

The
Black Stork
Charity



DNRC
REPAIRING
OUR SERIOUSLY
WOUNDED

THE BLACK STORK CHARITY (The DNRC Charity)

Trustees' Annual Report and
Financial Statements for the
year ended 31 March 2023

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Chairman's introduction

In my last report I indicated that the principal activity of the Charity was now its 'enabling' activity to ensure that the significant second component of the overall DNRC Programme occurred on time – i.e. the National Rehabilitation Centre (NRC) which would be funded by government with construction starting in early 2023 to meet the target of the first patients being treated by the end of 2024. 'Enabling' has certainly remained the key activity in this period, but progress has been slower than anticipated. Essentially, NHS process which is at the heart of achieving that target has been very slow moving. However the clinical sponsor, Nottingham University Health Trust (NUH), has continued to play its part in finding a way through the process, delivering the essential items like the Outline Business Case (OBC) and the Full Business Case (FBC) to a high standard on time. There are, however, 4 independent layers above NUH scrutinising the OBC and FBC: the New Hospital Programme (NHP); NHS England (NHSE); the Department of Health and Social Care itself (DHSC) and the Treasury. Each has conducted its own scrutiny with NHSE becoming acquainted with much of the NRC concept at a late stage. The Treasury undertook to conduct its scrutiny quickly and delivered on its promise. It granted clearance on 24 July 2023 but that was followed by a wide range of NHSE conditions before NUH was authorised to exchange the contract with its construction partner (Integrated Healthcare Project – IHP). On 21 September 2023, the Government formally confirmed that the NRC will be built, which will lead to the contract being signed and an Agreement for Lease to follow. Fortunately, the Charity constructed the approach road across its land to facilitate construction in advance – so enabling work started early this year. However, the target of patients being treated at the end of 2024 is no longer feasible – but should be achievable early in 2025.

It is worth recalling that the original estimate of the time needed for NHS processes to authorise Government funding of construction of the NRC was 2 years. In the event it has taken over 4½ years (one month only being attributable to Covid). Setting aside costs to the taxpayer arising from such extended processes, there has been considerable cost to the Charity not least in legal charges where NHS consideration of the issues was very drawn out.

Whilst it is heartening that construction is now underway, it is not the end of the journey. In the next 18 months the conceptual basis conceived at the outset in 2010 must be confirmed in terms of sharing facilities and expertise with the MoD to mutual benefit and development of the NRC as a 'national hub' (not least in terms of training and R&D) in order to establish the principle of 'spokes' around the country in the following decades. In addition to creation of a 21st century rehab capability for the armed forces, the inclusion in the DNRC Programme of the creation of a truly national rehab 'hub' will be a very significant legacy for the Grosvenor family, the Charity and the country. It promises to transform totally the way in which specialist rehab is done in this country with huge benefits for individuals and the national workforce – not least, as it turns out, in the changed circumstances following COVID. Consequently the trustees intend to continue with the DNRC Programme until the NRC opens in early 2025. Until then, 'enablement' will principally be achieved via the re-vamped NRC Board on which the DNRC Programme Director sits.



Mark Preston
9 October 2023

Trustees' annual report

The Trustees are pleased to present their annual report and the audited consolidated financial statements of The Black Stork Charity (also known as 'The DNRC Charity') for the year ended 31 March 2023.

The Charity changed its accounting reference date to 31 March during the prior period, with the comparative results being for the fifteen months ended 31 March 2022.

The Trustees' report also satisfies the requirement for a strategic report.



The Defence rehab establishment on the eastern side of the estate – operational since 2018



The NHS rehab facility on the western side of the estate – under construction and expected to be operational in early 2025

Officers and professional advisers

Trustees and directors

Mark Preston (Chairman)
Anna Bond
Annabel Farbon

Registered office

70 Grosvenor Street
London
W1K 3JP

Registered company number 07619703

Registered charity number 1141934

Senior management

Director of the DNRC Programme	General Sir Timothy Granville-Chapman
Construction Executive	Stephen Brewer
Finance and Administrative Director	Catherine Fradley

Auditor

UHY Kent LLP trading as UHY Hacker Young
Thames House
Roman Square
Sittingbourne
ME10 4BJ

Legal advisor

Boodle Hatfield
240 Blackfriars Road
London SE1 8NW

Bankers

National Westminster Bank
Public Sector and Charities team
Parklands
3 De Havilland Way
Horwich
Bolton BL6 4YU

Review of achievements and plans for the future

The Defence Facility – fully established

There is little new to report on the activities of the DMRC as the establishment is now functioning in its fully developed state, having taken its first patients in 2018. It has been particularly active in the field of post-Covid recovery courses, given the premium that Defence needs to put on returning its people to work as quickly as possible. It also continues to be active in the research field – manifest in the activity of its Academic Department of Military Rehabilitation (ADMR).

