

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

paintings in hospitals

TRUSTEES' REPORT AND
UNAUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 MARCH 2023

PAINTINGS IN HOSPITALS

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REFERENCE AND ADMINISTRATIVE INFORMATION FOR THE YEAR ENDED 31 MARCH 2023

Royal Patron	The former Prince of Wales
Patrons	Lord Browne of Madingley Rt Revd and Rt Hon The Lord Chartres Dr Richard Cork Andrew Hochhauser KC Roger Phillimore Dame Stephanie Shirley CH DBE The Rt Revd and Rt Hon Dame Sarah Mullally DBE, Bishop of London
Artist Patrons	Ian Davenport Sir Antony Gormley OBE Maggi Hambling CBE Bridget Riley CH CBE
Trustees	Andrew Hochhauser KC – Chair (resigned 31 January 2023) Prof Jane Anderson CBE (appointed 7 December 2022 - Chair from 1 February 2023) Stephen Crampton-Hayward – Treasurer and Vice Chair Prof Mary E Black David Cleaton-Roberts (resigned 26 October 2022) Jeanette Grose Prof Marion Lynch Robert Milburn Krishna Omkar Farha Quadri Tim Reeve (resigned 26 October 2022)
Company number	3450832
Charity number	1065963 (England and Wales)
Registered office	North House 198 High Street Tonbridge Kent TN9 1BE
Executive Director	Sandra Bruce-Gordon FRSA
Business address	Unit 11, Earlsfield Business Centre 9 Lydden Road London SW18 4LT

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REFERENCE AND ADMINISTRATIVE INFORMATION *FOR THE YEAR ENDED 31 MARCH 2023*

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

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2023

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 March 2023. 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. Over 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.

TRUSTEES' REPORT FOR THE YEAR ENDED 31 MARCH 2023

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 agreed with Nesta in August 2022. 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 was Chaired by Andrew Hochhauser KC who stood down and resigned 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 was appointed in December 2022 and commenced the Chair role on 1 February 2023. Stephen Crampton-Hayward is Vice Chair and Treasurer. There are currently eight Trustees. Two Trustees, David Cleaton-Roberts and Tim Reeve, resigned in October 2022.

There are three committees; Finance and General Purposes, Strategic Engagement and Equality, Diversity and Inclusion. 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. 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

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2023

increased contingency planning. Both financial and non-financial risks are included in the register. The risk register was last reviewed by the Board in September 2023.

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 and several have been sold subsequently.
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 and the current general economic environment. 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 collaborated 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 was 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 was 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. The project successfully engaged 49 participants most of whom were from diverse ethnic backgrounds. Many had not previously visited an art gallery or museum, an experience shared by people from disadvantaged socio-economic backgrounds. The project also met participants' need for social connections and friendships and contributed to relieving isolation. Siting the project in libraries facilitated engagement for the targeted groups, as these were seen as safe and accessible places. The project also engaged with 23 primary school children. A co-production approach from the Painting in Hospitals's project leads and storyteller was essential in making the children feel supported and valued, as was the public display in the library at the end of the project of their artworks and feedback.

The OASIS project was 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 aimed to place meaningful artworks, specially produced by artists for individuals, directly into people's homes and to enable eligible participants to make new social connections through a range of guided conversations and group activities. Initially launched in the Guildford and Waverley area,

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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. The OASIS pilot project also aimed to enrich the lives of people with life-limiting conditions through art and creative engagement, in a unique partnership between Paintings in Hospitals and Sue Ryder. It involved pairing befriending volunteers with remote day patients. Participants reported that the sessions had improved their mood & feelings at the time. Participants were facing some existential issues potentially affecting them deeply emotionally. Engagement in the process gave them some space to take their minds off this, and although this was temporary, it provided a welcome relief: *'Doing something different, gave me a chance to concentrate and try something new. Time flew by and conversation flowed easily whilst we were working.'*

Our I'm Fine Project designed to improve nurses' mental health and wellbeing through images, online learning, and a comprehensive learning resource publication completed in 2022 with our Trustee Marion Lynch who led the project and our Executive Director invited to present the outcomes from the project to the International Congress of Nurses in Montreal in July 2023.

