

**The Medical  
College of  
Saint Bartholomew's  
Hospital Trust**

**Annual Report and  
Financial Statements**

31 July 2022

Company Registration Number  
05861679 (England and Wales)  
Charity Registration Number 1115519

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## Reference and administrative details of the charitable company and its trustees

<b>Trustees</b>	Mr P Aiers Prof J Anderson CBE Sir N Boardman Mr M T Burnyeat Mr A D Flower Mr S Ghosh Prof C J Hinds Mr N Jones  Prof A Lister Prof S Marino Dr V Muirhead Dr P Lloyd Mr S J Thorley KC Ms C P Waugh
<b>Secretary</b>	Mr J E Maloney
<b>Address</b>	The Medical College of Saint Bartholomew's Hospital Trust 66 Lincoln's Inn Fields London WC2A 3LH
<b>Website</b>	<a href="http://www.barts-londonschooltrust.org.uk">www.barts-londonschooltrust.org.uk</a>
<b>Company registration number</b>	05861679
<b>Charity registration number</b>	1115519
<b>Auditor</b>	Buzzacott LLP 130 Wood Street London EC2V 6DL
<b>Solicitors</b>	Farrer & Co LLP 66 Lincoln's Inn Fields London WC2A 3LH

## Reference and administrative details of the charitable company and its trustees

### Investment managers

Investec Wealth and Investment Limited  
2 Gresham Street  
London  
EC2V 7QN

Troy Asset Management Limited  
Brookfield House  
44 Davies Street  
London  
W1K SJA

Evelyn Partners

45 Gresham Street  
London  
EC2V 7BG

### Bankers

C Hoare and Co.  
7 Fleet Street  
Temple  
London  
EC4P 4DQ

The trustees present their report together with the financial statements of The Medical College of Saint Bartholomew's Hospital Trust for the year ended 31 July 2022.

This report has been prepared in accordance with the Companies Act 2006 and Part 8 of the Charities Act 2011 and equates to a directors' report for the purposes of company legislation.

The financial statements have been prepared in accordance with the accounting policies set out on pages 21 to 24 therein and comply with the charitable company's Memorandum and Articles of Association, applicable laws and 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 United Kingdom and Republic of Ireland (FRS 102).

## **Structure, governance and management**

### ***Constitution***

The Medical College of Saint Bartholomew's Hospital Trust (the "Trust") was incorporated on 26 June 2006 as a company limited by guarantee (Company No 05861679) and is also a registered charity (Charity Registration No 1115519). It commenced operations on 1 August 2006 following the transfer of the net assets and undertakings from the registered charity, The Medical College of St Bartholomew's Hospital Trust, Charity Registration No 291885.

### ***Organisation***

The trustees meet at least four times a year and decisions are taken by consensus or, if need be, by a majority of votes.

### ***Key management personnel***

The trustees consider that they alone comprise the key management of the Trust and are in charge of directing and running the day to day operations of the Trust.

**Structure, governance and management** (continued)

**Trustees**

The members of the Board of trustees constitute directors of the Trust for the purposes of the Companies Act 2006.

The following trustees were in office at the date of approval of these accounts and served throughout the year except where shown.

<b>Trustees</b>	<b>Appointed/retired</b>
Mr P Aiers	Appointed 6 July 2022
Prof J Anderson CBE	
Sir N Boardman	Appointed 18 January 2022
Mr M T Burnyeat	
Mr A D Flower	
Mr S Ghosh	
Prof C J Hinds	
Mr N Jones	
Ms A Kenrick OBE	Retired 31 March 2022
Prof A Lister	
Dr P Lloyd	
Prof S Marino	Appointed 14 January 2022
Dr V Muirhead	Appointed 1 August 2021
Mr S J Thorley KC (Chair)	
Ms C P Waugh	

Under the Articles of Association, a trustee may be appointed or removed by resolution of the trustees.

Regard is had to the skills mix of the trustees to ensure that the Board of trustees has all the necessary skills required to contribute fully to the Trust's development. For this purpose the Secretary maintains a list of the relevant skills such that any additional or replacement skills may be identified and sought when particular trustees retire.

No trustee(s) received any remuneration for services during the year (2021: none). £nil incidental expenses were reimbursed to trustees (2021: £nil). No trustee had any beneficial interest in any contract with the Trust during the year (2021: none).

Trustees meet at least four times a year and delegate where appropriate the day to day administrative work of the Trust to their professional advisers and occasional matters requiring decision between meetings to the Chairman or to a small group of trustees. In particular, the Grants Advisory Committee meets four times a year ahead of the main Trustee meetings and makes recommendations on grant applications to the Trustees. The Finance & Investment Committee meets at least twice a year to consider the Trust's finances and take reports from the investment managers. The Nominations Committee meets on an ad hoc basis to deal with trustee recruitment.

## **Structure, governance and management (continued)**

### ***Trustee induction and training***

The trustees recognise that new trustees need to be aware of the Trust's charitable purposes, modus operandi, strategic plans and its role in supporting St Bartholomew's and The Royal London Faculty of Medicine and Dentistry ("the Faculty"). All new trustees are provided with a briefing by the Chairman or Secretariat, a copy of the Memorandum and Articles of Association, copies of the Trust's policies, the latest annual report and financial statements, minutes of recent meetings of the trustees and details of the Trust's legal relationship with Queen Mary College (of which the Faculty forms a part) as well as a briefing on the responsibility and duties of charity trustees. Trustees are kept informed of developments in the law and accounting practices by their professional advisers.

### ***Statement of trustees' responsibilities***

The trustees (who are also directors of The Medical College of Saint Bartholomew's Hospital Trust for the purposes of company law) are responsible for preparing the trustees' report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the income and expenditure of the charitable company for that period.

In preparing these financial statements, the trustees are required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in 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);
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom 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 charitable company will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Structure, governance and management** (continued)

### **Statement of trustees' responsibilities** (continued)

Each of the trustees confirms that:

- ◆ so far as the trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware; and
- ◆ the trustee has taken all the steps that he/she ought to have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

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

### **Connected charities**

- ◆ The Medical College of Saint Bartholomew's Hospital and Queen Mary University of London (the "College")

The Queen Mary and Westfield College Private Bill received Royal Assent and was enacted on 8 November 1995. The Act gave effect to the merger between Medical College of Saint Bartholomew's Hospital, Queen Mary and Westfield College and the London Hospital Medical College to form The Barts and the London School of Medicine and Dentistry ("the Faculty") at Queen Mary and Westfield College. From this date the freehold of Charterhouse Square was transferred to the Trust by way of a transfer from The Medical College of Saint Bartholomew's Hospital, an exempt charity for the purposes of the Charities Act 2011. In 2013 the College changed its legal name to Queen Mary University of London.

In furtherance of the Trust's charitable objects the trustees permit much of the Charterhouse Square site to be occupied by the College for the benefit of the Faculty under a 25 year leasehold from 1 September 2008 at a peppercorn rent. The College is an exempt charity for the purposes of the Charities Act 2011.

### **Risk management**

The trustees believe that by monitoring reserve levels, by ensuring controls exist over key financial systems, and by examining the operational and business risks faced by the Trust, they have established effective systems to mitigate the major risks to which it is exposed, in particular, those relating to finance, investments, grant making and the development of Charterhouse Square.



## **Structure, governance and management (continued)**

### ***Risk management (continued)***

The Trustees maintain a risk register which sets out all the key risks facing the Trust and the measures put in place to monitor, manage and mitigate these risks. This risk register is reviewed and updated at least annually. The Trustees meet quarterly to review grant applications and deal with the business of the Trust and these meetings provide a regular forum for Trustees to discuss and take action in relation to any risks as they deem necessary. The key strategic risk currently facing the Trust is that in the event of a serious reversal in stock markets, the Trust's investments could suffer both in capital value and income generation, which in turn would reduce the Trust's grant giving potential. However, the Trustees mitigate this risk by ensuring the diversification of the Trust's investments across a range of different asset classes and geographies, using three different investment managers, and the Finance and Investment Committee regularly reviews the performance of the investment portfolios. The impact of the ongoing global geopolitical and economic instability within the financial markets and the Trust's investments has been closely monitored by the Trust's Finance & Investment Committee throughout the year. The Committee can make decisions quickly as required and advise the Grants Committee and Trustees generally on the impact (if any) on the Trust's grant-making capacity. Given the long-term nature of the Trust's freehold interest in the land at Charterhouse Square, the Trustees feel that any diminution of value of that interest due to wider economic forces will be temporary.

## **Objectives, activities and policies**

### ***Objectives***

When setting the objectives and planning the work of the Trust for the year the trustees have given careful consideration to the Charity Commission's general guidance on public benefit.

