

Company registration number:

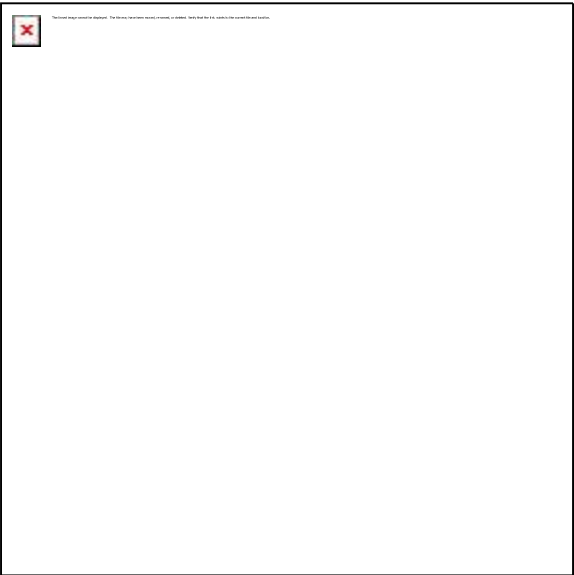
5903364

Charity number:

1141784

TRUSTEES' REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2023

THE NEW VICTORIA
HOSPITAL LIMITED
(A company limited by
shares)



THE NEW VICTORIA HOSPITAL LIMITED

(A company limited by shares)

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THE NEW VICTORIA HOSPITAL LIMITED

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS FOR THE YEAR ENDED 31 MARCH 2023

Trustees	G A R Ball, Chair H E Bradbury A R Cooke J A Hamblin M A Matthews P D Willson D E Marshall (appointed 6 June 2023)
Company registered number	5903364
Charity registered number	1141784
Registered office	184 Coombe Lane West Kingston Upon Thames Surrey KT2 7EG
Chief Executive Officer	D Marshall
Finance Director	C Twomey (up to May 2022) N Shah (from May 2022)
Director of Clinical Services	G Welch
Medical Director	Mr P Willson
Independent auditors	Menzies LLP Chartered Accountants Magna House 18-32 London Road Staines-Upon-Thames TW18 4BP
Bankers	HSBC Bank plc 54 Clarence Street Kingston Upon Thames Surrey KT1 1NS
Solicitors	Stone King LLP Boundary House 91 Charterhouse Street Clerkenwell London EC1M 6HR

THE NEW VICTORIA HOSPITAL LIMITED

(A company limited by shares)

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The Trustees are pleased to present their report and the audited accounts of the Company for the year ended 31 March 2023.

The Company has chosen, in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, to set out within the company's strategic report the Company's Strategic Report Information required by Schedule 7 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulation 2008. This includes information that would have been included in the business review and details of the principal risks and uncertainties.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association and Accounting and Reporting Statement of Recommended Practice applicable in the UK and Republic of Ireland, FRS 102 (2019), as amended..

Principal activity and history

The Company, which is a registered charity, owns and operates The New Victoria Hospital, a private independent hospital in Kingston upon Thames, Surrey. The Company is wholly owned by another registered charity, The Victoria Foundation.

As a limited company the Charity's governing document is its Articles of Association. The Company adopted new Articles of Association in March 2011 when it applied for registration as a charity and as a result it now shares the same objects as The Victoria Foundation, namely:

“to promote good health and to relieve ill-health, particularly (without limitation) by providing, or assisting in the provision of, medical and surgical advice and treatment, medical and surgical equipment, and the training and education of medical, nursing, and para-medical staff.”

The New Victoria Hospital, located in Kingston upon Thames, has had a long and distinguished history as a voluntary and charitable institution. The original Victoria Hospital was established as a voluntary hospital in 1898 and, after serving the local population for 50 years, was incorporated into the National Health Service upon its creation in 1948.

As a result of popular demand, The New Victoria Hospital was constituted as a charity in 1951 to establish a new independent hospital with the same charitable aims as the original hospital. Coombe Manor, the original site of which is still occupied by the Hospital, was purchased in 1955 and the Hospital was opened in 1958.

The Trustees have due regard to the Charity Commission's guidance on public benefit.

The New Victoria Hospital continues to play a significant role in the local healthcare economy relieving pressure on local NHS facilities. In addition, the Hospital provides agreed free and heavily subsidised hospital services for local groups and explores new avenues in the provision of healthcare for public benefit.

As a charitable organisation, the Hospital prides itself in providing “excellent care for your health” delivered through the recruitment and retention of excellent staff and consultants, supported by private medical insurers and competitive fixed price self-pay packages and significant investment in infrastructure and technology.

The Hospital's vision statement is:

To provide outstanding treatment and individual patient care, delivered by the most dedicated professionals, whilst achieving our charitable and commercial objectives and retaining our independence. To be the hospital of choice.

The provision of excellent care and staff is enhanced by the Hospital's core values below which are embraced throughout the organisation:

Compassionate - Caring for patients and each other.
Exceptional - We believe in nothing less than excellence.
Ethical - We act with integrity and are committed to safety.
Charitable - We support those in need.

THE NEW VICTORIA HOSPITAL LIMITED

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TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Strategic Report

Achievements and performance

The Hospital has continued to provide excellent patient care, with average patient satisfaction scores of the highest ratings during 2022/23. In total 99.8% of patients rated their overall quality of care, nursing care and consultant care as excellent, very good or good whilst 99.0% would be likely or extremely likely to recommend the Hospital to family and friends.

Overall, the Hospital admitted 5,873 patients in the year, with the proportion of day cases to inpatients being 74%.

During the year the Hospital has enjoyed a growth in patient numbers especially outpatients largely vindicating the decision to expand our facilities. In addition, it has developed its relationship with Kingston Hospital NHS Foundation Trust to our mutual benefit. The impact of a full year of the Hospital operating its gender realignment (female to male) surgical contract for NHSE has made a significant improvement to the Hospital's financial performance during the year under review.

The Hospital has continued to raise its marketing profile during the year with local advertising, website improvements and engagement with consultants and GPs as well as through Hospital communications and events which have been well received.