As reported last year, there is a need to develop the sharing arrangements between the DMRC and the NRC and progress on this front has been slow. It will be vital that in the next 18 months development of this important conceptual requirement is accelerated as it will be an important component of the overall concept inherent in the DNRC Programme – outlined in the Chairman's introduction.

In this period, two significant 'snagging' issues have arisen which are being pursued with the original construction firm (now Tilbury Douglas having replaced Interserve) where the contract was on a 'design and build' basis. There is also the possibility of fire regulatory compliance issues having to be attended to in the light of the Grenfell Tower Inquiry.

The National opportunity - ongoing

In 2016 the DNRC Programme established the National Workstream Steering Group (NWSG) in the absence of the Government being able to undertake the development of the National element outlined in its 2014 Written Ministerial Statement. Consequently, there has been progress on the 'National' front in conceptual terms (2016 and 2017) and subsequently with the start of the NHS's own NRC Programme in January 2019. Coinciding with that 2019 starting point was:

- The gift from the Charity of the detailed planning permission for the NRC building with the associated Phase 2 plans.
- The comprehensive conceptual report done by KPMG in 2016/17 covering the complex issue of the macro socio-economic benefits accruing from a national rehab facility.
- The undertaking that the NHS would have a long lease of the appropriate estate land on the basis of a peppercorn rent.

From the outset it was agreed that the cost of 'enabling' the 'National' component of the overall DNRC Programme would fall to the Charity. A conservative estimate of the total cost of 'enabling' the creation of the NRC by the Charity since the commencement of the DNRC Programme to date is approximately £12.2m. This excludes the benefit to the NHS of only paying a peppercorn rent over the period of the lease (65 years) – estimated to be in the region of £4.8m.

As the Chairman has outlined in his introduction, since the NHS process to ensure construction of the NRC has taken 4½ years rather than the estimated 2 years, it is now certain that the target of treating the NRC's first patients at the end of 2024 will be missed but it is likely to be achieved in early 2025. As the Chairman also points out, the next 18 months will now be critical in terms of developing the full *concept* for the NRC given that practically all the emphasis in the past 4 years has been on construction.

Review of achievements and plans for the future (continued)

The National opportunity (continued)

This task will fall to the re-revamped NRC Board on which the DNRC Programme Director sits. That Board will have 2 principal functions: one is to take reports from the Delivery Board on progress on construction and consider allocation of the contingency fund controlled by the NHP; the second is to take very detailed interest in the work being undertaken by what will be termed the 'National Ambition Workstream'. The working groups in that workstream will cover:

- Development of the clinical capability required to put the nation on a different footing as far as specialist rehabilitation is concerned. This has been a serious deficiency in the NHS since its creation but it is what must be put right in the NRC. Progress on this front has been encouraging in the last 12 months with the British Society of Rehabilitation Medicine coming out in full support of the NRC concept and the need to develop every aspect of this capability.
- Creation of a specialist rehabilitation workforce to be in place in time for the first patients to be treated in early 2025. Progress on this front has also been particularly encouraging with the establishment for the first time of Advanced Clinical Practitioners (ACPs) in rehab as well as development of other suitably qualified people. This has in large measure been funded by diversion of a substantial sum (£1.5M) from a major donor's gift to the DNRC Programme. Progress in this field has been achieved in conjunction with Loughborough and Nottingham Universities.
- Academia. It will be essential in training terms to establish a partnership with approximately 20 universities which are well placed to contribute to such training which, in rehab terms, is likely to be far more varied and wide-ranging than is currently the case – not least, embracing modern technology. Whilst such a partnership is embryonic, it is insufficiently developed and consequently a specific chairman is being appointed to move this subject on rapidly.
- R&D. R&D is clearly allied to academia but will be developed to a greater degree than hitherto. It has always been the intention that the research undertaken by the MOD, which has been given new impetus following the scale of injuries from Afghanistan and Iraq, will feature prominently, but it needs to range far wider than is currently in place and the opportunities exist.
- Consolidation of the case for the 'national hub'. The 'national hub' component was a significant part of the NRC concept from the outset in 2010 with a view to spawning 'spokes' across the country about 5 years after the NRC's opening. In the course of preparing the FBC for the Treasury, the NRC's cost benefit ratio was revealed as yielding very impressive benefits not least in the macro socio-economic realm. However, the 'national hub' case needs to be consolidated as one highly convincing argument available when the NRC opens in order that it can be developed in practical terms in the following 5 years in support of the first 'spokes' being considered.