The purposes of the Trust are to promote all aspects of medical and dental education at the Faculty and to provide opportunities for research in, and the advancement of, medical and dental knowledge. The public benefit therefore consists of the assistance given to the College in training doctors and dentists, and in supporting research in medicine and dentistry, and thereby in the service given during their careers by doctors and dentists and in the advancement of medical and dental science.

### ***Activities***

The Trust is the legal owner of land and property north of Charterhouse Square ("the Charterhouse Square site"). As stated above under "Connected Charities", the Trust leases the majority of the Charterhouse Square site to the College at a peppercorn rent for the benefit of the Faculty in furtherance of the above stated charitable purposes ("the College Lease").

The Trust makes grants to the College for the specific purposes of the Faculty and its students and researchers. It is the intention of the trustees to continue to make significant grants in the future to the Faculty for appropriate charitable purposes.

## **Objectives, activities and policies** (continued)

### **Activities** (continued)

On 31 October 2017, the Trust approved a merger with the Professor Willoughby PhD Fund for Inflammatory Research (Registered Charity Number 142102) ("the Willoughby Trust"). The Willoughby Trust was established to fund PhD scholarships in inflammation research at the College. The majority of funds transferred to the Trust are already committed to current grants to support PhD students. See also note 10.

### **Grant-making policy**

The Trust makes single and recurring grants to the College for the benefit of the Faculty in furtherance of its charitable purposes. It also awards scholarships for undergraduate students (including intercalating students), studentships for postgraduate researchers and supports a welfare fund for students run by the Faculty, known as the Dean's Benevolence Fund. The Trust also supports medical and dental research and the trustees work closely with the Faculty in order to assess applications for funding to ensure that its funds are being used subject to the conditions of the grants (where such conditions are imposed).

The trustees also wish to maximise their assets to secure grant funding for the Faculty in the longer term. The trustees have established a Grants Advisory Committee, whose purpose is to recommend to the trustees the allocation of seedcorn and other research funding to the Faculty from time to time. The trustees would like to thank those members that have served on the Grants Advisory Committee during this period.

## **Achievements and performance**

### **Grant making**

The Trust has made a number of grants this year in support of research at the Faculty. In particular, the Trust has agreed to provide funding for five clinical PhD Studentships over five years (one PhD per year) as part of the Health Advances in Underrepresented Populations and Diseases PhD Programme (HARP) at the Faculty, a project majority funded by the Wellcome Trust. This year the Trust has funded three clinical PhD Studentships (one medical, one dental and one HARP). The Trust also continues to provide funding for a major grant of just under £2 million to fund the Chair for the Faculty's new Institute of Population and Health Sciences and ancillary posts. This is payable in instalments over five years and is now in its second year.

### **Fundraising**

The Trust does not fundraise directly with individuals and therefore is not registered with the Fundraising Regulator. When donations from individuals are received the Trust aims to protect personal data and never sells data or swaps data with other organisations. The Trust manages its own fundraising activities. The Trust undertakes to react to and investigate any complaints regarding its fundraising activities and to learn from them and improve its service. During 2022, the Trust received no complaints about its fundraising activities.

## **Achievements and performance (continued)**

### ***Investment policy***

The Trust's portfolio of listed investments had a market value as at 31 July 2022 of £25,818,553 (2021: £26,931,165) which together with cash held by the investment managers for reinvestment of £316,190 (2021: £284,959) gave a total of £26,134,743 (2021: £27,216,124).

There are no restrictions on the Trust's power to invest in listed investments. However, the trustees have chosen not to invest directly in tobacco-related industries. The Trust has also moved its investments in the Trojan Fund and the Trojan Income Fund to the Trojan Ethical Fund and the Trojan Ethical Income Fund. The investment strategy is set by the trustees and is overseen by the Trust's Finance and Investment Committee. The strategy takes into account income and capital growth requirements, the risk profile and the investment managers' view of the market prospects in the medium term. The overall investment policy is to maximise total return through a diversified portfolio, aiming to provide a level in excess of inflation over a five year period as determined by the trustees.

The Finance and Investment Committee meets the investment managers at least every six months to review the performance of the portfolio and the investment strategy. The investment managers produce quarterly reports for the trustees.

Investec Wealth and Investment Limited, Troy Asset Management Limited and Evelyn Partners manage the current portfolio on a discretionary basis. During the year losses of £664,671 (2021: gains of £2,906,274) were recognised. The trustees remain of the opinion that their investment policy is appropriate for the medium to long term.

The trustees would like to thank those members that have served on the Finance and Investment Committee during this period.

## **Financial review**

### ***Financial position***

Total income for the year ended 31 July 2022 was £651,236 (2021: £700,905), comprising income from rent of £88,188 (2021: £48,890) and income from investments of £464,639 (2021: £501,613), donations of £600 (2021: £150), legacies receivable of £9,020 (2021: £150,252) and other income of £88,789 (2021: £nil).

Total expenditure of £2,333,483 (2021: £2,486,851) included depreciation, legal and professional fees and sundry expenses. In 2022 grants amounting to £1,347,795 were committed (2021: £1,524,309) with £nil of grants either no longer required or repaid (2021: £25,439), leading to an overall deficit before investment movements of £1,682,247 (2021: £1,785,946).

Taking into account investment losses of £664,671 (2021: gains of £2,906,274) and gains on the revaluation of freehold land and buildings of £11,324,970 the net income for the year was £8,978,052 (2021: net income of £1,120,328).

**Financial review** (continued)

**Financial position** (continued)

Total funds held by the Trust at 31 July 2022 were £83,149,542 (2021: £74,171,490). The Trust had net current liabilities of £1,606,417 at 31 July 2022 (2021: £986,874) and is able to draw down the investment portfolio of £25,818,553 (2021: £26,931,165) if required.

**Reserves policy**

The Trust's policy is to fund diverse activities, some of which comprise short term projects whilst others comprise long term projects, requiring significant ongoing financial commitment and investment. The trustees also fund scholarships for undergraduates, research studentships for postgraduates, research fellowships for academics at a more advanced stage of their careers and subventions to student welfare, via the Dean's Benevolence Fund. The trustees examined the requirement for free reserves, i.e those unrestricted funds not invested in tangible fixed assets, designated for specific purposes or otherwise committed.

The trustees anticipate continuing their programme of grants which will result in new commitments of at least £1m per annum. It is their policy to at least hold free reserves of this amount.

**Funds**

The balance sheet shows total funds of £83,149,542 (2021: £74,171,490) of which £nil (2021: £245,081) are restricted.

Unrestricted funds include the following Designated Funds:

- ◆ A Building Fund totalling £61,924,750 (2021: £51,273,150) which has been designated by the trustees for specific purposes and is represented by freehold land and buildings let at a peppercorn rent and disclosed in the financial statements as tangible fixed assets.
- ◆ The Investments Fund represents assets which are held primarily with a view to generating capital and income growth to fund the long term charitable activities of the Trust. The trustees keep the value of this designation under review to ensure that it represents the minimum value of investment holdings required for a sufficient yield to allow the charity to perform its charitable objectives. At 31 July 2022, this value was deemed to be £20,000,000 (2021: £20,000,0000).

The balance of funds comprises the General Fund which at 31 July 2022 amounted to £1,224,792 (2021: £2,653,259). The trustees are of the opinion that these are adequate but not excessive and are satisfied that the reserves remain appropriate to meet the objectives of the Trust.

An analysis of the movements on the funds is set out in notes 10, 11 and 12 to the financial statements.

**Plans for future periods**

The Trust continues to support education, research and capital projects at the Faculty. One of the largest grants to be paid out over the next three years will be to continue funding the Chair for the Faculty's new Institute of Population and Health Sciences and ancillary posts.

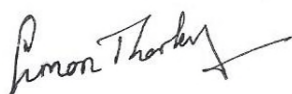
Supporting the Faculty with funding for PhD students and research will likely continue to be a major focus for the Trust with two further clinical PhD Studentships to be funded for commencement in the 2023/24 academic year. In addition, the Trust will fund one HARP PhD for commencement in 2023/24 with three further HARP PhDs to be funded each academic year thereafter (one PhD per year).

Further to this, in response to ongoing financial instability within the global financial markets and the cost-of-living crisis within the UK, the Trust continues to review grant making activities to ensure continued support to beneficiaries. The Trust is also continuing to liaise with Faculty to monitor the ongoing impact of economic hardship in order to consider what impact (if any) this may have on the Trust's funding. .