To ensure that the Hospital's Executive Management Team remains effective, well led, and focussed on achieving financial and clinical targets, the Hospital has continued with the development of its Heads of Departments to enable them to meet the evolving working practices required. The Hospital has developed a five-year strategy, embracing its Vision and Values, aligned to six key pillars:

- Growth and Profitability
- Customer Experience
- Resource Utilisation
- Marketing and Brand Awareness
- Governance and Quality
- People and Culture.

The Hospital surveys its staff which provides the opportunity for constructive feedback to ensure that the highest levels of engagement are maintained.

Financial review

The Trustees of The Victoria Foundation, the Parent, are fully committed to safeguarding the character and ethos of the Hospital for the benefit of patients, consultants, and staff to meet the Charity's objects and have contributed significantly to the funding required for the Hospital's development.

At 31 March 2023, an agreement was in place with the Hospital's bankers, HSBC, granting forbearance of both loans and the overdraft facility until December 2023, making the loans short term creditors. However, a further agreement was received in November 2023, granting continued support of the Hospital in the form of forbearance on the loans and the overdraft facility until November 2024.

Repayment of the loans, arrangement fees and accrued interest are due on 30 November 2024.

The Statement of Financial Activities on page 16 provides the detail of financial performance.

The Charity recognised incoming resources of £29.1m in the year (2022 - £25.1m), an increase of 16%.

Total resources expended were £29.6m (2022 - £25.2m).

Interest costs associated with the borrowings for its redevelopment, were £2,092,000 (2022 - £1,295,000) because of the fact that no bank loan interest was transferred to the costs of the building in the year.

Total net expenditure was £505,000 (2022: £93,000).

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TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

A Trustees' valuation of the Hospital was carried out in April 2021, which was supported by professional independent advisors, valuing the Hospital at £40m. The Hospital has been valued at £54m when trading at full capacity.

Reserves and going concern

The movement in reserves in the year is set out in note 16 to the accounts. The total deficit on reserves at 31 March 2023 were (£33,902,000), (2022 - £ (33,397,000)).

The aim of the Trustees is to maintain cash and free reserves at a level sufficient to fund capital expenditure, meet liabilities as and when they fall due, and provide an appropriate level of risk protection in the event of an unforeseen emergency. The Hospital's reserves policy is reviewed considering the annual operating budget and the long-term projections prepared to support the refurbishment and redevelopment of the Hospital and presented to the Trustees.

HSBC continued to support the redevelopment of the Hospital which is now complete. In addition, they have provided an overdraft facility, now £1.0m, to support operational cash flow. Forbearance of loan repayments has been granted by the bank until November 2024 without affecting the term.

£10.98m had been drawn down against the HSBC Loan facility 1 of £17.5m by the end of the financial year (2022 - £10.98m) and £23.96m had been drawn down against the HSBC Loan facility 2 of £24.1m by the end of the financial year (2022 - £23.96m). Having reviewed and formally agreed the forecasts prepared in November 2023 and Facility documentation, for the continued funding, the Trustees believe, to the best of their knowledge, that the Hospital remains a going concern for the 12 months from the date of approval of the accounts. The Trustees are committed to the Strategy Plan integral to the forecast and to ensuring that adequate funding is in place to meet HSBC's repayment requirements in November 2024.

Clinical Review

The Hospital's commitment to the provision of exceptional standards of care and service to its patients remained the same. As such, it operated a robust integrated governance and risk programme which aimed to continually review and evaluate practice to improve the outcomes of care for patients and ensure the health, safety and wellbeing of staff, patients, and visitors.

These processes and outcomes were reviewed both internally and externally and the results used as validation of the services delivered and compliance with regulatory, legislative, and best practice requirements and guidance.

The Hospital introduced two new surgical procedures during the year:

- Breast reconstruction that uses a woman's own tissue to create a new breast following mastectomy (DIEP)
- Holmium Laser Enucleation of the Prostate (HoLEP)

The Pre-Operative Assessment team introduced an online patient health questionnaire service to improve efficiency and communication. In addition, an initiative to send all admission information to patients via email was introduced. This has reduced paper usage and postal costs, as well as improved the delivery of the information in a timely manner. The year has been an exciting one, successfully rebuilding private practice through the second and third waves of COVID-19.

Care Quality Commission (CQC)

The Hospital is registered with, and regulated by, the CQC and is required to meet the Fundamental Standards of Care 2014 outlined in the Health and Social Care Act 2008 (Regulated Activities) Regulations 2014. The CQC operate a risk-based approach to inspection and collaborate with other regulatory and professional bodies to identify areas of concern.

The Hospital's CQC compliance group continued to review performance against the Fundamental Standards. Several quality improvement initiatives were implemented during the year.

An external provider (Elsiar) carried out a review of the Paediatric Service, Medical Governance and how the Hospital undertakes Risk Management. All the reviews were positive with no 'red flags' identified. Recommended actions from each review have been implemented.

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TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

The CQC Relationship Manager continued to provide support to the Director of Clinical Services (DCS) who is the Registered Manager and the Integrated Governance and Risk Director (IGRD) when required.

Comparative Health Knowledge System (CHKS) - Healthcare Accreditation and Quality Unit ISO 9001:2008

Continued accreditation requires annual surveillance visits to assess on-going compliance and a 3 yearly inspection visit of all ISO and CHKS quality standards. The tri-annual inspection took place onsite on 23 February.

The Hospital was successful in its application and was awarded full accreditation. No further recommendations were made from this visit.

UK Health Security Agency (formerly Public Health, England)

The Hospital is required to report incidences of MRSA, MSSA, E. coli, Klebsiella and Pseudomonas bacteraemia and Clostridium Difficile infections monthly.

There were no MRSA, MSSA, E. coli, Pseudomonas bacteraemia and Clostridium Difficile infections reported in this year. The surgical site infection rate was 0.22% (0.46% in prior year).

Controlled Drug Local Intelligence network (CDLIN)

The Director of Clinical Services is the Hospital's Controlled Drug Accountable Officer and submits a quarterly report to CDLIN regarding incidents, concerns and adverse events relating to CDs. No concerns were raised for this period.