Review of achievements and plans for the future (continued)

The National opportunity (continued)

The latest aerial architectural impression of the NRC viewed from the south is shown below.



And also from the north.



The future fulfilment of the DNRC concept

To fulfil the DNRC concept of 2 rehab establishments operating close by on the same site, the Defence facility (opened in 2018) has been granted a 50 year lease on a peppercorn rent to operate the facility within a defined curtilage. A similar arrangement will be made with the NUH in relation to the space it will occupy 400 metres away, but on this occasion the lease will be for 65 years with an opportunity at the 60 year point for a new lease for a further 34 years to be considered. The 65 year lease will be granted to NUH in the first instance as an Agreement for Lease (AfL) following the exchange of contracts between NUH and its construction partner when the Charity will assign planning rights to allow NHS construction to proceed. The actual lease will not be granted until construction is complete and the NHS is about to accept its first patients.

The running of the rehabilitation estate including the maintenance of the specific rehabilitation facilities (such as trim trails, cycle tracks etc) falls to the Charity. A service charge is levied against the MOD (and in future the NUH as well) to help defray the cost of such maintenance. The relationship with the existing tenant (the MOD) is currently managed by BS Stanford Limited (BSS) through regular meetings on site and is outlined in the lease. A similar arrangement will be instituted with NUH when it also becomes a tenant.

The DNRC Programme will have fulfilled its remit when the NRC opens and admits its first patients (now planned for early 2025) as that moment will mark the achievement of the 6th Duke of Westminster's initiative embarked upon in 2010 and will be his lasting legacy. At that stage the DNRC Programme will formally be wound up and continuance of the Duke's legacy will be vested in the Charity as the landlord of the estate for both tenants.

Financial review

Total income for the year decreased by £11.2m to £4.0m (15 months ended 31 March 2022: £15.2m).

Donations of £1.6m (15 months ended 31 March 2022: £14m) decreased by £12.4m largely due to a one off gift of £9.5m and £2.4m gift aid received in the prior period. Other donations as in the prior period represented pledge instalments received in respect of the DNRC Programme. A donation of £150k received (15 months ended 31 March 2022: £150k) will be applied towards educational provision in connection with the NRC and has been accounted for as a restricted donation as in prior accounting periods.

Income from charitable activities was £1.1m (15 months ended 31 March 2022: £1.1m). This income is received from the MOD, as tenant, towards maintenance of the Defence facility and Stanford Hall Rehabilitation Estate (SHRE) grounds to ensure they remain in excellent condition for the rehabilitation of patients of the facility. It is treated as restricted income and recognised to the extent relevant expenditure is incurred. Amounts received from the MOD which are not spent during the year are held as a creditor until used to fund future expenditure.

Income from trading activities increased by £1.2m to £1.3m (15 months ended 31 March 2022: £0.1m). This is due to £1.2m of NRC enablement costs invoiced to NUH in the year in respect of NRC entrance works which were undertaken by BS Stanford Limited as contractor but reimbursable in full by NUH.

Expenditure on raising funds reduced to £2k (15 months ended 31 March 2022: £17k), being ongoing costs relating to stewardship of major donors and collection of pledge instalments following the closure of the DNRC fundraising campaign in 2019.

Expenditure on charitable activities totalling £3.2m (15 months ended 31 March 2022: £2.4m) was £0.8m higher. The increase is mainly due to £1.2m NRC entrance works construction costs as noted above, £0.3m higher NRC enabling expenditure due to staff training and educational provision in advance of the facility opening (funded from restricted donations) offset by £0.4m decreased staff costs following the streamlining of the Charity in the prior period and lower expenditure due to the shorter accounting period.

Financial review (continued)

Capital expenditure on charitable activities of £0.1m (15 months ended 31 March 2022: £0.3m) mainly comprised the purchase of land adjacent to the Estate required for construction of the NRC entrance. The prior period reflected the final stages of investment in construction and 'snagging' activity for the Defence Facility. A £3m repayment of bridging facilities in respect of the Defence facility was also made during the year.

Consolidated net assets of £268.8m (31 March 2022: £268.1m) represent the investment in fixed assets and the reserves necessary to continue the delivery of the DNRC Programme and therefore fulfils the charity's responsibilities for maintaining the Stanford Hall Rehabilitation Estate for use by the Defence, and in due course, NHS patients.

Reserves policy

The Trustees reviews the Charity's reserves policy annually, taking into account planned activities and forecast expenditure required to deliver these plans. Following the completion of the Defence Facility, the Charity's main objectives are collection of outstanding fundraising pledges (which will be used to repay the balance remaining under the loan facility), liasing with the MOD as tenant to ensure the DMRC is able to operate with continued success, and working with the NHS to enable the NRC.