The Trustees have reviewed the risks that ongoing global geopolitical and economic instability poses to the Trust and concluded that the Trust is in a strong financial and operational position and can continue to support the Faculty now and for the foreseeable future.

The above report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Signed on behalf of the trustees:



Chair of trustees

Date of Approval:

9/2/23

**Independent auditor's report to the members of The Medical College of Saint Bartholomew's Hospital Trust**

**Opinion**

We have audited the financial statements of The Medical College of Saint Bartholomew's Hospital Trust (the 'charitable company') for the year ended 31 July 2022 which comprise the statement of financial activities, the balance sheet, and statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 31 July 2022 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

### **Other information**

The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report and financial statements. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- ◆ the information given in the trustees' report, which is also the directors' report for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the trustees' report, which is also the directors' report for the purposes of company law, has been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- ◆ adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- ◆ the financial statements are not in agreement with the accounting records and returns; or
- ◆ certain disclosures of trustees' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit; or
- ◆ the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

### **Responsibilities of trustees**

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

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

### **Auditor's responsibilities for the audit of the financial statements**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

### ***How the audit was considered capable of detecting irregularities including fraud***

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ The engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations; and
- ◆ We focused on specific laws and regulations which we considered may have a direct material effect on the accounts or the activities of the charity. These included but were not limited to the Charities Act 2011, the Companies Act 2006, Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102) (effective 1 January 2019).



**Auditor's responsibilities for the audit of the financial statements** (continued)

***How the audit was considered capable of detecting irregularities including fraud***  
*(continued)*

We assessed the susceptibility of the charitable company's accounts to material misstatement, including obtaining an understanding of how fraud might occur, by:

- ◆ Making enquiries of representatives from the trustees as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- ◆ Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- ◆ Performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ Carried out substantive testing of expenditure including the authorisation thereof;
- ◆ Assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- ◆ Investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ◆ Agreeing accounts disclosures to underlying supporting documentation;
- ◆ Reading the minutes of meetings of trustees; and
- ◆ Enquiring of as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Catherine Biscoe (Senior Statutory Auditor)  
For and on behalf of Buzzacott LLP, Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

**Statement of financial activities** Year to 31 July 2022  
(incorporating an income and expenditure account)

	Notes	General fund £	Designated funds £	Restricted funds £	Total funds 2022 £	Total funds 2021 £
<b>Income from:</b>						
Donations	1	9,620	—	—	<b>9,620</b>	150,402
Investments	2	464,639	—	—	<b>464,639</b>	501,613
Charitable activities						
. Rent		88,188	—	—	<b>88,188</b>	48,890
. Other income		88,789	—	—	<b>88,789</b>	—
<b>Total income</b>		<b>651,236</b>	<b>—</b>	<b>—</b>	<b>651,236</b>	700,905
<b>Expenditure on:</b>						
Raising funds						
. Investment management costs		91,524	—	—	<b>91,524</b>	89,753
. Exchange rate losses		—	—	—	<b>—</b>	3,730
Charitable activities	3	1,314,549	673,370	254,040	<b>2,241,959</b>	2,393,368
<b>Total expenditure</b>		<b>1,406,073</b>	<b>673,370</b>	<b>254,040</b>	<b>2,333,483</b>	2,486,851
<b>Net (expenditure) before gains (losses)</b>		<b>(754,837)</b>	<b>(673,370)</b>	<b>(254,040)</b>	<b>(1,682,247)</b>	<b>(1,785,946)</b>
Net (losses) gains on investments	6	(664,671)	—	—	<b>(664,671)</b>	2,906,274
Gains on revaluation of freehold land and buildings		—	11,324,970	—	<b>11,324,970</b>	
Transfers between funds	10	(8,959)	—	8,959	<b>—</b>	—
<b>Net (expenditure) income and net movement in funds</b>		<b>(1,428,467)</b>	<b>10,651,600</b>	<b>(245,081)</b>	<b>8,978,052</b>	1,120,328
<b>Reconciliation of funds:</b>						
Fund balances brought forward at 1 August 2021		2,653,259	71,273,150	245,081	<b>74,171,490</b>	73,051,162
Fund balances carried forward at 31 July 2022		1,224,792	81,924,750	—	<b>83,149,542</b>	74,171,490

All of the Trust's activities derived from continuing operations during the above two financial periods.

There were no recognised gains or losses other than those shown in the Statement of Financial Activities for the above two financial periods.

**Comparative statement of financial activities** Year to 31 July 2021  
(incorporating an income and expenditure account)

	Notes	General fund £	Designated funds £	Restricted funds £	Total funds 2021 £	Total funds 2020 £
<i>Income from:</i>						
Donations	1	150,402	—	—	150,402	500
Investments	2	501,613	—	—	501,613	674,547
<i>Charitable activities</i>						
. Rent		48,890	—	—	48,890	70,380
. Other income		—	—	—	—	3,382
<b>Total income</b>		<b>700,905</b>	<b>—</b>	<b>—</b>	<b>700,905</b>	<b>748,809</b>
<i>Expenditure on:</i>						
<i>Raising funds</i>						
. Investment management costs		89,753	—	—	89,753	89,119
. Exchange rate losses		3,730	—	—	3,730	—
Charitable activities	3	1,704,655	673,370	15,343	2,393,368	3,932,298
<b>Total expenditure</b>		<b>1,798,138</b>	<b>673,370</b>	<b>15,343</b>	<b>2,486,851</b>	<b>4,021,417</b>
<b>Net (expenditure) before gains (losses)</b>		<b>(1,097,233)</b>	<b>(673,370)</b>	<b>(15,343)</b>	<b>(1,785,946)</b>	<b>(3,272,608)</b>
<b>Net Gains (losses) on investments</b>	6	<b>2,906,274</b>	<b>—</b>	<b>—</b>	<b>2,906,274</b>	<b>(1,088,211)</b>
<b>Transfers between funds</b>	10	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Net income (expenditure) and net movement in funds</b>		<b>1,809,041</b>	<b>(673,370)</b>	<b>(15,343)</b>	<b>1,120,328</b>	<b>(4,360,819)</b>
<i>Reconciliation of funds:</i>						
<b>Fund balances brought forward at 1 August 2020</b>		<b>844,218</b>	<b>71,946,520</b>	<b>260,424</b>	<b>73,051,162</b>	<b>77,411,981</b>
<b>Fund balances carried forward at 31 July 2021</b>		<b>2,653,259</b>	<b>71,273,150</b>	<b>245,081</b>	<b>74,171,490</b>	<b>73,051,162</b>

# **Balance sheet** 31 July 2022

	Notes	2022 £	2021 £
<b>Fixed assets</b>			
Tangible fixed assets	5	61,924,750	51,273,150
Investments	6	25,818,553	26,931,165
Programme related investment	7	7,215	7,215
		<u>87,750,518</u>	<u>78,211,530</u>
<b>Current assets</b>			
Debtors	8	91,416	316,590
Cash held by investment managers	6	316,190	284,959
Cash at bank		443,892	917,478
		<u>851,498</u>	<u>1,519,027</u>
<b>Creditors:</b> amounts falling due within one year	9	<u>(2,457,915)</u>	<u>(2,505,901)</u>
<b>Net current liabilities</b>		<u>(1,606,417)</u>	<u>(986,874)</u>
<b>Total assets less current liabilities</b>		<u>86,144,101</u>	<u>77,224,656</u>
<b>Creditors:</b> amounts falling due after more than one year	9	<u>(2,994,559)</u>	<u>(3,053,166)</u>
<b>Total net assets</b>		<u>83,149,542</u>	<u>74,171,490</u>
<b>The funds of the charity:</b>			
<b>Restricted funds</b>			
Restricted fund	10	—	245,081
<b>Unrestricted funds</b>			
. Designated funds	11	81,924,750	71,273,150
. General fund	12	1,224,792	2,653,259
Total unrestricted funds		<u>83,149,542</u>	<u>73,926,409</u>
<b>Total funds</b>		<u>83,149,542</u>	<u>74,171,490</u>

These accounts have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Approved by the trustees of The Medical College of Saint Bartholomew's Hospital Trust, Company Registration Number 05861679 (England and Wales) and signed on their behalf by:



Chair of trustees

Date of Approval: 9/2/23

## Statement of cash flows 31 July 2022

	Notes	2022 £	2021 £
<b>Cash flows from operating activities:</b>			
Net cash used in operating activities	A	<b>(1,354,937)</b>	(808,049)
<b>Cash flows from investing activities:</b>			
Investment income		<b>464,639</b>	501,613
Proceeds from the disposal of investments		<b>2,680,766</b>	12,767,902
Purchase of investments		<b>(2,232,823)</b>	(11,868,300)
<b>Net cash provided by investing activities</b>		<b>912,582</b>	1,401,215
<b>Change in cash and cash equivalents in the year</b>		<b>(442,355)</b>	593,166
<b>Cash and cash equivalents at 1 August 2021</b>		<b>1,202,437</b>	609,271
<b>Cash and cash equivalents at 31 July 2022</b>	B	<b>760,082</b>	1,202,437

Notes to the statement of cash flows for the year ended 31 July 2022.

