taking reasonable steps for the prevention and detection of fraud and other irregularities. The trustees are also responsible for the maintenance and integrity of financial information, including that on the updated website.

PAINTINGS IN HOSPITALS

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

This report was approved by the trustees on 17/9/21 and signed on their behalf by:


.....
Andrew Hochhauser QC
Chair

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PAINTINGS IN HOSPITALS

INDEPENDENT EXAMINERS' REPORT TO THE TRUSTEES OF PAINTINGS IN HOSPITALS FOR THE YEAR ENDED 31 DECEMBER 2020

I report to the charity trustees on my examination of the accounts of the charitable company for the year ended 31 December 2020.

Responsibilities and basis of report

As the trustees of the charitable company (and its directors for the purposes of company law) you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ('the 2006 Act').

Having satisfied myself that the accounts of the charitable company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of the company's accounts carried out under section 145 of the Charities Act 2011 ('the 2011 Act'). In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

Independent examiner's statement

Since the charitable company's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member of the Institute of Chartered Accountants in England and Wales, which is one of the listed bodies.

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe:

- accounting records were not kept in respect of the company as required by section 386 of the 2006 Act; or
- the accounts do not accord with those records; or
- the accounts do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a 'true and fair view' which is not a matter considered as part of an independent examination; or
- the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities [applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)].

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.



Samantha Wells FCA CTA
Lindeyer Francis Ferguson Limited
Chartered Accountants
North House
198 High Street
Tonbridge
Kent TN9 1BE

Dated: 21 Sept' 2021

PAINTINGS IN HOSPITALS
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(incorporating income and expenditure account)
FOR THE YEAR ENDED 31 DECEMBER 2020

| | Notes | Restricted funds 2020 £ | Unrestricted funds 2020 £ | Total funds 2020 £ | Total funds 2019 As restated £ |
|------------------------------------|-------|----------------------------------|------------------------------------|-----------------------------|--|
| Income from: | | | | | |
| Donations, grants and legacies | 2 | 14,813 | 96,580 | 111,393 | 174,764 |
| Charitable activities | 3 | - | 95,657 | 95,657 | 245,310 |
| Other trading activities | 4 | - | 39,806 | 39,806 | 51,367 |
| Investments | | - | 3,632 | 3,632 | 5,189 |
| Total income | | 14,813 | 235,675 | 250,488 | 476,630 |
| Expenditure on: | | | | | |
| Raising funds | 5 | - | 33,498 | 33,498 | 65,765 |
| Charitable activities | 6 | 26,017 | 307,449 | 333,466 | 420,508 |
| Total expenditure | | 26,017 | 340,947 | 366,964 | 486,273 |
| Net expenditure | 10 | (11,204) | (105,272) | (116,476) | (9,643) |
| Net gains on investments | 12 | - | 4,445 | 4,445 | 8,351 |
| Net movement in funds | | (11,204) | (100,827) | (112,031) | (1,292) |
| Reconciliation of funds: | | | | | |
| Total funds brought forward: | | | | | |
| As originally stated | | 7,000 | 197,604 | 204,604 | 214,133 |
| Prior period restatement | 1.10 | 4,204 | 4,033 | 8,237 | - |
| As restated | | 11,204 | 201,637 | 212,841 | 214,133 |
| Total funds carried forward | 15 | - | 100,810 | 100,810 | 212,841 |

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(A company limited by guarantee)

BALANCE SHEET
AS AT 31 DECEMBER 2020

| | Notes | 2020 | 2019 |
|---|-------|-----------------------|-----------------------|
| | | £ | As restated £ |
| Fixed assets | | | |
| Tangible assets | 11 | 168 | 795 |
| Investments | 12 | 107,924 | 122,222 |
| | | <u>108,092</u> | <u>123,017</u> |
| Current assets | | | |
| Debtors | 13 | 36,562 | 196,378 |
| Cash at bank and in hand | | 79,213 | 67,998 |
| | | <u>115,775</u> | <u>264,376</u> |
| Creditors: amounts falling due within one year | 14 | (123,057) | (174,552) |
| Net current assets | | <u>(7,282)</u> | <u>89,824</u> |
| Net assets | | <u><u>100,810</u></u> | <u><u>212,841</u></u> |
| Charity funds | | | |
| Unrestricted funds | 15 | 100,810 | 201,637 |
| Restricted funds | 15 | - | 11,204 |
| Total funds | | <u><u>100,810</u></u> | <u><u>212,841</u></u> |

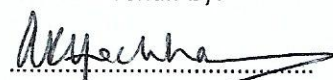
For the financial year ended 31 December 2020 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

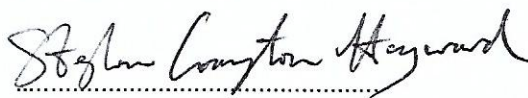
The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

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

The financial statements have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006.