The general reserve held of £2.2m (31 March 2022: £4.2m), together with anticipated donation pledges, will be used to deliver these objectives and associated overhead costs. The balance is lower than the prior year due to the £3m partial repayment of bridging facilities funded from reserves brought forward and donations received in the year. As there are no significant financial commitments in respect of either the Defence or NRC facilities, the trustees agreed to utilise part of the general reserve balance brought forward.

The trustees have assessed the level of future Charity expenditure required to enable the NRC and for ongoing management of the Stanford Hall Rehabilitation Estate and consider that the year end general reserve balance is more than sufficient.

Going concern

The trustees have recently considered forecast cashflows to March 2028. The Charity receives sufficient income from the MOD as tenant to meet expenditure on the Defence Facility and wider Stanford Hall Rehabilitation Estate. As the construction costs of the NRC are being funded by the NHS, the Charity has no significant financial commitments or operating costs.

The trustees have considered the level of unrestricted funds and facilities available and have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from the date of signing these accounts. Accordingly, the accounts have been prepared on the basis that the Group is a going concern.

Post balance sheet events

There have been no significant events affecting the Charity since 31 March 2023.

Structure, governance and management

Charity governance

The Black Stork Charity is a UK company limited by guarantee (not having share capital) and a registered charity in England and Wales, governed by its Articles of Association dated 3 May 2011. It is registered with Companies House and the Charity Commission and must comply with the Companies Act 2006 and the Charities Act 2011.

The Charity has one wholly owned subsidiary at 31 March 2023, the details of which are given in note 15 of the financial statements.

The Charity is also known as 'The DNRC Charity'.

Charitable objects

The objects of the Charity, as set out in the Articles of Association, are the advancement of health through:

- the provision of assistance in the treatment and care of persons who are currently serving in the Armed Forces of the Crown and Commonwealth and who have been wounded or injured or suffered illness while serving in the Armed Forces by the provision of facilities, equipment or services for their rehabilitation;
- the promotion generally of rehabilitation medicine (being defined as the application of medical skill to the diagnosis and management of disabling disease and injury of whatever cause and affecting any system of the body) including research into rehabilitation medicine and the publication of the useful results thereof;
- the provision of facilities, equipment or services to restore persons (regardless of profession) who have experienced a disabling disease or injury to optimum physical and psychological function and to promote their vocational rehabilitation (that is to provide assistance (of whatever kind) to enable such persons to return to and remain in appropriate work); and
- the promotion of such purposes as shall be charitable for public benefit.

Board of Trustees

The Board of Trustees is responsible for the governance of the Charity and ensuring that its activities comply with UK law and its agreed charitable objects. It sets the strategy for the Charity, the responsibility for the execution of which is delegated to the senior management team of the Charity (detailed on page 3) principally through the Programme Director. The Board convened three times during the financial year and it receives reports from the Senior Management team covering all financial and Programme governance matters.

The Memorandum and Articles of Association provide that the Charity has a minimum of three and a maximum of twelve trustees.

The Charity has a sole member who approves trustee appointments.

The trustees and directors who served during the year and since the year end are noted below.

Mark Preston (Chairman)

Anna Bond

Annabel Farbon

All new trustees undertake a comprehensive induction process designed to enable them to contribute effectively as soon as possible. The induction covers all aspects of the role and the organisation and also includes information required to fulfil their legal duties. Training is also available to Trustees if required.

Statement of Trustees' responsibilities

The trustees (who are also directors of The Black Stork Charity for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 the group and of the incoming resources and application of resources, including the income and expenditure of the charitable group 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 the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

The trustees are responsible for keeping adequate 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on 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.

DNRC Programme governance

The BSC's charitable objects are currently achieved through the execution of the DNRC Programme. The Programme is unusual in involving a charity working directly with Government and is run on OGC (The Office of Government Commerce) lines to make the interaction as straightforward as possible. The interface with Government now principally involves the Ministry of Defence (MOD), Department of Health and Social Care (DHSC), NHS England (NHSE), and the New Hospital Programme (NHP).

There is also engagement with the appropriate local government in the East Midlands Region, notably the Rushcliffe planning authority and Nottinghamshire County Council relating to the development of the SHRE and now the NRC.

The Charity owns the freehold title to the SHRE which was purchased by the 6th Duke of Westminster in 2011 and subsequently gifted to the Charity specifically to permit fulfilment of the DNRC Programme. It created its own operating company BS Stanford Ltd (BSS) in the same year to allow it to develop the estate in planning and construction terms. The DNRC Programme Director together with BSS are fully involved in 'enabling' the NRC Programme, not least now in relation to the forthcoming NRC construction.