### A Reconciliation of net movement in funds to net cash used in operating activities

	2022 £	2021 £
<b>Net movement in funds (as per the statement of financial activities)</b>	<b>8,978,052</b>	1,120,328
<b>Adjustments for:</b>		
Depreciation charge	<b>673,370</b>	673,370
Gains on revaluation of freehold land and buildings	<b>(11,324,970)</b>	—
Losses (gains) on investments	<b>664,671</b>	(2,906,274)
Investment income	<b>(464,639)</b>	(501,613)
Increase in programme related investments	—	(7,215)
Increase (decrease) in debtors	<b>225,172</b>	(127,348)
(Decrease) increase in creditors	<b>(106,593)</b>	940,703
<b>Net cash used in operating activities</b>	<b>(1,354,937)</b>	(808,049)

### B Analysis of changes in net debt

	As at 1 Aug 2021 £	Movement in year £	As at 31 July 2022 £
Cash at bank and in hand	917,478	(473,586)	<b>443,892</b>
Cash held by investment managers	284,959	31,231	<b>316,190</b>
<b>Total cash and cash equivalents</b>	<b>1,202,437</b>	<b>(442,355)</b>	<b>760,082</b>

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

#### **Basis of preparation**

These financial statements have been prepared for the year to 31 July 2022.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

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 United Kingdom and Republic of Ireland (FRS 102) (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The charity constitutes a public benefit entity as defined by FRS 102.

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

#### **Critical accounting estimates and areas of judgement**

Preparation of the financial statements requires the trustees to make significant judgements and estimates.

In the view of the trustees, no assumptions concerning the future or estimation uncertainty affecting assets or liabilities as the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

The items in the financial statements where these judgements and estimates have been made include:

- ◆ estimating the useful economic life of tangible fixed assets;
- ◆ estimating the fair values of the charity's properties; and
- ◆ estimating the right to light provision.

#### **Assessment of going concern**

The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The trustees have made this assessment in respect to a period of one year from the date of approval of these financial statements.

**Assessment of going concern** (continued)

The trustees of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due. Despite the net current liabilities shown on the balance sheet, and the global uncertainty in relation to the ongoing geopolitical and economic instability, there are no concerns regarding the Trust's ability to continue as a going concern.

**Income recognition**

With the exception of income from donations and gifts, all income is credited to the statement of financial activities on a receivable basis.

Any donations and gifts are credited to the statement of financial activities in the year in which they are received. Gifts are valued by the trustees on the basis of their worth to the Trust.

Rental income received in advance is carried forward under deferred income, as appropriate.

**Expenditure recognition**

Expenditure is charged to the statement of financial activities on an accruals basis and includes VAT which cannot be recovered.

Resources expended comprise the following:

- a. The costs of raising funds represent the fees paid to investment managers in connection with the management of the Trust's listed investments, and any fees paid to property managers in connection with the management of the Trust's investment property.
- b. The costs of charitable activities comprise expenditure of the Trust's primary charitable purpose of making grants as described in the trustees' report.

Grants payable are included in the statement of financial activities when approved and when the intended recipient has either received the funds or been informed of the decision to make the grant and has satisfied all related conditions. Grants approved but not paid at the end of the financial year are accrued for. Grants where the beneficiary has not been informed or has to meet certain conditions before the grant is released are not accrued for but are noted as financial commitments in the notes to the financial statements. Costs also include depreciation, building repairs in support of charitable and operational work and related legal fees.

- c. Governance costs include costs which are directly attributable to the organisational procedures and the necessary legal procedures for compliance with statutory requirements.



### **Freehold land and buildings**

All freehold land and buildings are capitalised and are stated at valuation. It is the intention of the trustees to request a professional valuation at least every five years. In the intervening period the trustees will consider whether the valuation is still appropriate and, if necessary, make any required amendments to the valuation.

Depreciation is charged on freehold buildings at 2% on market value. No depreciation is provided on freehold land.

Freehold land and buildings represent properties which are leased at a peppercorn rent to the College. Such property is regarded as a tangible fixed asset. Buildings under construction will be depreciated from the date they are brought into use.

### **Other fixed asset investments**

Listed investments are included in the balance sheet at their fair value at the end of the financial period. Realised and unrealised gains and losses are credited or debited to the statement of financial activities in the year in which they arise. Cash balances held by investment managers are classified as current assets.

### **Financial instruments**

The charity only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the charity and their measurement basis are as follows:

*Financial assets* – other debtors are basic financial instruments and are debt instruments measured at amortised cost. Listed investments are a basic financial instrument as detailed above. Prepayments are not financial instruments.

*Cash at bank* – classified as a basic financial instrument and is measured at face value.

*Financial liabilities* – accruals and other creditors are financial instruments, and are measured at amortised cost.

### **Fund accounting**

Restricted funds comprise monies raised for, or their use restricted to a specific purpose, or conditions subject to donor imposed conditions.

The designated funds comprise those assets which may be used towards the charitable objects of the Trust but which have been set aside out of general funds and designated for specific purposes by the trustees.

The general fund comprises those monies which may be used towards meeting the charitable objects of the Trust at the discretion of the trustees.

Both the General Fund and Designated Funds are unrestricted.

### **Taxation**

The Trust is a registered charity and therefore is not liable to direct taxation on income derived from its charitable objectives as it falls within the various exemptions available to registered charities. Any attributable VAT is accounted for within resources expended.

**Programme related investments**

Programme related investments consists of a concessionary loan issued by the charity to a beneficiary. This is initially recognised as the amount paid with the carrying amount adjusted to reflect repayments and any accrued interest. This is reviewed annually for any impairment and adjusted as necessary.

**Debtors**

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

**Cash at bank and in hand**

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year have been disclosed as short term deposits. Cash placed on deposit for more than one year is disclosed as a fixed asset investment.

**Creditors and provisions**

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

**1 Income from donations**

	<b>Total unrestricted funds 2022 £</b>	<b>Total unrestricted funds 2021 £</b>
Donations	<b>600</b>	150
Legacies receivable	<b>9,020</b>	150,252
	<b>9,620</b>	150,402

**2 Income from investments and interest receivable**

	<b>Total unrestricted funds 2022 £</b>	<b>Total unrestricted funds 2021 £</b>
Investment income from listed UK investments	<b>464,639</b>	501,613
	<b>464,639</b>	501,613

### 3 Expenditure on charitable activities

	Total funds 2022 £	Total funds 2021 £
<b>Unrestricted funds</b>		
Grants awarded to individuals		
. Undergraduate scholarships	195,000	210,000
. Postgraduate studentships	860,005	1,260,216
Undergraduate summer bursaries	15,000	15,000
Elective bursaries	3,750	3,750
Conference bursaries	5,000	5,000
Intercalated bursaries	15,000	15,000
Unrestricted funds total	1,093,755	1,508,966
<b>Restricted funds</b>		
Willoughby fund grants	254,040	15,343
<b>Total grants awarded</b>	1,347,795	1,524,309
 Release of grants		
. Unrestricted funds	—	(25,439)
<b>Total grants released or repaid</b>	—	(25,439)
 <b>Total grant expenditure</b>	<b>1,347,795</b>	<b>1,498,870</b>
 <b>Unrestricted funds</b>		
Depreciation on freehold property	673,370	673,370
Legal and professional fees	200,055	204,424
Sundry expenses	3,279	383
Governance costs	17,460	16,320
	<b>2,241,959</b>	<b>2,393,367</b>

No staff were employed by the Trust during the year ended 31 July 2022 (2021: none).

The trustees consider that they alone comprise the key management of the Trust and are in charge of directing and running the day to day operations of the Trust.

£nil remuneration was paid to the trustees (2021: £nil). Incidental expenses of £nil (2021: £nil) were reimbursed to trustees (2021: none).

