

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

paintings in hospitals

TRUSTEES' REPORT AND
UNAUDITED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED
31 MARCH 2022

PAINTINGS IN HOSPITALS

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REFERENCE AND ADMINISTRATIVE INFORMATION FOR THE PERIOD ENDED 31 MARCH 2022

Royal Patron	HRH The Former 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 (resigned 26 October 2022) Ms. Jeanette Grose (appointed 10 March 2021) Prof. Marion Lynch Mr Robert Milburn (appointed 12 March 2021) Mr Krishna Omkar Mr John Porter (resigned 10 th November 2021) Ms Farha Quadri (appointed 12 March 2021) Mr Tim Reeve (resigned 26 October 2022) Ms Deborah Roslund (resigned 27 th October 2021)
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
Business address	Unit 11, Earlsfield Business Centre 9 Lydden Road London SW18 4LT

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REFERENCE AND ADMINISTRATIVE INFORMATION **FOR THE PERIOD ENDED 31 MARCH 2022**

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

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TRUSTEES' REPORT

FOR THE PERIOD ENDED 31 MARCH 2022

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 period ended 31 March 2022. 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)" (effective 1 January 2019) (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.

The charity's three-year business plan has 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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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.

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.

This in turn feeds into our Theory of Change and Impact Development Plan which we are currently finalising. We measure Business Plan performance through financial and non-financial objectives these include:

- Implementing and resourcing our digital strategy
- Digitising our collection
- Offering high quality engagement activities
- The amount of income received from our Loan programme
- The amount of income received from grants and donations

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 KC who will stand down at the end of January 2023. The Board of Trustees embarked on a full recruitment process to identify his successor and Professor Jane Anderson CBE will commence the Chair role on 1 February 2023. Stephen Crampton- Hayward is Vice Chair and Treasurer. There are currently eight Trustees. Three new trustees (Jeanette Grose, Robert Milburn and Farha Quadri) were recruited through an open application process in early 2021. Christopher Annus resigned in April 2021 and Deborah Roslund resigned in October 2021. John Porter, who had been a Trustee for five years died in November 2021; he was instrumental in the implementation of the business plan and will be sadly missed. David Cleaton-Roberts and Tim Reeve both resigned in October 2022.

During the first six months of the period the Board of Trustees was supported by five committees: Collection; Engagement; Finance and General Purposes, Development and Equality, Diversity and Inclusion (EDI); all committees met quarterly. In the latter part of 2021 the Board agreed with the recommendation of the Executive Director, and following Board approval of the three-year Business Plan, to amalgamate the Collection and Engagement Committees. This provides for better governance and monitoring of the Business Plan against strategic developments. This new committee is known as the Strategic Engagement Committee. There are now three committees; Finance and General Purposes, Strategic Engagement and EDI. 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. The Development Committee was removed from the governance structure. Oversight of fundraising activity is led by our Trustee Jeanette Grose who works with the Executive Director and the charity's Fundraiser. Quarterly fundraising reports are tabled at Board meetings.

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 March 2022.

The three most significant risks identified are as follows:

1. Failure to achieve the financial 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. Recent work on the collection has identified that some artworks have never been out on loan to partners and the subject matter is not suitable in a health and wellbeing setting. We have now identified a 'working collection', those artworks that underpin our charitable objectives. The remainder of the artworks have been identified as potential sale items.
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

We partnered with social enterprise Better and are collaborating on the Art Meets Book project, designed to bring art exhibitions and workshops to communities in London and the West Midlands via local libraries. The project is supported using public funding by the National Lottery through Arts Council England. By bringing art into the heart of these communities, the Art Meets Book project is designed to improve the health and wellbeing of local people adversely affected by the Covid-19 pandemic. Art Meets Book aims to increase equity of access to art and to use art therapeutically to maximise wellbeing, provide new experiences, and stimulate open discussions.

OASIS is our pilot project created to ease social isolation and loneliness at home by connecting participants with new art, creative activities, and communities of like-minded people.