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TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Radiation Protection Advisor Review

Radiological policies, procedures, quality checks and activities are reviewed annually against Ionising Radiation Medical Exposure Regulation (IRMER).

The Radiation Protection Consultant (RPC) completed their annual external IRMER audit of the Hospital on 28 March 2023. The written report showed an overall rating of 'Nearly fully compliant with only few minor improvements necessary.'

These included:

- Quality Assurance (QA) of Computer Radiography (CR) reader
- Lead coat screening to be updated.

The required radiology audit schedules were up to date.

Some National Dose Levels for Computer Tomography (CT) have been changed and additionally new ones released, which were incorporated into the 2023 CT dose audit.

National Joint and Cosmetic Breast Registries

Hip, knee, and shoulder implant data was submitted to the NJR, and breast implant data submitted to the Cosmetic Breast Registry throughout the year. The Hospital received a commendation for the quality of data submitted to the NJR.

Pathology Services

The Hospital continued to outsource most pathology services to South West London Pathology (SWLP). A limited amount of work continued to go to The Doctors Laboratory (TDL) and histology specimens went to St George's or Richmond Park Pathology (RPP).

Medical Profession (Responsible Officer) Regulations 2010 and Revalidation

Dr Amira Girgis continued in her role as the Hospital's Responsible Officer (RO) and was RO for 10 connected consultants. She provided support to consultants no longer working in the NHS regarding the requirements set out in the RO regulations, with particular regard to appraisal, 360° colleague and patient feedback, activity, and adverse outcome data.

Dr Girgis introduced the L2P appraisal system to manage the process electronically in January 2023, in line with NHSE guidance to move away from paper-based systems.

NHSE Specialist Commissioning

The female to male surgical pathway for transgender patients continued. The Gender Dysphoria Surgical Service (GDSS) team consolidated with two fulltime (FT) administrator posts and one FT Clinical Nurse Specialist (CNS) dedicated to managing the service. A second CNS was appointed in January 2023 to support the increasing activity. This team was supported by the Business Analysis Unit Manager and DCS.

The significant cohort of patients, inherited from St Peter's Andrology, were categorised depending on where they were in their surgical journey.

Fortnightly Multidisciplinary Team (MDT) meetings commenced to ensure patients were being robustly reviewed and appropriate decisions made. In addition, a Morbidity and Mortality meeting took place once a month.

Monthly operational and governance meetings were held with NHSE.

Reported Clinical Incidents

The Hospital operates an online reporting system (Datix) which staff are encouraged to use to report all incidents and accidents. Staff receive incident reporting training on induction and attendance for an update is mandatory every three years.

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TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Complaints

The Hospital takes complaints very seriously and adheres to the Independent Sector Complaints Adjudication Service (ISCAS) Code of Practice for Complaints Management, January 2022, and is a subscriber to the Independent Sector Complaints Adjudication Service.

All complaints were managed in accordance with the Complaints Policy which mirrors the ISCAS framework and learning outcomes shared as a part of the process.

Safeguarding Children and Vulnerable Adults

There were three safeguarding incidents raised by staff this year, two of which were formally reported.

Safeguarding training at Levels 1 & 2 continued as e-learning. Level 3 training continued face to face.

Quality Improvement Initiatives

The following initiatives were implemented:

- Embed the recommendations from the Paterson Enquiry:
- Practising Privileges policy updated to reflect the recommendations.
- Standard process implemented to ensure compliance with the Top 4 documents.
- Reduce patient fasting times and actively encourage hydration:
- 3 audits were undertaken during the reporting period.
- Introduced an online assessment tool to streamline pre-operative assessments for patients and improve efficiencies within the team.
- Implemented a new Wound Care Assessment form in the Outpatients Department.
- Reviewed and updated the Standardised Vasectomy Consent Form.
- Strengthened the provision of Chaperones in all outpatient departments.
- Introduced a Physiotherapy MDT with input from Consultants, Physiotherapists, Radiologists, Ward, and Day Unit staff.

Plans for future periods

The Hospital recognises its challenge to meet and exceed the forecasts that have been set and with a strong, stable Executive Management Team will be rising to the challenge to maximise revenue and embrace efficiencies and cost saving strategies that higher activity enables.

The Hospital continues to review its current portfolio of activity and explore new opportunities as well as increasing cardiac diagnostic, orthopaedic, gastroenterology, general surgery, gynaecology and urology services, and so attracting new consultants. The Hospital is keen to maximise its self-pay revenue streams with a competitive, transparent offering for patients which is supported by its finance product to assist patients with the payment of treatment.

The Hospital recognises the NHS requirement of having an Electronic Patient Record by 2024, and is in the process of finalising an agreement to upgrade its Hospital Information Systems, that will ensure it meets the digital transformation required by the NHS, as a provider of NHS & NHSE services.

The Hospital's consultants support the Hospital due to the quality of care and the standards it can offer as a charitable independent hospital. The Hospital is committed to ensuring that this is maintained with increased capacity and higher activity levels. The patient journey is being reviewed considering the new facilities, reinforcing and challenging current practices to ensure that the Hospital continues to embrace best practice.

The Hospital recognises that excellent staff are its key asset and will continue to ensure that they provide a quality and safe service by providing adequate budgets for training and nursing revalidation support. In addition, partly as an action from staff survey feedback, the Hospital has reviewed its pay and benefits packages to ensure parity across the Hospital to remain competitive in attracting and retaining its staff.

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TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Structure, Governance, and Management

Governing Document

As a limited company the Charity's governing document is its Articles of Association. The Company adopted new Articles of Association in March 2011 when it applied for registration as a charity and shares the same objects as its parent, The Victoria Foundation, which are detailed on page 3.

Organisational structure

Trustees / Directors

The Trustees are also the Directors of the Charity for the purposes of company law and as such are responsible for the management of the Hospital's affairs and its future strategy. The Trustees meet monthly, which some of the Executive Management Team attend. The Trustees review the financial and operational performance of the Hospital as well as clinical and financial governance and quality assurance programmes.