The financial statements were approved by the Board of Trustees on 17/9/21 and signed on their behalf by:


 Andrew Hochhauser QC
 Chair


 Stephen Crampton-Hayward
 Treasurer

Company registration number: 3450832

PAINTINGS IN HOSPITALS

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

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

1.1 Basis of preparation

The financial statements have been prepared in accordance with "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)" (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Paintings in Hospitals 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 note(s).

The financial statements are presented in pounds sterling and rounded to the nearest pound.

In preparing the financial statements the trustees have considered the effects of Covid-19 on the charity's activities. Due to the pandemic mitigating actions have been taken including first ceasing all activities in the gallery and then taking the strategic decision to close it permanently to reduce our operating costs. The charity has taken advantage of the furlough scheme for those staff whose work activities ceased during lock-down and we have successfully applied for and been granted emergency funding; all of which has helped us to keep financially sound. Our core activity of loaning art work to health settings has continued and we have expanded our digital platform to increase access to our collection and reduce the costs of accessing it physically. We therefore have continued to adopt the going concern basis of accounting.

1.2 Company status

Paintings in Hospitals is a charitable company limited by guarantee incorporated in England and Wales. The address of the registered office is North House, 198 High Street, Tonbridge, Kent, TN9 1BE. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

1.3 Income

Income from donations, grants and legacies is recognised when the charity has entitlement to the income, it is probable it will be received and the amount can be measured reliably. For donations this is usually on receipt. For grants, this is usually when a formal offer is made in writing, unless the grant contains terms and conditions which must be met before the charity is entitled to the funds. Legacies are recognised following the grant of probate when the executor of the estate has communicated in writing both the amount and settlement date. Donated services are recognised in the period in which they are utilised and are measured at their estimated fair value.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1.3 Income (continued)

Income from loan programmes are apportioned over the period of the rental agreements. Similarly, gallery income is recognised in the period of the event. Income received in advance is accounted for as deferred income.

Donated paintings are included in incoming and outgoing resources at an estimate of their value. No paintings were donated during the year.

Income from other trading activities relates to fundraising, Patrons Circle art print sales and rental income. Fundraising income and art print sales are accounted for in the period in which the charity is entitled to receipt. Rental income is recognised over the period to which it relates. Investment income is recognised when it is receivable.

1.4 Expenditure

Expenditure is recognised on an accruals basis as incurred. Expenditure has been classified under headings that aggregate all costs related to the category.

Direct costs are those costs which are directly attributable to the charity's activities. Wages and salaries are allocated to direct costs based on the estimate of time spent on charitable activities by staff members.

Support costs are those costs relating to functions which assist the work of the charity but do not directly relate to its activity. Support costs are allocated to charitable activities on the basis of direct costs.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is charged so as to write off the cost less their residual values over their expected useful lives at the following annual rates:

| | | | |
|------------------------|---|-----|---------------|
| Furniture and fittings | - | 25% | Straight line |
| Computer expenditure | - | 33% | Straight line |

1.6 Financial Instruments

The charity only has financial instruments which are classified as basic financial instruments. Short-term debtors and creditors are measured at the settlement value. Any losses from impairment are recognised in the Statement of Financial Activities.

1.7 Fund accounting

The unrestricted funds can be spent on any activity within the charity's overall objectives. Restricted funds are those subject to specific conditions imposed by the donors. Expenditure which meets these criteria is allocated to the fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1.8 Operating leases

Rentals under operating leases are charged to the statement of financial activities on a straight line basis over the lease term.

1.9 Pension contributions

The charity makes defined contributions into employee private pension schemes. Contributions are charged to the statement of financial activities as they become payable.