In January 2023 the charity published the book 'Lifting the Clouds' this marked the work of the outgoing Chair Andrew Hochhauser KC and showcased works from the collection together with statements of the impact to individuals from our work. Compiled by our Executive Director and with a Foreword by our Patron Dr Richard Cork, art historian and art critic, it is now being widely used to recruit new friends and supporters.

We also commissioned a short film 'Power of a Painting' again showcasing the charity's work and in particular our new engagement activities. The film features participants from our projects and there are contributions from artists Anita Klein and Sue Arrowsmith. The film was shortlisted for the 'Best Charity Film – Small' category at the 2023 Third Sector Awards.

Our Collection

At the end of March 2023, there were 3,679 artworks in our Collection. Of these, some 1,500 were at the Earlsfield Business Centre or in external storage, many of which require funds for reframing and conservation. At the end of March 2023, there were 1,631 artworks on public display at either our showcase displays or our loan partner sites (2022: 2,195 artworks).

Project Felicitous continues aiming to address the effectiveness of the collection, making it fit for purpose in a new modern post pandemic era. Where we have found that an artwork has not been placed with a care partner or is unlikely to be so because it is for whatever reason unsuitable, we have begun to sell the works to assist the charity's financial resilience. Sotheby's and Bonhams have provided strong advice as to placing work and its possible value. In total, 23 further artworks were deaccessioned in the year to 31 March 2023 and 77 further artworks have been deaccessioned since 1 April 2023.

Communications and public engagement

As the team now has additional capacity in marcomms with a digital marketing and communications assistant who commenced in June 2023, we have increased our social media output as well as our online web content and PR. As a result, our social media following is now 3,900 followers on Instagram, 4,800 followers on Facebook and 12,600 followers on X (formerly Twitter.)

Fundraising

In 2023 we became a charity partner of eBay, and our shop went live. Our merchandise includes prints that were given to the charity for sale, and these include works by Chloe Cheese, Peter Blake, John

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Hoyland and Norman Ackroyd. Some of our deaccessioned artwork is also featured and we will be developing or merchandise range to include cards. We are delighted to have received permissions to use artwork from our collection by the artists.

In support of Paintings in Hospitals, much-loved and revered artist Anita Klein has created a specially designed artwork, a limited edition of 30 prints which show 'Women on the Beach' a beautiful story and a reflection upon those special moments in life that make memories. All proceeds from the sale will be given to the charity. Anita Klein exhibits her paintings and prints regularly with Eames Fine Art London and has her work in public collections including the British Museum, Victoria and Albert Museum and Arts Council England.

Financial Results

Paintings in Hospitals ended the year with a deficit of £38,643 (2022 15 months: surplus of £187,584).

Income for the year was £363,138 (2022 15 months: £593,854). This includes £40,400 (2022: £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, seven artworks were sold at auction raising £85,500 in total and it is the Trustees intention that further such sales will take place over future years. The charity also benefited from a tax credit of £42,509 (2022: £25,478) under the Museums and Galleries Exhibition Tax Relief provisions.

As described above, the charity has embarked on a programme to deaccession and, in most cases sell, a number of artworks which have not been and are highly unlikely to be displayed in hospitals and other care settings. This includes selling all our sculptures as these cannot be displayed safely and cost-effectively, and in November 2023 we sold at auction a sculpture by Dame Elisabeth Frink for £170,000. The sculpture was carried in our balance sheet at 31 March 2023 at £120,000 and the profit on sale of £50,000 will be included in the accounts for the year to 31 March 2024. We are grateful to our Patron Dame Stephanie Shirley who gifted the sculpture to us in 2012 and to Prior's Court School, Thatcham, Berkshire in whose care it has been since then. The funds raised from this and the sale of other artworks will help ensure the sustainability of the charity for the foreseeable future.

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 2023, our investments had a market value of £57,238 (2022: £63,092).

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 six months average annual expenditure that will enable Paintings in Hospitals to operate from a financial perspective with certainty and flexibility. At 31 March 2023 free unrestricted reserves (unrestricted funds less fixed assets) decreased to a surplus of £225,195 (2022: surplus of £258,841). The charity's cash position decreased by 68% to £43,160 (2022: £136,541).