Beginning in early 2022, the OASIS project aims to place meaningful artworks, specially produced by artists for individuals, directly into people's homes and to enable eligible participants to make new social

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connections through a range of guided conversations and group activities. Initially launched in the Guildford and Waverley area, OASIS is a way for people battling with social isolation and loneliness to get together to explore new creative and cultural experiences, while lending a supportive ear or offering advice to others experiencing similar struggles.

Our I'm Fine Project is designed to improve nurses' mental health and wellbeing through images, online learning, and a comprehensive learning resource publication. The I'm Fine Project brings together the statistics on the nursing workforce alongside the stories from the workforce, told through images and accounts of nurses' own experiences. The resource can help us remember, reflect, and recover from our COVID experiences and record these events respectfully and artfully. The content also outlines the context of the current nursing crisis, and the opportunities arts offer to address the crisis. The information on workforce issues frames the project in the world of nursing and reflects the challenges being faced. The selected images of nursing reflect the current COVID-19 pandemic experiences and expertise as well as our past. The images have been chosen in consultation with nursing colleagues and in consideration of the global role nurses play in social justice, equity, health, and wellbeing.

In 2021, we announced our first major collaboration with Four Seasons Health Care Group on a new inclusive digital art project to bring culture and creativity into the daily lives of thousands of care home residents and care staff. Launched on Friday 24th September 2021, National Day of Arts in Care Homes, the Beautiful Planet project provided a range of arts activities to over 160 care homes and communities throughout the UK. As part of the project, 8,800 residents of Four Seasons Health Care and brighterkind homes were able to view artworks from the Paintings in Hospitals collection both physically and digitally via screens and tablets. Residents then had the chance to explore the imagery, techniques and inspirations found in the artworks first-hand through a suite of new engagement activities.

With 2021 dubbed the Year of Health and Care Workers by the WHO, Paintings in Hospitals' collaborated with Google Arts & Culture around the celebration of health and care staff and their relationship with art. Working with trustee Marion Lynch, we approached many potential contributors from around the world asking them to share their stories. Our final content is a set of 11 individual audio/visual statements and narratives about health and care workers' connection to specific artworks (including many pieces from the Paintings in Hospitals collection) and how art features in their personal and professional lives. In addition to the collation and editing of these stories, PiH also identified and uploaded 100 hi-res digital images of artworks from the Paintings in Hospitals collection to feature on the GA&C platform. These artworks join the existing 100 already on the platform from 2020.

On 28th June 2021, we launched our latest exhibition at UCLH. The HELP Portfolio exhibition featured a collection of prints by the iconic British designer Margaret Calvert OBE and artists Sue Arrowsmith, Jake and Dinos Chapman, Michael Craig-Martin CBE, Ian Davenport, Nicky Hirst, Idris Khan OBE, Chris Levine, Paul McDevitt, Elizabeth Magill, Annie Morris, Paul Morrison, Remi Rough, Yinka Shonibare CBE, Mathew Weir and Paul Winstanley. We promoted this across all our joint social media presences and websites, as well as creating a new hub hyperlink to host links to all the respective information about the physical exhibition, the online exhibition, and how to purchase the portfolio. To accompany the HELP Portfolio exhibition, we wanted to host a similar event to a private view but with more opportunity for engagement. As pandemic measures still prohibited meeting in large groups in person, we proposed a live digital panel discussion. This discussion was broadcast via Zoom as Art, Compassion, and Collective Action on 22nd July 2021. Panellists included Sue Arrowsmith, artist; Sandra Bruce-Gordon; Nicky Hirst, artist; Dario Illari, Founder of Jealous Gallery and Print Studio; Christian Mathews, art consultant and collector; Guy Noble, Arts Curator at UCLH. The panel was hosted by Andrew Hochhauser QC.

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In 2021/22 Google Arts & culture provided us with a freelance photographer and their highly specialised Art Camera equipment to help us digitise our collection imagery. The photographer will be working with us until April 2022 to capture true-to-life high-resolution images of the available artworks in our collection – allowing viewers to see fine details like brushstrokes and paint texture. We have now captured over 800 artworks to this high standard and begun using them in arts selection activities and more. This is the largest capture of artworks in Google's history.