1.10 Prior year restatement

A restricted grant was received in part in 2019, however there were no terms and conditions preventing recognition and therefore the grant should have been recognised in full. The effect on the prior period's results is to increase donations and grants and accrued income in debtors by £8,237. Further to this, some of the costs relating to this restricted grant were incurred in 2019, which has resulted in an increase in restricted expenditure of £4,033 in the prior period's results. The impact on reserves in 2020 is to increase restricted funds brought forward by £4,204 and to increase unrestricted funds brought forward by £4,033.

| 2 Income from donations, grants and legacies | 2020 | 2019 |
|---|----------------|----------------|
| | £ | £ |
| Donations and grants | 102,033 | 167,993 |
| Donated services | 9,360 | 6,771 |
| | <u>111,393</u> | <u>174,764</u> |

During the year £14,871 was received under the Government's Coronavirus Job Retention Scheme.

Donated services relates to the provision of IT software.

Income for restricted funds in the comparative period was £100,425.

| 3 Income from charitable activities | 2020 | 2019 |
|--|---------------|----------------|
| | £ | £ |
| Loan programmes | 78,339 | 100,820 |
| Gallery income | 17,318 | 144,490 |
| | <u>95,657</u> | <u>245,310</u> |

| 4 Other trading activities | 2020 | 2019 |
|---------------------------------------|---------------|---------------|
| | £ | £ |
| Other hire income | 7,931 | 16,229 |
| Fundraising events and Patrons Circle | 31,875 | 35,138 |
| | <u>39,806</u> | <u>51,367</u> |

PAINTINGS IN HOSPITALS
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5 Expenditure on raising funds

| | 2020 | 2019 |
|---------------------------------|---------------|---------------|
| | £ | £ |
| Costs of events | 14,135 | 42,245 |
| Donations and grants | 15,642 | 19,055 |
| Support costs (<i>Note 8</i>) | 3,721 | 4,465 |
| | <u>33,498</u> | <u>65,765</u> |

Costs of events, donations and grants includes staff costs of £26,998 (2019: £32,163)

6 Expenditure on charitable activities

| | <i>Direct</i> <i>costs</i> <i>2020</i> <i>£</i> | <i>Support</i> <i>Costs</i> <i>2020</i> <i>£</i> | <i>Total</i> <i>costs</i> <i>2020</i> <i>£</i> | <i>Total</i> <i>costs</i> <i>2019</i> <i>£</i> |
|-------------------------|--|---|---|---|
| Projects and programmes | 24,171 | 1,861 | 26,032 | 34,338 |
| Loan programme | 192,987 | 22,329 | 215,316 | 278,331 |
| Gallery expenses | 82,814 | 9,304 | 92,118 | 107,839 |
| | <u>299,972</u> | <u>33,494</u> | <u>333,466</u> | <u>420,508</u> |
| | <i>(Note 7)</i> | <i>(Note 8)</i> | | |

Expenditure on restricted funds in the comparative period was £89,221.

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| 7 | Direct costs | <i>Total</i> | <i>Total</i> |
|---|----------------------------------|----------------|----------------|
| | | <i>2020</i> | <i>2019</i> |
| | | £ | £ |
| | Staff costs | 121,491 | 155,955 |
| | Freelance and consultancy costs | 44,060 | 53,861 |
| | Volunteer expenses | 317 | 1,047 |
| | Collection management | 15,168 | 17,838 |
| | Picture transport | 6,086 | 20,990 |
| | Cost of projects | 345 | 787 |
| | Premises expenses | 72,463 | 84,357 |
| | Office costs | 8,724 | 8,731 |
| | Travel and accommodation | 1,157 | 6,206 |
| | Marketing and IT | 23,606 | 22,786 |
| | Accountancy and consultancy fees | 3,525 | 3,489 |
| | Other costs | 2,612 | 2,076 |
| | Depreciation | 418 | 2,202 |
| | | <u>299,972</u> | <u>380,325</u> |
| | | | |
| 8 | Support costs | <i>Total</i> | <i>Total</i> |
| | | <i>2020</i> | <i>2019</i> |
| | | £ | £ |
| | Staff costs | 25,498 | 30,376 |
| | Volunteer expenses | 19 | 62 |
| | Premises expenses | 3,069 | 4,036 |
| | Office costs | 513 | 514 |
| | Travel and accommodation | 68 | 365 |
| | Other costs | 1,420 | 1,917 |
| | Depreciation | 209 | 1,101 |
| | Bad debts | 1,387 | - |
| | <i>Governance costs:</i> | | |
| | Legal and professional fees | 1,582 | 2,527 |
| | Independent examination fees | 3,450 | 3,750 |
| | | <u>37,215</u> | <u>44,648</u> |
| | | | |
| | <i>Allocated to:</i> | | |
| | Raising funds | 3,721 | 4,465 |
| | Charitable activities | <u>33,494</u> | <u>40,183</u> |