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FOR THE YEAR ENDED 31 MARCH 2023

Business Plan

Our three-year 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 a lack of funding and therefore poor 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 and to emerge stronger and more fit for purpose. In reviewing the progress of the plan in years one and two 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 combined with a robust evaluation of projects, we are now in an excellent position to realign the charity to continue to deliver impact from visual art on health and wellbeing. As we approach our 65th Anniversary in 2024 there is a renewed sense of purpose as we use our learning from the last three years to drive the charity forward.

Patronage

We 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 go to Edmund de Waal CBE who stood down as an Artist Patron during the year, and we were pleased to welcome our out-going Chair, Andrew Hochhauser, as a Patron from February 2023.

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 2022/23. We are also 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:

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 MARCH 2023

- 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 13 December 2023 and signed on their behalf by:

Prof Jane Anderson CBE
Chair

INDEPENDENT EXAMINERS' REPORT TO THE TRUSTEES OF PAINTINGS IN HOSPITALS
FOR THE YEAR ENDED 31 MARCH 2023

I report to the charity trustees on my examination of the accounts of the charitable company for the year ended 31 March 2023.

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: 18 December 2023

PAINTINGS IN HOSPITALS
(A company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
(incorporating income and expenditure account)
FOR THE YEAR ENDED 31 MARCH 2023

		Restricted funds	Unrestricted funds	Total funds	Total funds
		Year ended 31 March 2023	Year ended 31 March 2023	Year ended 31 March 2023	Period ended 31 March 2022
	Notes	£	£	£	£
Income from:					
Donations, grants and legacies	2	53,986	202,909	256,895	424,331
Charitable activities	3	-	103,304	103,304	142,391
Other trading activities	4	-	-	-	24,888
Investments		-	2,939	2,939	2,244
Total income		53,986	309,152	363,138	593,854
Expenditure on:					
Raising funds	5	-	39,772	39,772	24,671
Charitable activities	6	59,625	339,039	398,664	401,694
Total expenditure		59,625	378,811	438,436	426,365
Net (expenditure)/income before tax	10	(5,639)	(69,659)	(75,298)	167,489
Corporation tax credit	17	-	42,509	42,509	25,478
Net losses on investments	12	-	(5,854)	(5,854)	(5,383)
Net movement in funds		(5,639)	(33,004)	(38,643)	187,584
Reconciliation of funds:					
Total funds brought forward:		28,236	260,158	288,394	100,810
Total funds carried forward	17	22,597	227,154	249,751	288,394

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BALANCE SHEET
AS AT 31 MARCH 2023

		2023		2022	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	11		1,959		1,317
Investments	12		57,238		63,092
			<u>59,197</u>		<u>64,409</u>
Current assets					
Current asset investments	13	222,200		234,500	
Debtors	14	134,167		79,749	
Cash at bank and in hand		43,160		136,541	
		<u>399,527</u>		<u>450,790</u>	
Creditors: amounts falling due within one year	15	(137,688)		(125,041)	
Total assets less current liabilities			261,839		325,749
Creditors: amounts falling due in more than one year	16		(71,285)		(101,764)
Net assets			<u>249,751</u>		<u>288,394</u>
Charity funds					
Unrestricted funds	17		227,154		260,158
Restricted funds	17		22,597		28,236
Total funds			<u>249,751</u>		<u>288,394</u>

For the financial year ended 31 March 2023 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 13 December 2023 and signed on their behalf by:

.....
Prof Jane Anderson CBE
Chair

.....
Stephen Crampton-Hayward
Treasurer

Company registration number: 3450832

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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 forecasts income and expenditure on a monthly basis. As such it 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 has become a significant income stream for the charity. The financial targets within the Business Plan for year 2 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.

The comparative amounts in the financial statements are for the 15 month period to the 31st March 2022.

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.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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. 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 gift shop sales. Fundraising income and art print sales are accounted for in the period in which the charity is entitled to receipt.

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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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

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	2023 £	2022 £
	Donations and grants	165,015	150,866
	Previously donated artworks	73,200	262,500
	Donated services	18,680	10,965
		<u>256,895</u>	<u>424,331</u>

Previously donated artworks valued at £40,400 have been recognised during the year as a result of having been identified as available for sale and no longer part of the charity's collection. During the year seven of the artworks were sold at auction at a profit of £32,800, leaving £222,200 carried as current asset investments at the year end (note 13).