The Trustees of the Company who served during the year are:

G A R Ball*
H E Bradbury
A R Cooke*
J A Hamblin*
M A Matthews*
Mr P Willson

David Marshall, the Charity's Chief Executive Officer, was appointed as a Director of the Charity on 6th June 2023.

* Four of the Hospital Trustees are also Trustees of The Victoria Foundation.

Rotation, recruitment and appointment and induction of Trustees

The Trustees consider it essential that the Board is strong, well-balanced and effective, comprising members with the requisite professional skills and experience in healthcare or local services to properly represent users of the Charity's services.

As in many charities, this process has successfully relied on Trustees' recommendations and their access to potential candidates in other healthcare and local organisations. In order to maintain its exacting standards, the Board's skill mix is reviewed regularly, and Trustee recruitment aligned.

The Trustees are responsible for ensuring that adequate segregation of duties is maintained across the structure and governance of the Hospital. To this endeavour the Trustees review its key posts and those defining the management of the Hospital's governance to ensure that these roles are adequately aligned and rotated.

An induction programme is provided to all new Trustees. They are advised of their responsibilities as Trustees and Directors, including their legal obligations under charity and company law and the Charity Commission guidance on public benefit, given copies of the Charity's governing documents, and are appraised of the Charity's aims and activities, current financial performance and its plans for the future. All Trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

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TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Statement of Trustees' Responsibilities

The Trustees are responsible for the approval of the annual accounts, ensuring compliance with the Charities Act 2011, the Companies Act 2006 and the Memorandum and Articles of Association and Accounting and Reporting Statement of Recommended Practice applicable in the UK and Republic of Ireland, FRS 102 (2019), as amended. Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view.

In preparing those financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently.
- ensure compliance with the methods and principles in the Memorandum and Articles of Association and Accounting and Reporting Statement of Recommended Practice applicable in the UK and Republic of Ireland, FRS 102 (2019), as amended.
- make judgements and estimates that are reasonable and prudent.
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- there is no relevant audit information of which the Company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Details of Trustees' interests in contracts and related party transactions are given in Note 24 to the accounts.

Executive Management Team

The Trustees delegate the day-to-day management of the Hospital to the Chief Executive and the officers of the Company, being the Director of Clinical Services, Finance Director, Operations Director, Business Development Director, Integrated Governance Director, IT Director and HR Director all of whom constitute the Hospital's Executive Management Team (EMT) which meets twice a month. The EMT is supported by the Heads of Department who meet monthly.

Medical Advisory Committee

The Medical Advisory Committee comprises a chairperson, the Medical Director, consultants who have practising privileges at the Hospital, the Chief Executive, Director of Clinical Services and the Business Development Director. The Committee meets quarterly and is responsible for advising the Trustees on matters related to the management of medical practice and any regulatory obligations required. The purpose of the Committee is to:

- Act as a communication link between the Hospital and Consultants.
 - Advise when requested on issues of ethics and standards.
 - Advise the Chief Executive on the granting, maintenance and withdrawal of Practice and Admitting Privileges.
 - Advise the Chief Executive regarding proposed new practices and treatments.
 - Advise on all aspects of medical policy and clinical practice.
 - Review Clinical Governance Reports regarding Key Performance Indicators, patient clinical complaints and clinical incidents.
 - Review and oversee the Medicines management policy and ensure the safe and accurate use of medicines.
- Audit and Finance Committee.

Audit and Finance Committee

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TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

The Audit and Finance Committee is a joint committee of both The Victoria Foundation and the New Victoria Hospital and comprises Trustees of both companies. The Chief Executive and Finance Director of the New Victoria Hospital are also members. The Committee meets four times a year and its purpose is to:

- Review and challenge where necessary the financial reporting within the Victoria Foundation and the New Victoria Hospital.
- Review compliance with the financial covenants.
- Review the budgeting and forecasting process.
- Keep under review the adequacy and effectiveness of the Company's internal controls and risk management systems.
- Consider and make recommendations to the Trustees in relation to the appointment of the Companies' external auditor.
- Ensure financial and ethical controls are in place when agreeing the annual pay increase for staff including that for senior staff members and for bonus payments.

Risk Management

The Trustees have a duty to identify and review the risks to which the Charity is exposed and to ensure that appropriate controls are in place to provide reasonable assurance against fraud and error. The Trustees review annually the major strategic, business, and operational risks to which the Charity is exposed and the systems and procedures that have been established to manage or mitigate those risks. The Hospital holds a centralised, comprehensive risk register, which is regularly reviewed by the Trustees and through the governance structure in the Hospital.

The key risk identified is aligned to meeting the budget for 2023/24 and subsequent three year forecast agreed with HSBC. The Trustees and Executive Management Team are in continual discussion with HSBC regarding financial performance and funding of capital projects. The key risks associated are:

- Meeting the EBITDA and cash flow forecasts agreed in the three-year forecast.
- Further capital expenditure requirements which are not currently foreseen.

The Trustees and Executive Management Team regularly review the required management structures to ensure support for the Executive Management Team in the management of the Hospital. This will ensure that robust processes are in place, aligned to efficient staffing and cost management, to meet profitability against the forecasts and budgets set. The business development team has been enhanced to support the anticipated increases in activity through an agreed marketing plan, linked to the Hospital's strategy.

The Executive Management Team ensure that regular communications are made with the Trustees of the Hospital and those of The Victoria Foundation in addition to formal meetings to ensure all key decision makers are kept fully up to date on progress.

The Trustees have identified the following commercial and operational risks:

- Loss of revenue from Private Medical Insurers (PMIs) is a key risk in ever changing market conditions and a reduced number of PMIs through acquisition and reduced corporate policies together with more aggressive pricing. The Hospital has a self-pay product and services which are aligned to Competition and Markets Authority requirements as well as additional revenue streams which enhance current activity and the opportunity to work more closely with the NHS and NHSE.
- Loss of key consultants would have an adverse impact on revenue streams and the Hospital's ability to meet its forecasts. The Hospital continues to monitor activity and works closely with its consultants as well as actively seeking new consultants to meet its strategic objectives, keeps abreast of internal and external factors which may potentially affect practices. In addition, the Hospital is focussed on succession planning for those consultants who are mature in their careers.
- Increased costs associated with external regulatory compliance has impacted results in the year and will continue to do so with Competition and Markets Authority requirements which include the Private Healthcare Information Network (PHIN) subscriptions and clinical coding to provide transparent and comparable data, helping to inform patient choice of hospital and patient information requirements because of the Montgomery legal case and Duty of Candour requirements.
- There is a continuing requirement to increase the use of technology to support patient diagnosis and treatment with higher demands for IT support. Cyber threats and potential data loss is protected through robust

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TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

security, data backup and disaster recovery plans. The Hospital has robust policies and procedures in place to monitor this and is accredited for its information management systems under ISO27001.