Structure, governance and management (continued)

Risk management

Significant risks to which the trustees believe the Charity is exposed have been reviewed and systems and procedures established to identify, evaluate and manage those risks. The senior team who lead on the assessment and management of risk have developed an assurance framework for reporting to the Board. Risk registers are updated with a formal review of the main high level risks also undertaken by the Board. The Programme Director's report, considered at each trustee meeting, includes an update on the significant risks actively being managed by the team. The trustees have designed this cascading approach to ensure that risks are managed as effectively as possible.

Principal risks and uncertainties

There are no longer foreseeable risks associated with the Defence establishment where 'snagging', delayed somewhat by Covid, is now complete. The risk of delay to the NRC construction programme has now materialised and it is known that the first patients will not be treated until early 2025 as opposed to late 2024.

Senior management remuneration policy

One of the three members of the senior management team was employed by the Charity throughout the year. The other two senior managers were donated free of charge – additional disclosure is made in the notes to the financial statements.

The remuneration policy covers all employees and is the responsibility of the Trustees. It takes into account factors such as performance and salaries paid in comparable organisations.

Investment policy

The investment principle is to achieve the secure investment of excess cash resources of a short term nature, diversified to ensure limited concentration of investment. The principle has been achieved during the year.

Assets are safeguarded by investing with approved counterparties. Investments are risk averse and non-speculative and the Charity places no income reliance on interest earned. The Charity has met its investment return objective which is to ensure that investments earn a market rate of interest consistent with its investment principle.

Public benefit

The trustees confirm that they have paid due regard to the public benefit guidance published by the Charity Commission and have referred to this guidance when reviewing their aims and objectives and in planning future activities.

In preparing this report and the accounts, the trustees have demonstrated their compliance with the requirements set out in the guidance by:

- providing a review of the significant activities undertaken by the Charity to carry out its purposes for the public benefit;
- providing details of purposes and objectives;
- providing details of the strategies adopted and activities undertaken to achieve the purposes and objectives; and
- providing details of the achievements by reference to the purposes and objectives set.

Structure, governance and management (continued)

Disclosure of information to the auditor

The trustees who held office at the date of approval of the Trustees' Report confirm that, in so far as they are each aware, there is no relevant audit information of which the Charity's auditor is unaware, and each trustee has taken all the steps that he/she ought to have taken as a trustee to make himself/herself aware of any relevant information and to establish that the Charity's auditor is aware of that information. This information is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Auditor

UHY Kent LLP trading as UHY Hacker Young were appointed as auditor in January 2023. A resolution for the reappointment of UHY Kent LLP as the Charity's auditor will be proposed at a future Trustee meeting.

The Trustees' annual report including strategic report were approved by the Board of Trustees (in their capacity as company directors) on 9 October 2023 and signed on its behalf by:



Mark Preston - Chairman

**Financial statements
for the year ended 31 March 2023**

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE BLACK STORK CHARITY

Opinion

We have audited the financial statements of the Black Stork Charity (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 31 March 2023 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Charity Group Balance Sheet, Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 group's and of the parent charitable company's affairs as at 31 March 2023 and of the group's 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.

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 group 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 group or parent 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 other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the 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.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE BLACK STORK CHARITY (continued)

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 or a material misstatement of the other information. 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 our audit:

- the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report 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 group and the parent charitable company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the trustees' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company 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' exemption 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 set out on page 10, the trustees 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 group's and the parent 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 group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE BLACK STORK CHARITY (continued)

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:

- we identified the laws and regulations applicable to the charity through discussions with management, and from our commercial knowledge and experience in the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the accounts or the operations of the charitable company, including the Charities Act 2011 and the Companies Act 2006;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting correspondence; and
- identified laws and regulations were communicated within the audit team and the team remained alert to instances of non-compliance throughout the audit.

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 management 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;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies 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 financial statement disclosures to underlying supporting documentation;
- reading minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims.

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE BLACK STORK CHARITY (continued)

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 for the audit of the financial statements is located on the Financial Reporting Council's website at: <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.



Allan Hickie BSc FCA (Senior Statutory Auditor)
For and on behalf of UHY Kent LLP

Thames House
Roman Square
Sittingbourne
Kent. ME10 4BJ

Date: 18 October 2023

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (including consolidated income and expenditure account) Year ended 31 March 2023