#### 4 Net expenditure before gains

This is stated after charging:

	2022 Total funds £	2021 Total funds £
Auditor's remuneration		
. Statutory audit services	17,460	16,320
Depreciation	762,649	673,370

#### 5 Tangible fixed assets

	Freehold land and buildings £
<b>Valuation</b>	
At 1 August 2021	54,640,000
Revaluation	7,284,750
At 31 July 2022	61,924,750
<b>Depreciation</b>	
At 1 August 2021	3,366,850
Charge for year	673,370
Revaluation	(4,040,220)
At 31 July 2022	—
<b>Net book value</b>	
At 31 July 2022	61,924,750
At 31 July 2021	51,273,150

The freehold buildings and certain land were subject to a revaluation at 31 July 2022 at £61,924,750 by Daniel Watney, Chartered Surveyors. This valuation was undertaken on a desktop basis.

Within the valuation of £61,924,750 shown above, the value attributed to land is £30,962,375 (2021: £20,871,500). No depreciation is provided on the freehold land.

## 6 Investments

	2022 £	2021 £
<b>Listed investments</b>		
Market value at 1 August 2021	26,931,165	24,924,493
Additions	2,232,823	11,868,300
Disposals at opening book value (proceeds: £2,680,766 realised loss: £26,008)	(2,706,773)	(11,446,054)
Unrealised (loss) gains on revaluation	(638,662)	1,584,426
Market value at 31 July 2022	25,818,553	26,931,165
Cash held by UK investment managers for reinvestment	316,190	284,959
Cost of listed investments at 31 July 2022	23,598,317	23,690,990

Listed investments held at 31 July 2022 comprised the following:

	2022 £	2021 £
UK fixed interest	1,135,223	1,841,686
UK equities	4,160,775	5,142,455
Overseas fixed interest	667,608	353,093
Overseas equities	6,672,825	6,037,671
Common investment funds	11,968,307	11,975,270
Other	1,213,815	1,580,990
	25,818,553	26,931,165

At 31 July 2022, the Trust owned the following investments, each of which represented a material holding relative to the market value of the total listed investments portfolio held at that date:

Holding	Market value of holding £	% of total portfolio
Trojan Ethical Income Fund (Investment Fund) - S Income	2,634,123	10%
Trojan Global Income Fund - S Income	2,445,679	9%
Trojan Ethical Fund - S Income	6,340,796	25%

## 7 Programme related investments

	2022 £	2021 £
Concessionary Loan	7,215	7,215
	<b>7,215</b>	<b>7,215</b>

## 8 Debtors

	2022 £	2021 £
Accrued income	91,416	316,590
	<b>91,416</b>	<b>316,590</b>

## 9 Creditors

	2022 £	2021 £
Grants payable (see below)	2,075,023	2,163,438
Right to light provision	287,084	287,084
Accruals and deferred income	95,808	55,379
	<b>2,457,915</b>	<b>2,505,901</b>

	2022 £	2021 £
Grants payable at 1 August 2021	5,216,604	4,308,286
Grants paid during the year	(1,494,817)	(590,552)
Grants committed in the year (see note 3)	1,347,795	1,524,309
Grants released in the year	—	(25,439)
Grants payable at 31 July 2022	<b>5,069,582</b>	<b>5,216,604</b>

	2022 £	2021 £
Grants falling due within one year	2,075,023	2,163,438
Grants falling due after more than one year	2,994,559	3,053,166
	<b>5,069,582</b>	<b>5,216,604</b>

## 10 Restricted funds

	At 1 August 2021 £	Income £	Expenditure £	Transfer £	At 31 July 2022 £
The Willoughby Trust	245,081	—	(254,040)	8,959	—
	<b>245,081</b>	<b>—</b>	<b>(254,040)</b>	<b>8,959</b>	<b>—</b>

# 10 Restricted funds (continued)

	At 1 August 2020 £	Income £	Expenditure £	Transfer £	At 31 July 2021 £
<i>The Willoughby Trust</i>	260,424	—	(15,343)	—	245,081
	<u>260,424</u>	<u>—</u>	<u>(15,343)</u>	<u>—</u>	<u>245,081</u>

# 11 Designated funds

The unrestricted funds of the Trust include the following designated funds which have been set aside out of unrestricted funds as they do not constitute free reserves available for working capital:

	At 1 August 2021 £	New / (released) designation £	Utilised £	At 31 July 2022 £
Building Fund	51,273,150	11,324,970	(673,370)	<b>61,924,750</b>
Investments Fund	20,000,000	—	—	<b>20,000,000</b>
	<u>71,273,150</u>	<u>11,324,970</u>	<u>(673,370)</u>	<u><b>81,924,750</b></u>

	At 1 August 2020 £	New / (released) designation £	Utilised £	At 31 July 2021 £
<i>Building Fund</i>	51,946,520	—	(673,370)	51,273,150
<i>Investments Fund</i>	20,000,000	—	—	20,000,000
	<u>71,946,520</u>	<u>—</u>	<u>(673,370)</u>	<u>71,273,150</u>

The Building Fund represents the total net book value of the Trust's freehold land and buildings, included within tangible fixed assets.

The Investments Fund represents assets which are held primarily with a view to generating capital and income growth to fund the long term charitable activities of the Trust. The trustees keep the value of this designation under review to ensure that it represents the minimum value of investment holdings required for a sufficient yield to allow the charity to perform its charitable objectives. At 31 July 2022, this value was deemed to be £20,000,000.

# 11 General fund

	£
At 1 August 2021	2,653,259
Net expenditure for the year	<u>(1,428,467)</u>
At 31 July 2022	<u>1,224,792</u>



## 12 Analysis of net assets between funds

	General fund £	Restricted funds £	Designated funds £	Total 2022 £
<b>Fund balances at 31 July 2022 are represented by:</b>				
Tangible fixed assets	—	—	61,924,750	<b>61,924,750</b>
Fixed asset investments	5,818,553	—	20,000,000	<b>25,818,553</b>
Programme related investments	7,215	—	—	<b>7,215</b>
Net current liabilities	(1,779,258)	172,841	—	<b>(1,606,417)</b>
Creditors: falling due after one year	(2,821,718)	(172,841)	—	<b>(2,994,559)</b>
<b>Total net assets</b>	<b>1,224,792</b>	<b>—</b>	<b>81,924,750</b>	<b>83,149,542</b>
	General fund £	Restricted funds £	Designated funds £	Total 2021 £
<b>Fund balances at 31 July 2021 are represented by:</b>				
Tangible fixed assets	—	—	51,273,150	51,273,150
Fixed asset investments	6,931,165	—	20,000,000	26,931,165
Programme related investments	7,215	—	—	7,215
Net current liabilities	(1,231,955)	245,081	—	(986,874)
Creditors: falling due after one year	(3,053,166)	—	—	(3,053,166)
<b>Total net assets</b>	<b>2,653,259</b>	<b>245,081</b>	<b>71,273,150</b>	<b>74,171,490</b>

The total unrealised gains at 31 July 2022 constitutes movement on revaluation and are as follows:

	2022 £	2021 £
<b>Unrealised gains included above:</b>		
On tangible fixed assets	<b>40,891,490</b>	29,566,520
On investments	<b>3,502,753</b>	3,240,175
	<b>44,394,243</b>	32,806,695
<b>Reconciliation of movements on unrealised gains:</b>		
Unrealised gains at 1 August 2021	<b>32,806,695</b>	33,988,586
Less: depreciation in respect to revalued amounts	<b>(673,370)</b>	(673,370)
In respect to disposals in the year	<b>1,600,618</b>	(3,414,795)
Add: net (losses) gains arising on investment revaluations in the year	<b>(664,670)</b>	2,906,274
Add: gains arising on freehold land and buildings revaluations	<b>11,324,970</b>	—
<b>Total unrealised gains at 31 July 2022</b>	<b>44,394,243</b>	32,806,695

**13 Related Party Transactions**

J Maloney, Secretary to the Trust, is also a partner in Farrer & Co LLP. Farrer & Co LLP provides legal and administrative support to the Trust. During the year £200,055 of fee expenditure has been recognised (2021: £200,644) relating to advice given in connection with the Trust's properties and support with the management of correspondence with grant recipients and drafting of grant agreements.

M Burnyeat is a Partner at Evelyn Partners. He is not involved in the day-to-day management and administration of the Trust's Evelyn Partners portfolio.

## Detailed income and expenditure account for the year ended 31 July 2022

This page does not form part of the statutory financial statements.