Auditors

Under section 487 (2) of the Companies Act 2006, Menzies LLP will be deemed to have been re-appointed 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is the earliest.

The report of the Trustees, including the strategic report, was approved and signed on behalf of the Trustees on 15 December 2023.



.....
Graham Ball
Executive Chairman

THE NEW VICTORIA HOSPITAL LIMITED

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Opinion

We have audited the financial statements of The New Victoria Hospital Limited (the 'charitable company') for the year ended 31 March 2023 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the related notes, including a summary of significant accounting policies. 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 March 2023 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Charities Act 2011.

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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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.

Material uncertainty related to going concern

We draw attention to the going concern accounting policy on note 2.3 and the wording contained in the 'Reserves and Going Concern' section of the Trustees' Annual Report, both of which indicate that there is a significant uncertainty on the charitable company's ability to repay bank financing due for repayment in November 2024. This material uncertainty casts significant doubt on the charitable company's ability to continue as a going concern beyond December 2024. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditors' report thereon. The Trustees are responsible for the other information contained within the annual report. 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.

Opinion 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 including the Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' report and the Strategic report have been prepared in accordance with applicable legal requirements.

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Matters on which we are required to report by exception

Except for the matter described in the basis for qualified opinion section of our report, in the light of our 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:

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.

Auditors' responsibilities for the audit of the financial statements

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

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:

The charitable company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation. We determined that the following laws and regulations were most significant including Charities Act 2011, Health and safety regulations, employment law, Care Quality Commission and other medical regulatory bodies. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

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

THE NEW VICTORIA HOSPITAL LIMITED

(A company limited by shares)

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 auditors' 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 its members, as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

634F24DE92A4471...

Janice Matthews FCA (Senior statutory auditor)

for and on behalf of

Menzies LLP

Chartered Accountants

Statutory Auditor

Magna House

18-32 London Road

Staines-upon-Thames

TW18 4BP

Date: 19-Dec-2023

THE NEW VICTORIA HOSPITAL LIMITED

(A company limited by shares)

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 MARCH 2023

	Note	Unrestricted funds 2023 £000	Total funds 2023 £000	Total funds 2022 £000
Income from:				
Charitable activities	4	29,128	29,128	25,064
Total income		29,128	29,128	25,064
Expenditure on:				
Charitable activities	5	27,541	27,541	23,862
Interest payable	6	2,092	2,092	1,295
Total expenditure		29,633	29,633	25,157
Net movement in funds		(505)	(505)	(93)
Reconciliation of funds:				
Total funds brought forward		(33,397)	(33,397)	(33,304)
Net movement in funds		(505)	(505)	(93)
Total funds carried forward		(33,902)	(33,902)	(33,397)

The Statement of financial activities includes all gains and losses recognised in the year.

The notes on pages 19 to 32 form part of these financial statements.

THE NEW VICTORIA HOSPITAL LIMITED

(A company limited by shares)
REGISTERED NUMBER: 5903364

BALANCE SHEET AS AT 31 MARCH 2023

	Note	2023 £000	2022 £000
Fixed assets			
Tangible assets	11	27,121	27,771
		<u>27,121</u>	<u>27,771</u>
Current assets			
Stocks		728	740
Debtors	12	1,894	2,335
Cash at bank and in hand		1,794	455
		<u>4,416</u>	<u>3,530</u>
Creditors: amounts falling due within one year	13	(41,131)	(40,272)
Net current liabilities		<u>(36,715)</u>	<u>(36,742)</u>
Total assets less current liabilities		<u>(9,594)</u>	<u>(8,971)</u>
Creditors: amounts falling due after more than one year	14	(24,308)	(24,426)
Total net assets		<u><u>(33,902)</u></u>	<u><u>(33,397)</u></u>
Charity funds			
Restricted funds	16	-	-
Unrestricted funds	16	(33,902)	(33,397)
Total funds		<u><u>(33,902)</u></u>	<u><u>(33,397)</u></u>

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

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:


.....
David Marshall
Director and Chief Executive


.....
John Hamblin
Director

Date: 15 December 2023

The notes on pages 19 to 32 form part of these financial statements.

THE NEW VICTORIA HOSPITAL LIMITED

(A company limited by shares)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 £000	2022 £000
Cash flows from operating activities			
Net cash used in operating activities	18	4,026	2,687
Cash flows from investing activities			
Purchase of tangible fixed assets	11	(479)	(820)
Net cash used in investing activities		(479)	(820)
Cash flows from financing activities			
Cash inflows from new borrowing		-	84
Repayments of finance leases		(116)	(157)
Interest paid on bank borrowings	6	(1,886)	(1,167)
Interest paid on intra group borrowings	6	(200)	(100)
Interest paid on finance lease borrowings	6	(6)	(29)
Net cash used in financing activities		(2,208)	(1,369)
Change in cash and cash equivalents in the year		1,339	498
Cash and cash equivalents at the beginning of the year	19	455	(43)
Cash and cash equivalents at the end of the year	19	<u>1,794</u>	<u>455</u>

The notes on pages 19 to 32 form part of these financial statements

THE NEW VICTORIA HOSPITAL LIMITED

(A company limited by shares)

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

1. General information

The New Victoria Hospital Limited is a private company limited by shares incorporated in England and Wales and a registered charity. The address of the registered office is disclosed on the legal and administrative information page (page 1).

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

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The New Victoria Hospital Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

2.2 Critical accounting estimates and areas of judgement

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. In the opinion of the Trustees the main estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are in relation to the use of the going concern basis and valuation of fixed assets, both of which are noted below.