Our Collection

At the end of March 2022, there were 3,691 artworks in our Collection. Of these, 1,517 were at the Earlsfield Business Centre or in external storage, many of which now require funds for reframing and conservation. Between January 2021 and March 2022, 40 artworks entered the collection. At the end of March 2022, there were 2,195 artworks on public display at either our showcase displays or our loan partner sites – a slight reduction on the previous year.

We have started to examine our collection in terms of a working and non-working collection and through many lenses. In March 2022 we launched Project Felicitous. The project aims to address the effectiveness of the collection, making it fit for purpose in a new modern post pandemic era. It aims to address the following issues:

- Cost of storage for artworks
- Accessibility to storage
- Reviewing the content of the collection to ensure that we have what partners are asking for
- Reviewing the collection through an EDI lens
- Deaccessioning policy for those works that have never been on loan (public exhibit)
- Assessing the potential 'full costs' of conservation
- Selling work where appropriate to reinvest in contemporary pieces and assist with conservation costs

Communications and public engagement

Website Performance

Our website performance, in terms of number of users, visits and page views, increased somewhat. While our analytics show a 25% increase in these figures, when adjusted for the extended reporting period, we see a real increase of 1%.

Press (Additional Online/Offline Coverage)

In addition to a national full-page feature 'The art of healing' in the 'i' newspaper, we were also able to achieve key industry publication coverage for several of our latest projects. Our 'Beautiful Planet' and OASIS projects were featured in: Building Better Healthcare, The Carer UK, The Care Home Environment, and London Arts for Health. The projects also gained coverage in targeted local newspapers and BBC Local Radio.

Market/Audience Research:

To help better target our new initiatives in this period, we undertook some basic initial audience research in the form of a brand perception survey of our current supporters. The survey covered the main elements of brand perception: cognitive, emotional, linguistic, and experiential. The survey also covered basic market research for the Friends and gift shop relaunches and included optional equalities monitoring to enable us to better understand the people who make up our current supporter base and to assess whether we are meeting their needs in terms of service provision and representation. Analysis

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of this survey showed strong, positive perception but also highlighted areas in which to improve, including awareness of our arts activity services and our regional work (outside of London).

Fundraising

Edmund de Waal is an artist who writes. Much of his work is about the contingency of memory: bringing particular histories of loss and exile into renewed life. He donated this year's Patrons Circle fundraising Edition creating a series of 20 delicate unglazed porcelain tiles, embossed with his hand-written rendering of the Wallace Stevens poem Anecdote of the Jar, each hand-embellished with fragments of gold leaf. The combination of porcelain, gold-leaf, and poetic text lie at the heart of his practice and the charity were honoured to be able to offer the edition for sale, raising a total of £30,000.

We sold 3 artworks that had never been on loan. The sales were by auction at Sotheby's and raised £28,000.

Financial Results

Paintings in Hospitals ended the period with a surplus of £187,584 (2020: deficit of £112,031).

Income for the period was £593,854 (2020 £250,488). This includes £262,500 of income recognised as a result reclassifying certain previously donated artworks, which were not valued in the accounts, as current asset investments. Subsequent to this, artworks with a value of £28,000 were sold at auction and it is the Trustees intention that further such sales will take place over future years.

The total expenditure in the period was £426,365 (2020: £366,964).

The charity has changed its financial reporting period going forward to that of the fiscal year in order to align with financial reporting requirements of the majority of funders. The accounting period for 2021/2022 is therefore 15 months from 1 January 2021 to 31 March 2022. In previous years the financial year ran from January to December.

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 March 2022, our investments had a market value of £63,092 (2020: £107,924).

We are proud that the charity uses ethical investment vehicles. For any future changes to our investments, such as moving to a 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 3 months average annual expenditure that will enable Paintings in Hospitals to operate from a financial perspective with certainty and flexibility. At 31 March 2022 free unrestricted reserves (unrestricted funds less fixed assets) increased to a surplus of £258,841 (2020: Surplus of £100,642). The charity's cash position increased by 72% to £136,541 (2020: £79,213). These funds were largely generated through the receipt of art loan income in advance.