	Notes	Unrestricted funds £	Restricted funds £	Total funds year ended 31 March 2023 £	Total funds 15 months to 31 March 2022 £
INCOME FROM:					
Donations	3	1,420,976	150,000	1,570,976	14,009,094
Charitable activities	4	-	1,074,227	1,074,227	1,121,063
Investments - bank interest		8,025	1,652	9,677	2,642
Trading activities	5	1,306,285	-	1,306,285	105,185
TOTAL INCOME		<u>2,735,286</u>	<u>1,225,879</u>	<u>3,961,165</u>	<u>15,237,984</u>
EXPENDITURE ON:					
Raising funds	6	(2,193)	-	(2,193)	(16,754)
Charitable activities	7	(1,703,354)	(1,546,328)	(3,249,682)	(2,422,723)
TOTAL EXPENDITURE		<u>(1,705,547)</u>	<u>(1,546,328)</u>	<u>(3,251,875)</u>	<u>(2,439,477)</u>
NET INCOME FOR THE YEAR/PERIOD BEING NET MOVEMENT IN FUNDS	9	1,029,739	(320,449)	709,290	12,798,507
Total funds brought forward		<u>267,574,814</u>	<u>493,681</u>	<u>268,068,495</u>	<u>255,269,988</u>
Total funds carried forward	22/23	<u>268,604,553</u>	<u>173,232</u>	<u>268,777,785</u>	<u>268,068,495</u>

There were no other recognised gains or losses other than those listed above and the net income for the year. All income and expenditure derives from continuing operations.

See note 20 for comparative consolidated statement of financial activities analysed by funds.

BALANCE SHEETS

At 31 March 2023

		2023		2022	
	Notes	Group £	Charity £	Group £	Charity £
Fixed assets					
Tangible assets	12	916,861	917,295	956,495	956,929
Investments – social investments	13	271,306,246	279,000,421	271,256,246	278,950,421
Investments – investment property	14	1,130,000	1,130,000	1,130,000	1,130,000
Investments – subsidiary undertakings	15	-	120,000	-	120,000
		273,353,107	281,167,716	273,342,741	281,157,350
Current assets					
Debtors: amounts falling due within one year	16	276,719	45,604	2,520,641	2,476,830
Cash at bank and in hand	17	8,095,898	8,044,624	6,473,925	6,394,718
		8,372,617	8,090,228	8,994,566	8,871,548
Creditors: amounts falling due within one year	18	(2,041,917)	(1,876,841)	(1,484,273)	(1,481,254)
NET CURRENT ASSETS		6,330,700	6,213,387	7,510,293	7,390,294
Creditors: amounts falling due after one year	19	(10,906,022)	(10,906,022)	(12,784,539)	(12,784,539)
NET ASSETS		268,777,785	276,475,081	268,068,495	275,763,105
FUNDS					
Unrestricted funds					
General funds		2,251,446	2,134,133	4,244,932	4,124,933
Designated funds		266,353,107	274,167,716	263,329,882	271,144,491
Total unrestricted funds	22	268,604,553	276,301,849	267,574,814	275,269,424
Restricted funds	23	173,232	173,232	493,681	493,681
TOTAL FUNDS		268,777,785	276,475,081	268,068,495	275,763,105

The surplus of the parent charity for the year ended 31 March 2023 for Companies Act purposes is £711,976 (15 months ended 31 March 2022: £12,806,944).

The financial statements of The Black Stork Charity, Charity Number 1141934, Company Number 07619703, were approved by the Board of Trustees and authorised for issue on 9 October 2023.

They were signed on its behalf by:



Mark Preston (Chairman of Trustees)

CONSOLIDATED CASHFLOW STATEMENT

Year ended 31 March 2023

	Notes	Unrestricted funds £	Restricted funds £	Total funds year ended 31 March 2023 £	Total funds 15 months to 31 March 2022 £
Net cash flow from operating activities	21	4,974,736	(307,590)	4,667,146	10,411,845
Cash flows from investing activities					
Interest received		9,677	-	9,677	2,642
Purchase of vehicles, plant & equipment		(4,850)	-	(4,850)	-
Purchase of social investment related property		(50,000)	-	(50,000)	(281,237)
Net cash used in investing activities		(45,173)	-	(45,173)	(278,595)
Cash flows from financing activities					
Cash outflows from loans repaid		(3,000,000)	-	(3,000,000)	(13,000,000)
Net cash used in financing activities		(3,000,000)	-	(3,000,000)	(13,000,000)
Net increase/(decrease) in cash and cash equivalents		1,929,563	(307,590)	1,621,973	(2,866,750)
Cash and cash equivalents at beginning of year		5,993,103	480,822	6,473,925	9,340,675
Cash and cash equivalents at end of year	17	7,922,666	173,232	8,095,898	6,473,925

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

1. ACCOUNTING POLICIES

(a) Company and charitable status

The Black Stork Charity, a public benefit entity, is incorporated in the United Kingdom and registered in England and Wales as a company limited by guarantee not having a share capital. At the end of the year there was a sole member and three Trustees of the Charity. The member has undertaken to contribute to the assets in the event of winding up a sum not exceeding £1. The Charity is a registered charity under the Charities Act 2011. The registered office is given on page 3.