2.3 Going concern

During the financial period, the Charity had an excess of expenditure over income of £506k. At the year-end it had net total liabilities of £33,902k including bank borrowings of £34,939k. At the date of approving these financial statements, the Charity had increased its total bank borrowing facilities to £37,600k in order to fund the completion of the hospital redevelopment plan and to cover all working capital requirements.

The Trustees have prepared, reviewed and formally approved detailed trading and cash flow projections covering the period beyond 31st December 2024. The Trustees are committed to the business transformation plan integral to these projections, and to ensuring that adequate funding is in place to meet the Bank's requirement for loan repayment in full in November 2024, if necessary, through refinancing. Based on these projections and the bank facility documentation for the increased funding, the Trustees believe, to the best of their belief and knowledge, that the Charity remains a going concern for at least the period to 31st December 2024 and, accordingly, these financial statements have been prepared on the going concern basis.

THE NEW VICTORIA HOSPITAL LIMITED

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

2. Accounting policies (continued)

2.4 Income

All income is recognised once the Company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Voluntary income comprises donations, legacies, and income generated from fundraising activities.

Investment income includes rental income, the net income received from dividends, interest and realised and unrealised gains generated from investments, and interest received on loans and deposits.

Income from charitable activities represents the total value of charges made to patients and other customers for the provision of hospital services.

2.5 Fund accounting

Unrestricted funds are available to spend on activities that further any of the objects of the Charity.

Restricted funds are donations which the donor has specified are to be solely used for particular areas of the Charity's objects. This includes the fund for free treatment which is provided by the New Victoria Hospital.

2.6 Expenditure

Expenditure is recognised on an accruals basis and allocated to the appropriate activity and fund.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

Costs of generating voluntary income include the net costs of fund-raising charitable events.

Expenditure on charitable activities comprise the costs of grant-funding activities and the provision of hospital services, and include both direct costs and the support costs incurred to enable those activities and services to be provided.

Support costs comprise the costs associated with the funding of grants and those incurred in the general, financial, and clinical management of the Hospital, which include the costs of its human resources, IT, and quality assurance functions as well as the cost of the general maintenance of its land and buildings.

Governance costs, which are disclosed separately in the Notes to the Accounts, comprise the costs incurred in the governance and general management of the Charity rather than in the provision of its charitable activities. Governance costs include audit fees, the cost of legal and other advice given to Trustees, and an apportionment of the costs of employing the Charity's officers.

Costs of generating voluntary income include the net costs of fund-raising charitable events.

2.7 Leases

Assets held under finance leases and hire purchase agreements are recorded in the balance sheet as tangible fixed assets and are depreciated over the shorter of their estimated useful lives and the term of the agreement. Interest is charged to the profit and loss account in proportion to the balance of the obligations outstanding; and the capital element of future payments is included in creditors.

Rentals paid under operating leases are charged directly to income.

THE NEW VICTORIA HOSPITAL LIMITED

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

2. Accounting policies (continued)

2.8 Tangible fixed assets and depreciation

Individual assets or groups of similar assets having a value of greater £1,000 and a useful economic life in excess of 1 year are treated as fixed assets. Assets with a value below £1,000 are fully written off in the year of acquisition. Assets are initially measured at purchase cost plus any associated costs in bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended including, for example, any site preparation, initial delivery, installation and testing costs.

Land and buildings includes borrowing costs directly attributable to the construction project at the Hospital. Borrowing costs are capitalised from the point at which expenditure begins on the build project and capitalisation ceases during the extended periods between the major phases in development and will cease completely upon final completion of the building works. Only borrowing costs from loans directly attributable to the project are treated in this way. Borrowing costs to cover general borrowing are not capitalised.

Following initial recognition, freehold land and buildings are carried at valuation. The Trustees of the Company deem that the property held by the Company is a specialised asset; assets of this type are usually only sold as part of the sale of a continuing business. As such, the land and buildings are valued on an income-generating basis. Revaluations are undertaken with sufficient regularity to ensure that the carrying value does not materially differ from the fair value at the end of each reporting period. Typically, this will be at least every 5 years. Gains or losses on revaluation are recorded on the SOFA in the year of revaluation.

Depreciation is charged on fixed assets on a systematic basis over the useful life of the assets. The policies adopted across different asset types are as follows:

Freehold property	- 50 years
Building improvements	- 10-20 years
Equipment	- 3-10 years

2.9 Stocks

Stock, which comprises medical and other supplies used in the provision of services to patients, is valued at the lower of cost and net realisable value. The value of consignment stock, which is stock held at the Hospital where the supplier retains ownership until it is used and paid for by the Company, is not included in stock on the balance sheet.

2.10 Pay Policy for Senior Staff

The Trustees consider the Trustees, who are the Hospital's Directors, and the Executive Management Team, who comprise the key management personnel of the Charity, are in charge of directing and controlling, running and operating the Hospital on a day-to-day basis.

All Trustees give of their time freely and no Trustee received remuneration in the year, with the exception of those Trustees' remuneration, expenses and related party transactions as disclosed in note 16 to the accounts.

The pay of the senior staff, including the Chief Executive, is reviewed annually and normally increased in accordance with average earnings. In view of the nature of the Charity, the Trustees benchmark against pay levels in other hospitals of a similar size. Annual pay review salary increases for Hospital staff, for the Executive Management Team (including the Chief Executive), including any bonus payments, are proposed to and agreed by the Audit and Finance Committee.

2.11 Pensions

The Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the fund in respect of the year.

THE NEW VICTORIA HOSPITAL LIMITED

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

2. Accounting policies (continued)

2.12 Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating result.

3. Principal Activity and Income

The principal activity of the Company is the operation of the New Victoria Hospital, an independent acute hospital in Kingston upon Thames, Surrey. Income is attributable to the principal activity of the Company and arose wholly in the United Kingdom.