TRUSTEES' REPORT

FOR THE PERIOD ENDED 31 MARCH 2022

Business Plan

Our business plan authored in 2020 and agreed by the Board of Trustees in December of that year set out clearly the challenges facing the charity; the biggest of those was accepted as being lack of funding and therefore financial resilience and sustainability with the knock-on effect that the charity did not have the capacity to deliver on opportunities and turn weaknesses into strengths. Written at the time of the first lock down the charity considered the severe health, social, economic and political consequences of the pandemic which highlighted flaws in systems and thinking, and the strengths in our communities and creativity. The business plan also took into consideration the need to maintain relevance in a locked down world and to emerge stronger and more fit for purpose. In reviewing the progress of the plan in year one we recognise like all good plans, ours has changed and developed and sometimes the objectives have been delivered in different ways as we reacted or were proactive to changes in situations internal and external. We have made significant progress toward delivery of our new objectives and have achieved the financial targets within the plan.

Not captured and measured within the target sets, but which cannot be ignored are the significant streams of work undertaken in 2021/22 allowing Paintings in Hospitals to perform the way it currently is. These key milestones included:

- Major organisational and staff restructure
- Relocation of office and collection
- Negotiation and presentation to Nesta Investment Committee to obtain loan and grant funding
- Improving our relationship with Arts Council England and the Arts Council Collection and receiving Arts Council project funding for the first time.

Paintings in Hospitals continues to 'punch above its weight' with the staff and Trustees ensuring benefit to over 2 million people nationally each year.

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 2021/22. 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.

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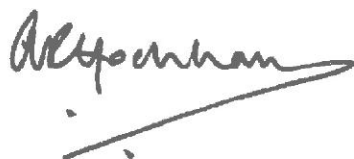
The trustees (who are also the Directors of Paintings in Hospitals for the purposes of company law) are responsible for preparing a Trustees' annual report and accounts in accordance with applicable law and regulations and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting 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.

This report was approved by the trustees on 7th December 2022 and signed on their behalf by:



Andrew Hochhauser KC
Chair

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INDEPENDENT EXAMINERS' REPORT TO THE TRUSTEES OF PAINTINGS IN HOSPITALS FOR THE PERIOD ENDED 31 MARCH 2022

I report to the charity trustees on my examination of the accounts of the charitable company for the period ended 31 March 2022.

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: 12 December 2022

PAINTINGS IN HOSPITALS
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(incorporating income and expenditure account)
FOR THE PERIOD ENDED 31 MARCH 2022

	Notes	Restricted funds 2022 £	Unrestricted funds 2022 £	Total funds 2022 £	Total funds 31/12/2020 £
Income from:					
Donations, grants and legacies	2	39,400	384,931	424,331	111,393
Charitable activities	3	-	142,391	142,391	95,657
Other trading activities	4	-	24,888	24,888	39,806
Investments		-	2,244	2,244	3,632
Total income		39,400	554,454	593,854	250,488
Expenditure on:					
Raising funds	5	-	21,324	21,324	33,498
Charitable activities	6	11,164	393,877	405,041	333,466
Total expenditure		11,164	415,201	426,365	366,964
Net income/(expenditure) before tax	10	28,236	139,253	167,489	(116,476)
Corporation tax credit		-	25,478	25,478	-
Net (loss) / gains on investments	12	-	(5,383)	(5,383)	4,445
Net movement in funds		28,236	159,348	187,584	(112,031)
Reconciliation of funds:					
Total funds brought forward:					
As originally stated		-	100,810	100,810	204,604
Prior period restatement		-	-	-	8,237
As restated		-	100,810	100,810	212,841
Total funds carried forward	17	28,236	260,158	288,394	100,810

The amounts included in the Statement of Financial Activities are for the fifteen months ended 31st March 2022, following the change in the company's financial year end (see note 1.1). The comparative amounts are for the year ended 31 December 2020.