(b) Basis of accounting

The financial statements are prepared under the historical cost convention modified to include certain items at fair value, in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities (Charities SORP (FRS102)) (Second Edition – October 2019)" applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The principal accounting policies are set out below.

(c) Preparation of financial statements – going concern basis

The Group's activities, together with the factors likely to affect its future development, performance and position are set out in the Trustees' Report which also describes the financial position of the Group including its net assets and reserves policy. Taking these into consideration, and having reviewed future cashflows, the level of unrestricted funds and loan facilities available, the Trustees have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Therefore, they continue to adopt the going concern basis of accounting in preparing the annual report and financial statements.

(d) Basis of consolidation

The financial statements have been prepared in respect of the Charity and its wholly owned subsidiary undertaking BS Stanford Limited, a company incorporated and registered in England and Wales. These financial statements have been consolidated on a line-by-line basis and the results of the subsidiary undertaking are disclosed in note 15. The consolidated entity is referred to as 'the Group'. The Charity has taken advantage of the exemption in section 408 of the Companies Act from disclosing its individual statement of financial activities.

(e) Statement of cash flows

The Charity has taken advantage of the exemption in FRS 102 from preparing a statement of cash flows, on the basis that it is a qualifying entity and the Group statement of cash flows included in these financial statements includes the cash flows of the Charity.

(f) Fund accounting

The Charity maintains restricted and unrestricted funds.

General reserves are unrestricted funds that are available for use at the Trustees' discretion in furtherance of the objectives of the Charity.

Designated funds are unrestricted funds that are set aside at the discretion of the Trustees for specific purposes.

Unrealised investment gains are unrestricted funds resulting from fair value movements on investment properties.

Restricted funds represent grants and donations received which are to be used in accordance with specific restrictions imposed by the donor. Funds received from the use of Social Investment assets also have restrictions applied to them and are therefore accounted for as restricted funds.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

1. ACCOUNTING POLICIES (continued)

(g) Income

Income is recognised when the Group and the Charity has entitlement to the funds, any performance conditions attached to the items of income have been met, it is probable that the income will be received and the amount can be measured reliably.

The following accounting policies are applied to income:

Donations and all other receipts from fundraising are included in income when these are receivable.

Donated services and donated facilities are recognised as income when the Charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the Charity of the item is probable and that economic benefit can be measured reliably.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the Charity which is the amount the Charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

Income from charitable activities represents two charges payable by the MOD under the lease of the Defence facility. The Estate Service Charge, which represents a contribution towards the costs of maintaining the Stanford Hall Rehabilitation Estate grounds, is accounted for when receivable. The Life Cycle Charge, which relates to the maintenance of the Defence facility buildings, is accounted for when the Charity is entitled to the income which occurs when the corresponding expenditure is incurred. Payments in advance of entitlement to the income are included as a restricted fund creditor.

Trading activities includes rental income from investment properties, other parkland income and BS Stanford turnover largely comprising NRC enabling expenditure reimbursed by Nottingham University Hospitals (NUH).

Investment income in the form of bank interest is accounted for when receivable.

(h) Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

Expenditure on raising funds includes the costs incurred in collecting outstanding pledges from the fundraising campaign and ongoing stewardship of major donors.

Expenditure on charitable activities includes direct costs related to the objectives of the Charity.

Support costs are those functions that assist the work of the Charity but do not directly undertake charitable activities. Support costs include finance, personnel and governance costs which support the Charity's activities. These costs have been allocated between cost of raising funds and expenditure on charitable activities. The bases on which support costs have been allocated are set out in note 8. Governance costs comprise costs relating to the public accountability of the Charity and its compliance with regulation and good practice including audit and legal fees.

(i) Taxation

The parent company is a registered charity and has no liability to corporation tax on its charitable activities under the Corporation Tax Act 2010 (chapters 2 and 3 of part ii, section 466 onwards) or Section 256 of the Taxation for Chargeable Gains Act 1992, to the extent surpluses are applied to its charitable purposes.

Current tax for the subsidiary company, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

1. ACCOUNTING POLICIES (continued)

(i) Taxation (continued)

future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

(j) Tangible Fixed Assets

Tangible fixed assets are stated at cost, net of depreciation and any provisions for impairment. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows:

Freehold buildings: residential lodges – 2% per annum

Freehold buildings: Stanford Hall Rehabilitation Estate office – 2.5% per annum

Vehicles, plant and equipment - 25% per annum

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

(k) Fixed Asset Investments

Social investment

Social investments include programme related investments which are held specifically to enable a third party to undertake particular activities using the asset that contribute to the investing charity's charitable purposes. The Charity holds a social investment property to fulfil its charitable objectives. The social investment property is stated at cost net of depreciation and any provisions for impairment. Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life. Residual value represents the estimated fair value of the asset expected at the end of its useful life. No depreciation is provided for on the social investment due to the anticipated high residual value which would result in immaterial depreciation for the asset. An impairment review is carried out annually.