Donated services relate to the provision of IT software and consultancy services.

Income for restricted funds in the comparative period was £39,400.

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3	Income from charitable activities	2023 £	2022 £
	Loan programme	98,319	129,186
	Gift shop sales	4,985	13,205
		<u>103,304</u>	<u>142,391</u>
4	Other trading activities	2023 £	2022 £
	Fundraising events and Patrons Circle	-	24,888
		<u>-</u>	<u>24,888</u>
5	Expenditure on raising funds	2023 £	2022 £
	Costs of events	14,803	7,337
	Donations and grants	16,278	9,251
	Support costs (Note 8)	8,691	8,083
		<u>39,772</u>	<u>24,671</u>

Costs of events, donations and grants includes staff costs of £27,862 (2022: £12,596).

6	Expenditure on charitable activities	Direct costs 2023 £	Support Costs 2023 £	Total costs 2023 £	Total costs 2022 £
	Projects and programmes	34,544	8,691	43,235	21,793
	Loan programme	281,764	65,183	346,947	371,329
	Trading expenses	4,136	4,346	8,482	8,572
		<u>320,444</u>	<u>78,220</u>	<u>398,664</u>	<u>401,694</u>
		(Note 7)	(Note 8)		

Expenditure on restricted funds in the comparative period was £11,164.

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7	Direct costs	<i>Total</i> 2023 £	<i>Total</i> 2022 £
	Staff costs	101,251	170,045
	Freelance and consultancy costs	97,460	55,128
	Volunteer expenses	-	21
	Collection management	6,098	13,891
	Picture transport	12,362	18,021
	Cost of projects	16,757	-
	Premises expenses	49,340	62,748
	Office costs	7,253	2,774
	Travel and accommodation	5,813	1,848
	Marketing and IT	20,128	30,092
	Other costs	3,440	984
	Depreciation	542	344
		<u>320,444</u>	<u>355,896</u>
8	Support costs	<i>Total</i> 2023 £	<i>Total</i> 2022 £
	Staff costs	38,697	27,291
	Volunteer expenses	-	1
	Premises expenses	3,046	3,303
	Office costs	840	173
	Travel and accommodation	4,086	109
	Other costs	8,513	3,939
	Loan Interest	9,200	3,726
	Depreciation	542	344
	Bad debts	2,952	5,770
	Accountancy and consultancy fees	13,573	4,681
	<i>Governance costs:</i>		
	Legal and professional fees	149	799
	Independent examination fees	5,313	3,745
		<u>86,911</u>	<u>53,881</u>
	<i>Allocated to:</i>		
	Raising funds	8,691	8,083
	Charitable activities	<u>78,220</u>	<u>45,798</u>

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9 Staff costs

	2023 £	2022 £
Wages and salaries	156,824	196,220
Social security costs	9,390	11,335
Pension costs	1,596	2,377
	<u>167,810</u>	<u>209,932</u>

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

	2023 No.	2022 No.
Loan Programmes	1	3
Administrative	4	3
	<u>5</u>	<u>6</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 March 2023 (2022: none).

10 Net expenditure

	2023 £	2022 £
This is stated after charging:		
Independent examiner's remuneration	2,350	2,245
Independent examiner's remuneration for accountancy services	2,963	1,500
Depreciation	<u>1,083</u>	<u>687</u>

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11 Tangible fixed assets

	<i>Furniture</i> £	<i>Equipment</i> £	<i>Total</i> £
Cost			
At 1 April 2022	1,925	1,837	3,762
Additions in the year	1,250	475	1,725
At 31 March 2023	<u>3,175</u>	<u>2,312</u>	<u>5,487</u>
Depreciation			
At 1 April 2022	1,925	520	2,445
Charge for the year	313	770	1,083
At 31 March 2023	<u>2,238</u>	<u>1,290</u>	<u>3,528</u>
Net book value			
At 31 March 2023	<u>937</u>	<u>1,022</u>	<u>1,959</u>
At 31 March 2022	<u>-</u>	<u>1,317</u>	<u>1,317</u>

12 Investments

	<i>2023</i> £	<i>2022</i> £
Market Value		
At 1 April 2022	63,092	107,924
Disposals	-	(39,449)
Net losses on revaluation	(5,854)	(5,383)
At 31 March 2023	<u>57,238</u>	<u>63,092</u>