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BALANCE SHEET
AS AT 31 MARCH 2022

	Notes	2022	31/12/2020
		£	£
Fixed assets			
Tangible assets	11	1,317	168
Investments	12	63,092	107,924
		<u>64,409</u>	<u>108,092</u>
Current assets			
Current asset investments	13	234,500	-
Debtors	14	79,749	36,562
Cash at bank and in hand		136,541	79,213
		<u>450,790</u>	<u>115,775</u>
Creditors: amounts falling due within one year	15	<u>(125,041)</u>	<u>(123,057)</u>
Total assets less current liabilities		325,749	(7,282)
Creditors: amounts falling due in more than one year	16	<u>(101,764)</u>	<u>-</u>
Net assets		<u><u>288,394</u></u>	<u><u>100,810</u></u>
Charity funds			
Unrestricted funds	17	260,158	100,810
Restricted funds	17	28,236	-
Total funds		<u><u>288,394</u></u>	<u><u>100,810</u></u>

For the financial period ended 31 March 2022 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 7th December 2022 and signed on their behalf by:

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BALANCE SHEET



Andrew Hochhauser KC
Chair

Stephen Crampton-Hayward
Treasurer

Company registration number: 3450832

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(A company limited by guarantee)

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

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)" (effective 1 January 2019) - (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 prepared an in-depth analysis of cashflow. This captures income and expenditure on a quarterly basis. As such it clearly shows that the charity is financially secure in the short to medium term. In addition the Trustees have agreed the sale of artworks which have never been used for the charitable purposes and which are assessed as unlikely to do so; this will be a significant income stream for the charity. The financial targets within the Business Plan for year 1 have been met and the core activity of loaning work for exhibition continues to be steady with new enquiries coming in. We therefore have continued to adopt the going concern basis of accounting.

These financial statements are for a period longer than one year. The year-end was extended to the 31st March 2022 so the charity's year-end would be in line with the year-end of its funders so presenting financial information relating to fundraising activities would be cleaner. The comparative amounts in the financial statements are for the year ended 31 December 2020.

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.

PAINTINGS IN HOSPITALS

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 MARCH 2022

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.

Income from loan programmes is 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.

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

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1.6 Current asset investments

Current asset investments comprise artworks held for sale and are carried at their estimated realisable value, based on historical experience of the sales prices achieved on previous sales relative to the insurance valuations of those artworks.

1.7 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.

1.8 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.

1.9 Operating leases

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

1.10 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.

2 Income from donations, grants and legacies	2022	31/12/2020
	£	£
Donations and grants	150,866	102,033
Previously donated artworks	262,500	-
Donated services	10,965	9,360
	424,331	111,393

Previously donated artworks of £262,500 have been recognised during the period as a result of having been identified as available for sale and no longer part of the charity's collection. Subsequent to this, three artworks were sold at auction at their aggregate valuation of £28,000, leaving £234,500 carried as current asset investments at the period end (note 13).

During the year £3,873 was received under the Government's Coronavirus Job Retention Scheme.

Donated services relate to the provision of IT software.

Income for restricted funds in the comparative period was £14,813.

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3	Income from charitable activities	2022	31/12/2020
		£	£
	Loan programmes	129,186	78,339
	Gallery income	13,205	17,318
		<u>142,391</u>	<u>95,657</u>
4	Other trading activities	2022	31/12/2020
		£	£
	Other hire income	-	7,931
	Fundraising events and Patrons Circle	24,888	31,875
		<u>24,888</u>	<u>39,806</u>
5	Expenditure on raising funds	2022	31/12/2020
		£	£
	Costs of events	7,164	14,135
	Donations and grants	9,251	15,642
	Support costs (Note 8)	4,909	3,721
		<u>21,324</u>	<u>33,498</u>

Costs of events, donations and grants includes staff costs of £12,596 (2020: £26,998).