4. Income from charitable activities

	Unrestricted funds 2023 £000	Total funds 2023 £000	Total funds 2022 £000
Provision of hospital services	29,128	29,128	25,064
Total 2022	25,064	25,064	

THE NEW VICTORIA HOSPITAL LIMITED

(A company limited by shares)

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

5. Analysis of expenditure by activities

	Activities undertaken directly 2023 £000	Support costs 2023 £000	Total funds 2023 £000	Total funds 2022 £000
Provision of Hospital Services	17,804	9,737	27,541	23,862
<i>Total 2022</i>				
	15,077	8,785	23,862	

Analysis of direct costs

	Total funds 2023 £000	Total funds 2022 £000
Staff costs	7,415	7,075
Depreciation	523	164
Medical and other supplies	4,472	3,599
Contracted services	5,388	4,199
Other	6	40
	17,804	15,077

Analysis of support cost

	Total funds 2023 £000	Total funds 2022 £000
Staff costs	5,214	4,698
Depreciation	610	545
Legal fees	31	-
Contracted services	1,778	1,457
Other	2,104	2,085
	9,737	8,785

THE NEW VICTORIA HOSPITAL LIMITED

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

Included within support costs above are governance costs of £1,118k (2022: £986k).

6. Interest payable

	Unrestricted funds 2023 £000	Total funds 2023 £000	Total funds 2022 £000
Bank loans and overdrafts	1,886	1,886	1,166
Finance leases	6	6	29
Loan from parent undertakings	200	200	100
	<u>2,092</u>	<u>2,092</u>	<u>1,295</u>
<i>Total 2022</i>			
	<u>1,295</u>	<u>1,295</u>	

7. Auditor's remuneration

	2023 £000	2022 £000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	38	31
Fees payable to the Company's auditor in respect of:		
All non-audit services not included above	<u>14</u>	<u>13</u>

8. Staff costs

	2023 £000	2022 £000
Wages and salaries	11,249	10,554
Social security costs	1,118	971
Contribution to defined contribution pension schemes	262	249
	<u>12,629</u>	<u>11,774</u>

The average number of persons employed by the Company during the year was as follows:

2023	2022
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THE NEW VICTORIA HOSPITAL LIMITED

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

	No.	No.
Hospital - Senior Management	9	9
Hospital Services - Clinical	129	128
Hospital Services - Support Services	51	46
Hospital Services - Administrative	51	51
	240	234

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2023 No.	2022 No.
In the band £60,001 - £70,000	13	10
In the band £70,001 - £80,000	1	4
In the band £80,001 - £90,000	-	2
In the band £90,001 - £100,000	2	2
In the band £100,001 - £110,000	1	1
In the band £110,001 - £120,000	1	-
In the band £120,001 - £130,000	-	1
In the band £190,001 - £200,000	1	1

The aggregate of salaries paid to key management personnel was £961,562 (2022: £975,385).

9. Trustees' remuneration

Mr Ball served as Chief Executive of the Charity until 31 December 2018 when he became the Executive Chairman. His engagement was approved by the Charity Commission and is reviewed annually by the Trustees. Remuneration paid to Mr Ball in the year was £71,987 gross salary and £2,160 pension contribution totalling £74,147 (2022 - £72,692).

The other Trustees received no payment for their services during the year and were not reimbursed for any expenses.

10. Taxation

The New Victoria Hospital Limited is exempt from taxation in respect of income and capital gains to the extent that such income and gains are applied to exclusively charitable purposes.

THE NEW VICTORIA HOSPITAL LIMITED

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

11. Tangible fixed assets

	Freehold property £000	Office equipment £000	Total £000
Cost or valuation			
At 1 April 2022	28,067	3,806	31,873
Additions	124	356	480
At 31 March 2023	<u>28,191</u>	<u>4,162</u>	<u>32,353</u>
Depreciation			
At 1 April 2022	1,845	2,257	4,102
Charge for the year	488	642	1,130
At 31 March 2023	<u>2,333</u>	<u>2,899</u>	<u>5,232</u>
Net book value			
At 31 March 2023	<u><u>25,858</u></u>	<u><u>1,263</u></u>	<u><u>27,121</u></u>
At 31 March 2022	<u><u>26,222</u></u>	<u><u>1,549</u></u>	<u><u>27,771</u></u>

The net book value of equipment held under finance leases at 31 March 2023 was £39k (2022 - £137k). Its original cost was £636k (2022 - £748k) and the depreciation charged in the year was £91k (2022 - £106k). During the year, no new finance leases were contracted for.

A Trustees' valuation of the Hospital was carried out in April 2021, supported by professional independent advisors, valuing the Hospital at £40m which has not been recognised in the accounts. The Hospital has been valued at £54m when trading at full capacity.

THE NEW VICTORIA HOSPITAL LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

12. Debtors

	2023 £000	2022 £000
Due within one year		
Trade debtors	1,158	1,994
Other debtors	178	90
Prepayments and accrued income	558	251
	<u>1,894</u>	<u>2,335</u>

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

13. Creditors: Amounts falling due within one year

	2023 £000	2022 £000
Bank loans	34,939	34,939
Trade creditors	2,186	1,292
Amounts owed to group undertakings	11	3
Other taxation and social security	363	274
Obligations under finance lease and hire purchase contracts	33	116
Accruals and deferred income	3,599	3,648
	41,131	40,272

The first loan with HSBC of £17.5 million was obtained in January 2011 at the time of The Victoria Foundation's acquisition of the Hospital to enable the repayment of its existing borrowings. The outstanding amount of the loan at 31 March 2023 was £10,981,000 (2022 - £10,981,000). Interest is charged on the loan at the bank's sterling base rate plus 2.7% per annum.

A second loan facility of £17.0 million was obtained in January 2014 in order to fund the planned redevelopment of the Hospital. This facility was increased by £6.5m to £23.5m to support the final phase of the redevelopment and again to £24.1m in April 2019. At 31 March 2023 £23,958,000 (2022 - £23,958,000) had been drawn against this facility. Interest is charged on the loan at the bank's sterling base rate plus 3.25% per annum.