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9 Staff costs

| | <i>2020</i> | <i>2019</i> |
|-----------------------|----------------|----------------|
| | <i>£</i> | <i>£</i> |
| Wages and salaries | 160,183 | 188,545 |
| Social security costs | 10,664 | 14,739 |
| Pension costs | 3,140 | 3,987 |
| Temporary staff costs | - | 11,223 |
| | <u>173,987</u> | <u>218,494</u> |

The average monthly number of employees during the year was as follows :

| | <i>2020</i> | <i>2019</i> |
|-----------------|-------------|-------------|
| | <i>No.</i> | <i>No.</i> |
| Loan Programmes | 5 | 5 |
| Administrative | 2 | 2 |
| | <u>7</u> | <u>7</u> |

No employee received remuneration amounting to more than £60,000 in either year.

No remuneration, other benefits or reimbursed expenses were paid to the Trustees for the year ended 31 December 2020 (2019: none).

10 Net expenditure

| | <i>2020</i> | <i>2019</i> |
|--|---------------|---------------|
| | <i>£</i> | <i>£</i> |
| This is stated after charging: | | |
| Independent examiner's remuneration | 1,950 | 2,250 |
| Independent examiner's remuneration for accountancy services | 1,500 | 1,500 |
| Depreciation | 627 | 3,303 |
| Operating leases rentals | 30,000 | 63,653 |
| | <u>33,077</u> | <u>70,706</u> |

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11 Tangible fixed assets

| | <i>Furniture</i> £ | <i>Equipment</i> £ | <i>Total</i> £ |
|--|-----------------------|-----------------------|-------------------|
| Cost | | | |
| At 1 January 2020 and 31 December 2020 | 23,929 | 13,574 | 37,503 |
| Depreciation | | | |
| At 1 January 2020 | 23,244 | 13,464 | 36,708 |
| Charge for the year | 572 | 55 | 627 |
| At 31 December 2020 | 23,816 | 13,519 | 37,335 |
| Net book value | | | |
| At 31 December 2020 | 113 | 55 | 168 |
| At 31 December 2019 | 685 | 110 | 795 |

12 Investments

| | <i>2020</i> £ | <i>2019</i> £ |
|--------------------------|------------------|------------------|
| Market Value | | |
| At 1 January 2020 | 122,222 | 113,871 |
| Disposals | (18,743) | - |
| Net gains on revaluation | 4,445 | 8,351 |
| At 31 December 2020 | 107,924 | 122,222 |

Investments are held in UK deposit funds or fixed interest bond funds.

13 Debtors

| | <i>2020</i> £ | <i>2019</i> £ |
|--------------------------------|------------------|------------------|
| Trade debtors | 17,796 | 55,292 |
| Prepayments and accrued income | 11,846 | 138,295 |
| Other debtors | 6,920 | 2,791 |
| | 36,562 | 196,378 |

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14 Creditors: amounts falling due within one year

| | 2020 £ | 2019 £ |
|---------------------------------|----------------|----------------|
| Rentals of paintings in advance | 95,408 | 94,093 |
| Other income in advance | - | 28,255 |
| Accruals and other creditors | 23,548 | 46,511 |
| Taxation and social security | 4,101 | 5,693 |
| | <u>123,057</u> | <u>174,552</u> |

Deferred income relates to income for loan programmes and gallery hire received in advance. The movement is as follows:

| | 2020 £ | 2019 £ |
|---------------------------------|---------------|----------------|
| Deferred income brought forward | 122,348 | 196,770 |
| Released during the period | (122,348) | (196,770) |
| Arising in the current year | 95,408 | 122,348 |
| Deferred income carried forward | <u>95,408</u> | <u>122,348</u> |

PAINTINGS IN HOSPITALS
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

15 Statement of funds

| <i>Current year</i> | <i>Brought forward</i> £ | <i>Income</i> £ | <i>Expenditure</i> £ | <i>Gains and transfers in/out</i> £ | <i>Carried forward</i> £ |
|---------------------------|-----------------------------|--------------------|-------------------------|--|-----------------------------|
| Unrestricted funds | | | | | |
| General fund | 201,637 | 235,675 | (340,947) | 4,445 | 100,810 |
| Restricted funds | | | | | |
| Baring Foundation | 7,000 | - | (7,000) | - | - |
| City Bridge | - | 14,813 | (14,813) | - | - |
| Pilgrim Trust | 4,204 | - | (4,204) | - | - |
| Total restricted funds | 11,204 | 14,813 | (26,017) | - | - |
| Total funds | 212,841 | 250,488 | (366,964) | 4,445 | 100,810 |

Funding was received in 2019 from the Baring Foundation towards a key programme 'Art for Everyone' and also from the Pilgrim Trust towards 'Project Sheridan' (ensuring unavailable major artworks in the collection can be conserved and then displayed to support wellbeing). Funding from City Bridge, received in 2020, was towards the work in care homes and was fully expensed in the year.