6	Expenditure on charitable activities	Direct	Support	Total	Total
		costs	Costs	costs	costs
		2022	2022	2022	31/12/2020
		£	£	£	£
	Projects and programmes	19,051	2,454	21,505	26,032
	Loan programme	253,810	29,451	283,261	215,316
	Gallery expenses	88,004	12,271	100,275	92,118
		<u>360,865</u>	<u>44,176</u>	<u>405,041</u>	<u>333,466</u>
		(Note 7)	(Note 8)		

Expenditure on restricted funds in the comparative period was £26,017.

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

7	Direct costs	Total 2022 £	Total 31/12/2020 £
	Staff costs	170,045	121,491
	Freelance and consultancy costs	59,809	44,060
	Volunteer expenses	21	317
	Collection management	13,891	15,168
	Picture transport	18,021	6,086
	Cost of projects	-	345
	Premises expenses	62,748	72,463
	Office costs	2,948	8,724
	Travel and accommodation	1,848	1,157
	Marketing and IT	30,092	23,606
	Accountancy and consultancy fees	-	3,525
	Other costs	984	2,612
	Depreciation	458	418
		<u>360,865</u>	<u>299,972</u>
8	Support costs	Total 2022 £	Total 31/12/2020 £
	Staff costs	27,291	25,498
	Volunteer expenses	1	19
	Premises expenses	3,303	3,069
	Office costs	173	513
	Travel and accommodation	109	68
	Other costs	3,939	1,420
	Loan Interest	3,726	-
	Depreciation	229	209
	Bad debts	5,770	1,387
	Governance costs:		
	Legal and professional fees	799	1,582
	Independent examination fees	3,745	3,450
		<u>49,085</u>	<u>37,215</u>
	Allocated to:		
	Raising funds	4,909	3,721
	Charitable activities	<u>44,176</u>	<u>33,494</u>

PAINTINGS IN HOSPITALS
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2022

9 Staff costs

	2022	31/12/2020
	£	£
Wages and salaries	196,220	160,183
Social security costs	11,335	10,664
Pension costs	2,377	3,140
	<u>209,932</u>	<u>173,987</u>

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

	2022	31/12/2020
	No.	No.
Loan Programmes	3	5
Administrative	3	2
	<u>6</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 period ended 31 March 2022 (2020: none).

10 Net expenditure

	2022	31/12/2020
	£	£
This is stated after charging:		
Independent examiner's remuneration	2,245	1,950
Independent examiner's remuneration for accountancy services	1,500	1,500
Depreciation	687	627
Operating leases rentals	-	30,000
	<u>-</u>	<u>30,000</u>

PAINTINGS IN HOSPITALS
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NOTES TO THE FINANCIAL STATEMENTS
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11 Tangible fixed assets

	<i>Furniture</i> £	<i>Equipment</i> £	<i>Total</i> £
Cost			
At 1 January 2021	23,929	13,574	37,503
Additions in the period	-	1,836	1,836
Disposals	(22,004)	(13,573)	(35,577)
At 31 March 2022	1,925	1,837	3,762
Depreciation			
At 1 January 2021	23,816	13,519	37,335
Charge for the period	113	574	687
Disposals	(22,004)	(13,573)	(35,577)
At 31 March 2022	1,925	520	2,445
Net book value			
At 31 March 2022	-	1,317	1,317
At 31 December 2020	113	55	168

12 Investments

	<i>2022</i> £	<i>31/12/2020</i> £
Market Value		
At 1 January	107,924	122,222
Disposals	(39,449)	(18,743)
Net (loss)/gains on revaluation	(5,383)	4,445
At 31 March 2022 (31 December 2020)	63,092	107,924

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

13 Current asset investments

	<i>2022</i> £	<i>31/12/2020</i> £
Artworks held for sale	234,500	-

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NOTES TO THE FINANCIAL STATEMENTS
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14 Debtors

	2022	31/12/2020
	£	£
Trade debtors	41,788	17,796
Prepayments and accrued income	6,633	11,846
Other debtors	31,328	6,920
	<u>79,749</u>	<u>36,562</u>