In March 2017, HSBC granted forbearance on capital repayments on the initial loan and second loan following completion of phase 3 of the redevelopment. At 31 March 2020, an agreement was in place granting forbearance of both loans and the overdraft facility until December 2020, making the loans short term creditors. However, a further agreement was signed in December 2020, granting continued support of the Hospital in the form of forbearance on the loans and the overdraft facility until December 2021. Interest payments of both loans and overdraft facility were suspended from August 2018 until March 2020, reverting to monthly payment terms from April 2020. The arrangement fees for the increased facility have also been deferred until November 2024. Repayment of the loans, arrangement fees and accrued interest are due in November 2024.

The Charity is currently in breach of its banking covenants as a result of delays in the delivery of the new trading facilities. HSBC remain supportive of the Hospital and the redevelopment project. Testing of the covenants has been deferred until November 2024.

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

14. Creditors: Amounts falling due after more than one year

	2023 £000	2022 £000
Other loans	24,308	24,393
Net obligations under finance lease and hire purchase contracts	-	33
	<u>24,308</u>	<u>24,426</u>

The loan from the parent undertaking of £24,308,000 comprises a loan from The Victoria Foundation on its acquisition of the Company in January 2011 and subsequent increases to support the Hospital's redevelopment and operational cash flow requirements. The loan is sub-ordinated to the facilities provided by HSBC plc. The Trustees of The Victoria Foundation have agreed that interest charged and paid be limited to £200,000 per annum.

The loan is repayable on 28th January 2026.

15. Share Capital

Authorised 1,000 ordinary share of £1 each was £1,000 (2022:£1,000)

Called-up allotted and fully paid 100 ordinary shares of £1 each was £100 (2022: £100)

THE NEW VICTORIA HOSPITAL LIMITED

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

16. Statement of funds

Statement of funds - current year

	Balance at 1 April 2022 £000	Income £000	Expenditure £000	Balance at 31 March 2023 £000
Unrestricted funds				
General Funds	<u>(33,397)</u>	<u>29,128</u>	<u>(29,633)</u>	<u>(33,902)</u>

Statement of funds - prior year

	Balance at 1 April 2021 £000	Income £000	Expenditure £000	Balance at 31 March 2022 £000
Unrestricted funds				
General Funds	<u>(33,304)</u>	<u>25,064</u>	<u>(25,157)</u>	<u>(33,397)</u>

17. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2023 £000	Total funds 2023 £000
Tangible fixed assets	27,121	27,121
Current assets	4,416	4,416
Creditors due within one year	(41,131)	(41,131)
Creditors due in more than one year	(24,308)	(24,308)
Total	<u>(33,902)</u>	<u>(33,902)</u>

THE NEW VICTORIA HOSPITAL LIMITED

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

17. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	<i>Unrestricted funds 2022 £000</i>	<i>Total funds 2022 £000</i>
Tangible fixed assets	27,771	27,771
Current assets	3,530	3,530
Creditors due within one year	(40,272)	(40,272)
Creditors due in more than one year	(24,426)	(24,426)
Total	(33,397)	(33,397)

18. Reconciliation of net movement in funds to net cash flow from operating activities

	2023 £000	2022 £000
Net expenditure for the year (as per Statement of Financial Activities)	(1,130)	(1,295)
Adjustments for:		
Depreciation charges	1,130	708
Loan interest paid and accrued	2,092	1,295
Decrease/(increase) in stocks	12	(208)
Decrease in debtors	441	494
Increase in creditors	941	491
Net cash provided by operating activities	4,111	2,687

19. Analysis of cash and cash equivalents

	2023 £000	2022 £000
Cash in hand	1,794	455

THE NEW VICTORIA HOSPITAL LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

17. Analysis of net assets between funds (continued)

Total cash and cash equivalents	<u>1,794</u>	<u>455</u>
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THE NEW VICTORIA HOSPITAL LIMITED

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

20. Analysis of changes in net debt

	At 1 April 2022	Cash flows £000	At 31 March 2023 £000
	£000		
Cash at bank and in hand	455	1,339	1,794
Debt due within 1 year	(34,939)	-	(34,939)
Debt due after 1 year	(24,392)	84	(24,308)
Finance leases	(149)	116	(33)
	<u>(59,025)</u>	<u>1,539</u>	<u>(57,486)</u>

21. Operating lease commitments

At 31 March 2023 the Company had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2023 £000	2022 £000
Not later than 1 year	120	85
Later than 1 year and not later than 5 years	52	33
	<u>172</u>	<u>118</u>

The following lease payments have been recognised as an expense in the Statement of financial activities:

	2023 £000	2022 £000
Operating lease rentals	<u>206</u>	<u>129</u>

22. Capital and other financial commitments

The Company has an overdraft facility of £1,000,000 (2022: £2,000,000).

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

23. Trustees interests in contracts and related party transactions

Details of Trustees' remuneration are given in note 9 above.

Four Trustees serve as Trustees for both the Victoria Foundation and the New Victoria Hospital: Mr G A R Ball, Mr J A Hamblin, Mr M A Matthews and Mr A R Cooke.

Mr Ball is a director and shareholder of Control Account Plc, a company which provides specialist debt collection services to hospitals and which provided £7,477 of services to the Hospital during the year (2022 - £9,816). At 31 March 2023, the company owed Control Account Plc £Nil (2022 - £Nil).

Mr Curtis, Dr A Ravalia and Mr Willson, who have all held the position of Medical Director at the Hospital, are also consultants with practising privileges at the Hospital. As consultant surgeons, they act as independent contractors and not as agents of the Hospital and as such do not provide services to the Hospital. They also use the medical facilities, which are made available to all consultants who use the Hospital including the hire of consulting rooms on a sessional basis. The Hospital provides these facilities to them on the same commercial terms as to other consultants.

Mr Willson was appointed Medical Director in July 2020 and is now a member of the Executive Management Team at the Hospital.

24. Controlling party

The Company's ultimate controlling party is The Victoria Foundation, a company limited by guarantee and a registered charity. The registered office of The Victoria Foundation is St David's House, 15 Worple Way, Richmond-upon-Thames, Surrey, TW10 6DG and its registered charity number is 292841 and company number is 01946612. The principle activities of the entity are the funding of charitable healthcare activities through grants and the operation of its wholly owned subsidiary, The New Victoria Hospital Limited.