	2022 £	2022 £	2021 £	2021 £
<b>Income</b>				
Securities and unit trusts		464,639		501,613
Rental income				
. Telephone mast		—		14,583
. Charterhouse Square		33,250		33,500
. Queen Mary (Non SMD use)		7,287		807
. Prior years under accrual received in 21-22		47,651		—
Other income – Lease premium		87,500		—
Exchange rate gain		1,170		—
Voluntary income		600		150
Interest income		119		—
Legacies receivable		9,020		150,252
		<b>651,236</b>		<b>700,905</b>
<b>Expenditure</b>				
Investment managers' fees	91,524		89,753	
Exchange rate loss	—		3,730	
Grants payable	1,347,795		1,498,870	
Depreciation	673,370		673,370	
Professional fees	200,055		204,424	
Other expenses	3,279		384	
Governance costs				
. Audit and accountancy	17,460		16,320	
		<b>2,333,483</b>		<b>2,486,851</b>
<b>Net expenditure before investment asset movements and land and buildings revaluation gains (losses)</b>		<b>(1,682,247)</b>		<b>(1,785,946)</b>
Realised gains (losses) on listed investments		<b>(26,008)</b>		1,321,848
Unrealised (losses) gains on listed investments		<b>(638,663)</b>		1,584,426
Unrealised gains on freehold land and buildings		<b>11,324,970</b>		—
<b>Net movement in funds for the year</b>		<b>8,978,052</b>		<b>1,120,328</b>

The Trustees  
The Medical College of Saint  
Bartholomew's Hospital Trust  
Farrer & Co LLP  
66 Lincoln's Inn Fields  
London  
WC2A 3LH

30 November 2022

**Our ref B0814/CHB/CS**

Dear Trustees

**Post-Audit Report – Year ended 31 July 2022**

The purpose of this letter is to bring to the attention of the Board as those charged with governance and management the findings from our recent audit of the financial statements of The Medical College of Saint Bartholomew's Hospital, for the year ended 31 July 2022, for your consideration and to enable you to address matters arising where appropriate. Throughout this letter, "you" and "your" refer to the Board. "We" and "our" refer to Buzzacott LLP. We appreciate that you will already be aware of some of the matters contained in this letter. However, in accordance with International Standards on Auditing (UK) (ISAs) we are communicating them to you formally.

**1. Purpose of the audit**

As auditor, we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements for the year ended 31 July 2022 that have been prepared by management with the oversight of those charged with governance, and other matters required by legislation.

Our work has been carried out in accordance with our audit planning letter.

Our audit work included consideration of the internal controls relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of your system of internal control.

The matters being reported are limited to those that were identified during the audit and that we conclude are of sufficient importance to merit being reported to those charged with governance.

## **2. Audit progress**

We would like to take this opportunity to thank all those with whom we dealt during the audit for their assistance and co-operation, in particular James Carleton, Isabel Paintin, Lucy Sharp and Vicky Hawes.

## **3. Annual report and financial statements' format**

The financial statements have been prepared, as last year, in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice (Charities SORP FRS 102).

There are no significant changes to the format of the financial statements this year.

## **4. Auditor's report**

We do not propose any modifications to our audit opinion and, therefore, we intend to issue an unqualified opinion in our auditor's report. The wording of our auditor's report is unchanged from last year.

## **5. Unadjusted misstatements**

We are pleased to report that we found only clearly trivial misstatements during our audit for the period.

## **6. Accounting policies, accounting estimates and disclosures**

The accounting policies used in preparing the financial statements are unchanged from the previous year.

Our work included a review of the adequacy of disclosures in the financial statements and consideration of the appropriateness of the accounting policies and estimation techniques adopted by the charity. We found the disclosed accounting policies, significant accounting estimates and the overall disclosure and presentation to be appropriate for the charity.

In our post audit report for the year ended 31 July 2021 we reported that Queen Mary University of London had provided confirmation of rent due to the Trust which showed that the income in the accounts for previous years and the corresponding debtor should have been £55,416 higher. Given this was immaterial this was left unadjusted. In the year ended 31 July 2022 the under-accrued amount from Queen Mary University was received which has inflated this year's income by £47,651.

## 7. Letter of representation

We enclose the draft letter of representation which we will request management and the trustees to approve and sign at the same time as the financial statements. This includes acknowledgement of the trustees' responsibility for the design and implementation of internal controls to prevent and detect fraud.

As set out in our planning letter, we understand the following applied to the year ended 31 July 2022.

- Trustees exercised effective oversight of management's processes for identifying and responding to the risks of fraud in the charity and a system of internal controls was in place to mitigate these fraud risks.
- Trustees were not aware of any instances of actual, suspected, or alleged fraud, including misconduct or unethical behaviour related to financial reporting or misappropriation of assets.
- There have not been any out of the ordinary transactions.
- If the above information is no longer correct, please contact Catherine Biscoe or Catriona Shirlaw.

## 8. Segregation of duties

We recognise that the number of your accounting staff makes a complete system of internal control impracticable and that the trustees exercise close personal supervision, which we consider reasonable in the circumstances. We have taken this into account in conducting our audit and in preparing this letter.

## 9. Accounting and internal control systems

Our work during the audit included an examination of some of the charity's transactions, procedures and controls with a view to expressing an opinion on the financial statements for the year ended 31 July 2022.

This work was not directed primarily towards discovering weaknesses, other than those that would affect our audit opinion, or towards the detection of fraud. We have included in this report only matters that have come to our attention as a result of our normal audit procedures and consequently our comments should not be regarded as a comprehensive record of all weaknesses that may exist or of all improvements that might be made.

We have also made some recommendations for improvements, which are detailed in the section below.

## 10. Observations and recommendations on the accounting system and financial reporting function

During our review of payments made in 2021/22 to the recipients of St Bart's excellence awards we noted that these students were excluded from the grant schedules provided for audit. There is a risk of these awards not being correctly presented in the accounts if payments to these individuals are not formally tracked and reconciled

at year end. We recommend that these students are included within the grant payment schedules to ensure these are appropriately tracked and recognised in the statutory accounts.

## **11. Prior year observation**

There were no issues raised last year which required follow-up in the current year.

## **12. Materiality**

**Materiality threshold    £1,329,000**

**Reporting threshold:    £59,000**

Materiality refers to the relative significance of a particular matter in the context of the financial statements as a whole. An item would be considered material if its omission or its erroneous inclusion would reasonably influence the decisions of those using the financial statements.

We are required to report corrected audit misstatements, and uncorrected audit misstatements in excess of our reporting threshold which is set at 5% of overall materiality.

Our materiality threshold is based 1.5% on gross assets. A lower level of materiality may be selected for specific areas of the financial statements and for some disclosure items e.g. transactions and other financial arrangements with trustees and their connected persons, income, expenditure and current assets/liabilities.

When considering the impact of misstatements discovered during the course of our audit and considering the implications for our report of such misstatements, we will refer to this level amongst other things. Whether a misstatement is 'material' or not is ultimately down to the auditor's judgement.

## **13. Professional ethics**

In accordance with our profession's ethical guidance and further to our letter to you confirming audit planning arrangements there are no further matters to bring to your attention in relation to Integrity, Objectivity and Independence.

## **14. Current developments**

### **Revised auditing standards**

The audit work we perform must comply with all relevant International Standards on Auditing (UK) ("ISAs") which are set by the UK's Financial Reporting Council ("FRC"). ISA (UK) 315 Identifying and Assessing the Risks of Material Misstatement Through Understanding of the Entity and Its Environment, ('ISA 315') has recently been reviewed and amended by the FRC and the revised version introduces major changes in the approach auditors

must follow to risk identification and assessment in all audits. This will be applicable to your audit for the year ending 31 July 2023.

To help prepare for the implementation of ISA 315, charities can refer to the Charity Commission guidance *Internal financial controls for charities (CC8)*, which includes a checklist to assist in evaluating the internal financial controls in place. There is also information on the control environment for charities in *Practice Note 11 (Revised) The audit of charities in the United Kingdom*, particularly in paragraphs 86 to 95.

We have also attached a summary of other recent and ongoing developments as Appendix A to this report. The matters included in this appendix may not all be directly relevant to the charity. However, we are aware that a lot of trustees are involved with more than one organisation, therefore we have included items for general information.

## 15. Updates, insights and seminars

As part of our commitment to the charity sector, during the year the Charity Team issues occasional Updates and Insights on matters of relevance to the sector and also holds a number of seminars free of charge throughout the year. We would be delighted to welcome representatives of your charity to our seminars or to add trustees and management to our email distribution lists if this would be welcome. News and Insights are also available on our website at [News and insights \(buzzacott.co.uk\)](https://buzzacott.co.uk), where there is also an opportunity to sign up to our mailing list should you wish.

## Conclusion

This letter has been prepared for your private use only. It has been prepared on the understanding that it will not be shared with any third party without our prior written consent and we can therefore assume no responsibility to any other party. Any recommendations contained herein are based on the information you have provided and UK law and judicial and administrative interpretation as of the date of this letter. Should the facts provided to us be incorrect or incomplete, or should they change, our recommendations may be inappropriate. Buzzacott LLP accepts no liability for losses arising from changes in UK law, interpretation or practice or in public policy that are first published after the date of this letter.