PAINTINGS IN HOSPITALS
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15 Statement of funds (continued)

| <i>Prior year</i> | <i>Brought forward</i> <i>£</i> | <i>Income</i> <i>£</i> | <i>Expenditure</i> <i>£</i> | <i>Losses and transfers in/out</i> <i>£</i> | <i>Carried forward</i> <i>£</i> |
|----------------------------------|------------------------------------|---------------------------|--------------------------------|--|------------------------------------|
| Unrestricted funds | | | | | |
| General fund | 214,133 | 376,205 | (397,052) | 8,351 | 201,637 |
| Restricted funds | | | | | |
| HLF | - | 9,800 | (9,800) | - | - |
| Eyre Family Foundation | - | 10,000 | (10,000) | - | - |
| City of London | - | 19,875 | (19,875) | - | - |
| D'Oyly Carte Charitable Trust | - | 2,500 | (2,500) | - | - |
| Britford Bridge | - | 10,000 | (10,000) | - | - |
| Baring Foundation | - | 19,750 | (12,750) | - | 7,000 |
| Pilgrim Trust | - | 16,000 | (11,796) | - | 4,204 |
| De Byre Charitable Trust | - | 1,500 | (1,500) | - | - |
| Liz and Terry Barmall Foundation | - | 5,000 | (5,000) | - | - |
| Oakdale Trust | - | 1,000 | (1,000) | - | - |
| City Bridge | - | 5,000 | (5,000) | - | - |
| Total restricted funds | - | 100,425 | (89,221) | - | 11,204 |
| Total funds | 214,133 | 476,630 | (486,273) | 8,351 | 212,841 |

16 Analysis of net assets between funds

| | <i>Restricted funds</i> <i>2020</i> <i>£</i> | <i>Unrestricted funds</i> <i>2020</i> <i>£</i> | <i>Total funds</i> <i>2020</i> <i>£</i> | <i>Total funds</i> <i>2019</i> <i>£</i> |
|---------------------|--|--|---|---|
| Fixed assets | - | 108,092 | 108,092 | 123,017 |
| Current assets | - | 115,775 | 115,775 | 256,139 |
| Current liabilities | - | (123,057) | (123,057) | (174,552) |
| | - | 100,810 | 100,810 | 204,604 |

Total funds for 2019 included restricted funds of £11,204 included within current assets.

PAINTINGS IN HOSPITALS
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17 Paintings

The charity's loan collection is not reflected in these accounts as, in the opinion of the Trustees, it is neither practical nor beneficial to reflect the true value of the collection. At 31 December 2020 the total collection, which includes lent, purchased and donated artworks, comprised 3,730 works of art, which have been insured on a first loss basis for 3.756 million pounds. Movements on the number of artworks and insured values over the past 5 years are as follows:

| | 2020 | 2019 | 2018 | 2017 | 2016 |
|--------------------|-------|-------|-------|-------|-------|
| Number of artworks | 3,730 | 3,857 | 3,844 | 3,970 | 4,012 |
| Insured value | £3.8m | £4.0m | £3.8m | £3.4m | £3.8m |

18 Operating lease commitments

At 31 December 2020 the charity had total future commitments under non-cancellable operating leases as follows:

| | <i>Land and Buildings</i> | <i>Other</i> | <i>Land and Buildings</i> | <i>Other</i> |
|---|-------------------------------|--------------|-------------------------------|--------------|
| | 2020 | 2020 | 2019 | 2019 |
| | £ | £ | £ | £ |
| Commitments due: | | | | |
| Not later than one year | 10,000 | - | 30,000 | 3,653 |
| Later than one year and not later than five years | - | - | - | 469 |

19 Related party transactions

The charity's key management personnel are the trustees, the Executive Director and the Head of Collection, Loans & Programming. Total employee benefits, including employer's pension contributions and employer's National Insurance, in respect of key management personnel were £64,318 (2019: £97,205). No employee benefits are payable to the trustees.

There are no further related party transactions to disclose.