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

13 Current asset investments

	<i>2023</i> £	<i>2022</i> £
Artworks held for sale	<u>222,200</u>	<u>234,500</u>

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14 Debtors

	2023 £	2022 £
Trade debtors	66,575	41,788
Prepayments and accrued income	17,471	6,633
Other debtors	50,121	31,328
	<u>134,167</u>	<u>79,749</u>

15 Creditors: amounts falling due within one year

	2023 £	2022 £
Rentals of paintings in advance	80,422	82,197
Nesta Cultural Impact Development loan	30,326	25,736
Accruals and other creditors	22,819	14,291
Taxation and social security	4,121	2,817
	<u>137,688</u>	<u>125,041</u>

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

	2023 £	2022 £
Deferred income brought forward	82,197	95,408
Released during the year	(82,197)	(95,408)
Arising in the current year	80,422	82,197
	<u>80,422</u>	<u>82,197</u>

16 Creditors: amounts falling due after one year

	2023 £	2022 £
Nesta Cultural Impact Development loan	71,285	101,764
	<u>71,285</u>	<u>101,764</u>

The loan bears interest of 7.8% and is for a term of 5 years, with repayments having commenced in May 2022. The loan is unsecured.

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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	260,158	309,152	(378,811)	36,655	227,154
Restricted funds					
Burdett Trust	11,612	-	(8,415)	-	3,197
OASIS Project	7,224	-	(7,224)	-	-
South Wales Care Homes	9,400	-	-	-	9,400
Art Meets Book	-	43,986	(43,986)	-	-
Jerwood Foundation	-	10,000	-	-	10,000
Total restricted funds	28,236	53,986	(59,625)	-	22,597
Total funds	288,394	363,138	(438,436)	36,655	249,751

Other gains and losses above relates to a claim for a tax credit for the Museums and Galleries, Exhibition Tax Relief of £42,509 for the year ended 31 March 2023 and a loss on the revaluation of investments of £5,854.

Funding was received for the Burdett Trust Project which is to improve nurses mental health and wellbeing through online learning. £8,415 has been expensed in the year.

The OASIS Project is to help enrich the lives of socially isolated individuals through art and creative engagement. This Project was completed in the period, with all funds fully expended in the year.

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. Due to a resurgence of Covid-19 in the latter half of 2021 the project was postponed and was delivered in the Summer of 2023. As the project had not commenced by the end of the financial year the funds have been carried forward.

The Art Meets Book Project is to increase access to art and use visual art and art engagement to help adversely affected groups. Sessions were held in three libraries to explore the charities art collection verbally and visually. This project was completed in January 2023.

The Jerwood Foundation awarded a grant of £10,000 each year for two years to conserve and frame artwork within the charity's collection. Significant artworks will be selected with prioritisation being on works that can be placed immediately within partner sites. No artworks were conserved or framed in the financial year 2022/23.

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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> £
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.

18 Analysis of net assets between funds

	<i>Restricted funds</i> <i>2023</i> £	<i>Unrestricted funds</i> <i>2023</i> £	<i>Total funds</i> <i>2023</i> £	<i>Total funds</i> <i>2022</i> £
Fixed assets	-	59,197	59,197	64,409
Current assets	22,597	376,930	399,527	450,790
Liabilities	-	(208,973)	(208,973)	(226,805)
	22,597	227,154	249,751	288,394

Total funds for 2022 included restricted funds of £28,236.

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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 2023 the total collection, which includes lent, purchased and donated artworks, comprised 3,679 works of art, which have been insured on a first loss basis for £3.5 million. Movements on the number of artworks and insured values over the past 5 years are as follows:

	31 March		31 December		
	2023	2022	2020	2019	2018
Number of artworks	3,679	3,691	3,730	3,857	3,844
Insured value	£3.5m	£3.6m	£3.8m	£4.0m	£3.8m

20 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 £62,427 (2022: £59,085). No employee benefits are payable to the trustees.

One trustee was paid £3,000 for Freelance work as lead on a Project (2022: One trustee paid £7,000) and £1,831 for travel expenses (2022: £Nil)

There are no further related party transactions to disclose.