If you require any further information or assistance, we shall be very pleased to help you.

We would be pleased to receive your comments and reaction to this letter.

Yours faithfully



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**Trustees' Annual Report and Accounts**

**Government response to audit and corporate governance consultation**

The government has published its results following a consultation exercise in respect of audit, corporate reporting and corporate governance. As part of the initial proposals, charities with income over £100m could have faced much stricter rules on financial reporting under their classification as a public interest entity (PIE). However, it has been agreed that these rules will only apply to entities with over £750m income and 750 employees meaning that only the largest UK charities will be required to comply. The new rules include the introduction of a Resilience Statement, an Audit and Assurance Policy and a statement on fraud measures within Annual Reports.

The full paper can be read at:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1079594/restoring-trust-in-audit-and-corporate-governance-govt-response.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1079594/restoring-trust-in-audit-and-corporate-governance-govt-response.pdf)

**Environmental reporting and sustainability in charities**

Larger companies are now required to report on environmental policy and sustainability in their annual report. The regulatory requirements for environmental reporting are limited to:

- Only large and medium UK companies are legally required to report their greenhouse gas emissions in their strategic reports (under the Streamlined Energy and Carbon Reporting (SECR) requirements); and
- Only quoted companies must address their environmental impact in any more detail.

These mandatory requirements also apply to large charitable companies, but smaller or unincorporated charities may wish to report on environmental factors by considering the following activities: greenhouse gases, water, waste, materials and resource efficiency, biodiversity and ecosystem, and emissions to air, land and water. Charities should also be aware of the legislation that is directly applicable to their activities and be able to demonstrate they are compliant using both qualitative descriptions and quantitative data.

For further details on how to consider environmental reporting in charities please see the following:

<https://www.civilsociety.co.uk/finance/environmental-reporting-and-sustainability.html>

**Grant maker practices**

A project carried out by Giving Evidence has looked at publicly available information for 100 UK grant makers. They were assessed on their public disclosures on diversity, transparency, and accountability with an aim for grant making charities to consider their public appearance and where they can improve standards. Of the 100 foundations tested, only 3 scored the highest A rating, with most in the sample

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scoring best on transparency and worst on diversity. Further information on the project can be found at: <https://www.foundationpracticering.org.uk/>

**Reporting Diversity Data**

The Charity Commission has been asked to make reporting diversity information about charity senior leaders and trustees mandatory in annual reports. Currently, publicly available information of the diversity of charity leaders is “incomplete and out of date” so a coalition of 65 organisations have advised the change in line with new FCA rules. The FCA requires listed companies to disclose numerical data on the gender and ethnic diversity of their board and executive management. The Charity Commission has said they will consider the recommendations as part of their ongoing work on the issue. The shadow charities minister has also said “increased transparency at charities is needed” and the Charity Commission should take action on “recommendations to collect data on protected characteristics among charity trustees and executives”.

The open letter to the Charity Commission can be found at <https://www.money4you.org/operationtransparency/>

**New programme to boost diversity in boardrooms**

A pilot Boardroom Apprentice programme has been launched by the Government's Levelling Up initiative to boost diversity in public boardrooms. The programme aims to more closely reflect the communities in which they serve across the UK, with candidates receiving practical boardroom experience, knowledge and skills.

For more information please visit: <https://www.gov.uk/government/news/new-programme-aimed-to-boost-diversity-in-boardrooms>

**Policy and Governance**

**Charities Act 2022**

The Charity Commission has published guidance on changes to be implemented by the Charities Act 2022, expected to come into force from Autumn 2022 and will be staggered throughout 2023. A summary of the key changes are:

- Charities will be able to pay Trustees for providing goods or services to the charity that are beyond the usual trustee duties (Autumn 2022);
- Trustees will have the power to process small amounts of ex-gratia or moral payments without applying to the regulator. For example, if a charity receives a legacy but there is evidence the donor has changed their mind since making their will (Autumn 2022);

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- Reduced complexity surrounding fundraising appeals that do not reach, or exceed, the intended target. This includes charities no longer having to wait six months for donors to ask for a refund. In addition, if donations less than £1,000 can be spent on purposes other than those intended, they can act without the involvement of the Commission (Autumn 2022);
- Changes to how charities sell, lease or transfer land (Spring 2023);
- Greater flexibility will be introduced to make use of permanent endowments (Spring 2023); and
- Changes to how charities can amend their governing documents (Autumn 2023).

The guide can be found at <https://www.gov.uk/guidance/charities-act-2022-guidance-for-charities>

**Charity Commission Ukraine Hub**

The Charity Commission has published guidance for charities and trustees responding to the crisis in Ukraine. This includes emergency fundraising appeals and changing charitable objects to support the Ukraine crisis. It is important that charities carefully consider the practical implication if they have received a large influx of donations and funding including maintaining clear records on decision making and ensuring financial controls remain in place despite the busy period. The regulator has also highlighted the responsibility for safeguarding as a public benefit entity.

The Ukraine Hub can be found at: <https://www.gov.uk/guidance/ukraine-humanitarian-crisis-guidance-for-charities-and-trustees>

**Recruiting young trustees**

Our Bright Future, a partnership led by the Wildlife Trusts and funded by the National Lottery Community Fund, has published a guide to help charities recruit young trustees to their board. The guide includes case studies and templates for charities that would like to recruit young people, and a six-step approach for supporting young trustees in their role. The guide can be found at: [https://ourbrightfuture.co.uk/wp-content/uploads/2022/05/Young\\_Trustees\\_Advice\\_Pack.pdf](https://ourbrightfuture.co.uk/wp-content/uploads/2022/05/Young_Trustees_Advice_Pack.pdf)

**Charities and remote meetings**

From 22 April 2022, the Charity Commission has confirmed that charities will need to move back to face-to-face meetings unless their governing documents allows remote meetings to be held. The flexibility of online meetings was introduced in April 2020 but as Covid-19 restrictions have come to an end this flexibility is being removed. The regulator has also said they will no longer give charities extensions to filing deadlines.

Information on how to amend governing documents if needed can be found at <https://www.gov.uk/guidance/coronavirus-covid-19-guidance-for-the-charity-sector>

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**Companies House reforms**

In February 2022, the Government Department for Business, Energy and Industrial Strategy ('BEIS') published its Corporate Transparency and Register Reform White Paper. The reforms are designed to increase transparency and clamp down on abuse of UK corporate structures for money laundering.

These changes are very likely to become law, however there is currently no timetable for the introduction of the new rules.

The key changes are as follows:

- *Reduction in filing options for small companies*  
The reforms will simplify the framework for smaller entities by reducing the filing options to just two categories: micro-entities and small companies. The abridged and "filleted" accounts options will be removed and therefore all small companies will be required to file a directors' report and profit and loss account (as well as a balance sheet).
- *Strengthening of Companies House powers*  
The government will extend the powers of Companies House to query, seek evidence for, amend or remove information on the register, and to share it with law enforcement if certain conditions are met.
- *Identity verification for those setting up, managing and controlling companies*  
The government will require identity checks on directors of companies, general partners in Limited Partnerships, designated members in LLPs and people with significant control (PSCs). Individuals who fail to verify their identity will be subject to new criminal and civil sanctions.
- *Restrictions on corporate directorships*  
Corporate directorships will be restricted to entities registered in the UK, and the corporate directors will need to be associated with natural persons who will be subject to identity checks. Different rules will apply to corporate members of LLPs or corporate general partners of LPs but with a similar aim of increasing transparency over the control of these entities.
- *More information on a company's shareholders*  
The reform proposes a requirement for private companies, and traded companies where shareholders hold at least 5% of the issued shares of any class of the company, to provide a one-off full shareholder list. Any changes will be updated annually when a company files a confirmation statement.
- *"File once" approach*  
The government is considering a new approach so that accounts will only need to be filed once instead of separately to Companies House, HMRC and other agencies.

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**Maintaining public trust**

The Charity Commission has said that charities should not be complacent in their efforts to maintain public trust. Research conducted on behalf of the Charity Commission found that public trust in charities has risen slightly in 2020-21, after reaching an all-time low in 2018 following a “number of scandals” in the sector. The regulator has said trustees are key in ensuring charities public’s expectations are met through high standards of governance and compliance with duties.

Please see: <https://www.gov.uk/government/publications/research-into-public-trust-in-charities-and-trustees-experience-of-their-role>

**Winter 2022 energy bills for charities**

The government has published details to reduce energy bills for charities, businesses and public sector organisations from October 2022. A discount will automatically be applied to bills from 1 October to 31 March by supporting the cost of wholesale gas and electricity prices this winter.