15 Creditors: amounts falling due within one year

	2022	31/12/2020
	£	£
Rentals of paintings in advance	82,197	95,408
Nesta Cultural Impact Development loan	25,736	-
Accruals and other creditors	14,291	23,548
Taxation and social security	2,817	4,101
	<u>125,041</u>	<u>123,057</u>

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

	2022	31/12/2020
	£	£
Deferred income brought forward	95,408	122,348
Released during the period	(95,408)	(122,348)
Arising in the current year	82,197	95,408
	<u>82,197</u>	<u>95,408</u>

16 Creditors: amounts falling due after one year

	2022	31/12/2020
	£	£
Nesta Cultural Impact Development loan	101,764	-
	<u>101,764</u>	<u>-</u>

The loan bears interest of 8% and is for a term of 5 years, with repayments commencing in May 2022. The loan is unsecured.

PAINTINGS IN HOSPITALS
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2022

17 Statement of funds

<i>Current year</i>	<i>Brought forward</i> £	<i>Income</i> £	<i>Expenditure</i> £	<i>Other gains/ (losses)</i> £	<i>Carried forward</i> £
Unrestricted funds					
General fund	100,810	554,454	(415,201)	20,095	260,158
Restricted funds					
Burdett Trust	-	20,000	(8,388)	-	11,612
OASIS Project	-	10,000	(2,776)	-	7,224
South Wales Care Homes	-	9,400	-	-	9,400
Total restricted funds	-	39,400	(11,164)	-	28,236
Total funds	100,810	593,854	(426,365)	20,095	288,394

Other gains and losses above relates to a claim for a tax credit for the Museums and Galleries, Exhibition Tax Relief of £25,478 for the year ended 31 December 2020 and a loss on the revaluation of investments of £5,383.

Funding was received for the Burdett Trust Project which is to improve nurses mental health and wellbeing through online learning. £8,388 has been expensed in the period.

The OASIS Project is to help enrich the lives of socially isolated individuals through art and creative engagement. £2,776 of this has been expensed in the period.

The South Wales Care Home Project plans over the course of a year to provide long term artwork loans and associated activities to three care home or community settings across South Wales. Do to a resurgence of Covid-19 in the latter half of 2021 the project was postponed and will be delivered in the early Spring of 2023. As the project has not yet begun so currently no amounts have been spent.

PAINTINGS IN HOSPITALS
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2022

17 Statement of funds (continued)

<i>Prior year</i>	<i>Brought forward</i>	<i>Income</i>	<i>Expenditure</i>	<i>Other gains/ (losses)</i>	<i>Carried forward</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</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

Other gains and losses above relates to a gain on the revaluation of investments of £4,445.

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.

18 Analysis of net assets between funds

	<i>Restricted funds</i>	<i>Unrestricted funds</i>	<i>Total funds</i>	<i>Total funds</i>
	<i>2022</i>	<i>2022</i>	<i>2022</i>	<i>2020</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Fixed assets	-	64,409	64,409	108,092
Current assets	28,236	422,554	450,790	115,775
Liabilities	-	(226,805)	(226,805)	(123,057)
	28,236	260,158	288,394	100,810

Total funds for 2020 included restricted funds of £Nil.

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

19 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 March 2022 the total collection, which includes lent, purchased and donated artworks, comprised 3,691 works of art, which have been insured on a first loss basis for £3.6 million. Movements on the number of artworks and insured values over the past 5 years are as follows:

	31 March 2022	2020	31 December 2019	2018	2017
Number of artworks	3,691	3,730	3,857	3,844	3,970
Insured value	£3.6m	£3.8m	£4.0m	£3.8m	£3.4m

20 Operating lease commitments

At 31 March 2022 the charity had total future commitments under non-cancellable operating leases as follows:

	Land and Buildings 2022 £	Other 2022 £	Land and Buildings 2020 £	Other 2020 £
Commitments due:				
Not later than one year	-	-	10,000	-

21 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 £59,085 (2020: £64,318). No employee benefits are payable to the trustees.

One trustee was paid £7,000 for Freelance work as lead on a Project.

There are no further related party transactions to disclose.