Charities on fixed price contracts agreed on or after 1 April 2022 will see their per unit energy costs automatically reduced by the relevant p/kWh, so long as they exceed the supported wholesale prices. Those on default, deemed or variable tariffs will also receive support through a per-unit discount on energy costs, up to a maximum of around £405/MWh for electricity and £115/MWh for gas, subject to wholesale market developments.

For more information please see: <https://www.gov.uk/government/news/government-outlines-plans-to-help-cut-energy-bills-for-businesses>

**Investments update**

The Charity Commission has published guidance to help trustees make decisions on responsible investment. Trustees at all charities can decide whether or not to adopt a responsible investment approach that reflects the charity’s purposes and values, and not just focus on the financial return.

The guidance states “You can decide that rather than just focusing on the financial return on an investment, your approach will also take into account your charity’s purpose and values.”, i.e. health charities avoiding investments in companies whose products harm public health/environmental charities actively seeking to invest in renewable energy.

The full published guidance can be found here: <https://www.gov.uk/government/consultations/charity-responsible-investment-guidance/responsible-investment-draft-guidance-for-consultation>

A review of investments in 2021 encompassing the outlook for 2022 can be read at: <https://www.buzzacott.co.uk/insights/investment-review-of-2021>

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**Identity theft**

Companies House have reported they deal with up to 100 cases of corporate identity theft every month. This involves stealing of business information and using it for personal gain.

The organisation offers a service called 'Protected Online Filing' (PROOF), which aims to protect companies from the threat of corporate identity theft. It allows filings at Companies House to be submitted using an authorisation code known only to the company and advisors.

More information of how to sign up for this free service can be found at <https://ewf.companieshouse.gov.uk//seclogin?tc=1>

**Cyber security breaches in larger charities**

The government's Cyber Security Breach Survey has found that 62% of charities with income over £500,000 reported having some form of cyber security attack in the year to March 2022. This increased to 76% for charities with income over £5,000,000. Whilst businesses continued to be targeted more than charities, about a quarter of charities said they faced cybercrime at least once a week in the form of phishing emails. In addition, 9% of charities said a cyber-attack had left them unable to access files temporarily. These findings are from responses from 424 charities and 1,200 business located in the UK. The detailed government report can be read at: <https://www.gov.uk/government/statistics/cyber-security-breaches-survey-2022/cyber-security-breaches-survey-2022>

**Charity Commission – Improving charity data**

The Charity Commission is focusing on improving data collection over the coming years, with an introduction of broader classification codes on the charity register expected soon (giving more specific options of what the charity does and its objects etc). This will enable organisations to accurately represent their activities, with information becoming more relevant to the public. It is also expected the 2023 Annual Return will feature a 'library' of questions which charities can answer as their circumstances require, enabling a more streamlined experience.

The long-term goals include more direct communication with individual trustees to help and support them in their roles.

Further details can be found at: <https://charitycommission.blog.gov.uk/2022/03/22/your-role-in-improving-charity-data/>

**Charity Commission proposes additional questions on the annual return**

A 12-week consultation commenced in June for potential changes to the Charity Commission Annual Return. The proposed new changes are around financial governance, charity operations and structure,

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and employees and volunteers. One of the proposed new questions asks charities to confirm whether specific thresholds have been exceeded (e.g. whether 70% or more of total income is dependent on one income stream, or whether 25% or more comes from donations). The regulator hopes this will enable them to collect more targeted information to help with its longer term data-driven, long-term strategy.

Changes will apply to charities' financial years starting on or after 1 January 2023. For more information on the consultation, please visit the Charity Commission website <https://www.gov.uk/government/consultations/charity-commission-revisions-to-the-annual-return-2023-25>

**Cash couriers warning from the Charity Commission**

The Charity Commission has issued a warning against the use of cash couriers as this increases the risk of seizure or forfeiture of charitable funds. Cash couriership involves the physical transfer of cash from one jurisdiction to another. The regulator has said it is a high risk for terrorist financing and money laundering so using a regulated banking system is a prudent and responsible method of moving charitable funds overseas. If other means of transferring funds is not available, trustees must put in place a range of fully documented additional safeguards. The Commission also expects trustees to ensure that any seizure or forfeiture of their charity's funds is reported to it as a Serious Incident Report.

For more information please visit: <https://www.gov.uk/government/news/regulator-renews-its-message-warning-charities-against-the-use-of-cash-couriers>

**Staff recruitment and retention**

As charities seek to recover from the pandemic, one of the key issues affecting organisations is staff recruitment and retention. Employment experts believe charities are facing an "exodus" of staff due to increasing pressures such as overwork, burnout, and low pay. The return to the office has also been a contributing factor to staff retention in the sector. All these factors combined have highlighted a staff turnover in the not-for-profit sector of 18.1%. The recruitment crisis is likely to be heightened as charities lose experienced staff, replaced by staff with little knowledge of their organisation.

Charities can implement a range of strategies to increase staff retention including offering flexible working options, clear career progressions, a strong team culture and focus on staff wellbeing.

For further analysis, please see: <https://www.stoneking.co.uk/literature/e-bulletins/how-can-charities-retain-their-best-staff>

**Should Charities invest in cryptocurrency?**

The use of cryptocurrency is growing in the mainstream economy as it continues to become a possible route for investing. The Treasury has said they will introduce legislation to regulate certain

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cryptocurrency to “make the UK a global crypto asset technology hub”. However, the Charity Commission has warned of the risks to charities who invest in crypto assets largely due to its volatile value.

Overall, very few charities are engaging with cryptocurrency, with some charities accepting donations but immediately converting them into regulated currencies. The Charity Commission has emphasised the importance of “knowing your donor”, which can be difficult as blockchain (the system that tracks the exchange of crypto assets) has been built on anonymity. They consider that trustees should be cautious about “delving into this world” given their requirement to follow the core trustee responsibilities.

The Charity Commission full article can be found at:  
<https://charitycommission.blog.gov.uk/2022/07/12/cryptocurrencies-what-are-they-and-should-charities-use-them/>

## **Compliance**

### **Safeguarding**

The Charity Commission has published a guide on the responsibilities for charities and trustees to keep everyone safe including staff, volunteers, and beneficiaries. Trustees must ensure their charity identifies and manages risks, have safeguarding policies and practices in place, carry out relevant checks (e.g. DBS), protect volunteers and staff, and have procedures to handle and report incidents appropriately.

A detailed overview of safeguarding in charities, and how to implement the above action points can be found at: <https://www.gov.uk/guidance/safeguarding-for-charities-and-trustees>

### **Whistleblowing**

The European Union Whistleblower Protection Directive came into effect in December 2021. Whilst it does not apply directly to UK based charities, it does apply to charities operating in the EU and may influence UK legislation in the future. Employers must set up secure reporting channels, acknowledge disclosures within seven days of reporting, and give feedback to whistleblowers within three months.

## **Tax**

### **Charity tax returns – why are they so important?**

Whilst it is not compulsory for charities to file a tax return, HMRC is able to perform random checks on charities to ensure exemptions are being claimed correctly. There is no blanket exemption on income generated by a charity because of their charitable status. If a charity receives income that does



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not fall under the available exemptions, then the profit element of the income will be subject to tax. The main forms of exempt charitable income are:

- Donations and legacies;
- Trading income, where this derives from activities in furtherance of or ancillary to the charity's objectives, or activities carried out by the charity's beneficiaries; and
- Certain investment and property income.

If there is non-charitable trading income that does not fall under the above exemptions, the small-scale taxable trades exemption can be applied whereby a tax liability will not be applied if the non-charitable trading income is less than 25% of the charity's total income, subject to a cap of £80,000. If £80,000 is breached, the total non-charitable trading income will be taxable.

Further information can be found at: <https://www.buzzacott.co.uk/insights/charity-tax-returns-why-are-they-so-important>

**Business rates relief for charities**

The Government are currently carrying out a review of business rates in England, which may impact the mandatory 80% rates relief given to charities on business properties. Currently, properties must be wholly or mainly used for charitable purposes.

Key considerations when claiming the relief include whether the charity carries out commercial trading through subsidiaries, whether they operate a retail shop for the sale of donated goods, or whether the property is vacant but still held for charitable purposes. Charities and not-for-profit organisations should also be aware that local authorities may 'top-up' the relief to 100% at the discretion of the local authority.

Details on the charitable relief rate review can be found at: <https://www.buzzacott.co.uk/insights/are-you-taking-advantage-of-all-charitable-reliefs-from-business-rates>