Investment properties

Investment properties are held to earn rental income or for capital appreciation and are measured at fair value annually with any change recognised in the Statement of Financial Activities.

Investment in subsidiary

In the parent charity balance sheet, investments in subsidiary undertakings are measured at cost less impairment.

(l) Foreign Currency

The functional currency of the Charity and Group is pound sterling. Transactions denominated in foreign currencies are recorded at the exchange rate ruling on the date of the transaction.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

1. ACCOUNTING POLICIES (continued)

(m) Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

The Charity and Group only have financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due. Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account. Creditors and provisions are recognised where the Charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

(n) Leases

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 1, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Trustees do not consider there are any critical accounting judgements, other than those noted below involving estimations, applied in the preparation of the accounts.

Key sources of estimation uncertainty

a) Valuation of investment property

An independent external valuation of the three investment properties was undertaken in December 2019 on the basis of market value for existing use in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation Global Standards 2017. A desk top valuation by the same valuer was undertaken for the purposes of these financial statements which considered market data for property in the locality. As a result, the Trustees consider the carrying valuation of investment property to be appropriate.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

3. ANALYSIS OF INCOME FROM DONATIONS

Year ended 31 March 2023	Unrestricted funds £	Restricted funds £	Total funds £
Donations	1,117,379	150,000	1,267,379
Donated services	303,597	-	303,597
	<u>1,420,976</u>	<u>150,000</u>	<u>1,570,976</u>

15 months to 31 March 2022	Unrestricted funds £	Restricted funds £	Total funds £
Donations	13,499,555	150,000	13,649,555
Donated services	359,539	-	359,539
	<u>13,859,094</u>	<u>150,000</u>	<u>14,009,094</u>

The donated services reflect the provision of professional services and facilities by organisations keen to support the Charity.

4. ANALYSIS OF INCOME FROM CHARITABLE ACTIVITIES

Year ended 31 March 2023	Unrestricted funds £	Restricted funds £	Total funds £
Life Cycle Charge	-	657,469	657,469
Estate Service Charge	-	416,758	416,758
	<u>-</u>	<u>1,074,227</u>	<u>1,074,227</u>

15 months to 31 March 2022	Unrestricted funds £	Restricted funds £	Total funds £
Life Cycle Charge	-	635,083	635,083
Estate Service Charge	-	485,980	485,980
	<u>-</u>	<u>1,121,063</u>	<u>1,121,063</u>

The provision of the DMRC to the MOD satisfied the Charity's objects with the lease agreement facilitating charitable activities at the site. The lease also generates income from charitable activities for the Charity in the form of charges payable by the MOD. The above charges were receivable and are restricted as required under the lease. The Life Cycle Charge was applied against maintenance costs at the Defence facility and the Charity recognises this income as costs are incurred. The Estate Service Charge was receivable towards the upkeep of the Stanford Hall Rehabilitation Estate grounds which provide an important part of the treatment process for Defence facility patients.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

5. ANALYSIS OF INCOME FROM TRADING ACTIVITIES

Year ended 31 March 2023	Unrestricted funds £	Restricted funds £	Total funds £
Turnover	1,250,702	-	1,250,702
Rental & parkland income	55,583	-	55,583
	<u>1,306,285</u>	<u>-</u>	<u>1,306,285</u>
15 months to 31 March 2022	Unrestricted funds £	Restricted funds £	Total funds £
Turnover	31,524	-	31,524
Rental & parkland income	73,661	-	73,661
	<u>105,185</u>	<u>-</u>	<u>105,185</u>

Turnover principally reflects expenditure reimbursed by Nottingham University Hospitals (NUH) during the year in respect of NRC enabling activity.

6. ANALYSIS OF EXPENDITURE ON RAISING FUNDS

The following expenditure has been incurred with the aim of raising funds, largely through the collection of pledge instalments relating to the DNRC Programme which enabled construction of the Defence Establishment.

	Year ended 31 March 2023 £	15 months to 31 March 2022 £
Advertising and awareness raising costs	-	165
Support costs (see note 8)	22	7,660
Other fundraising costs	<u>2,171</u>	<u>8,929</u>
	<u>2,193</u>	<u>16,754</u>

The above support costs include £nil (15 months to 31 March 2022: £1k) of donated services. The cost ratio to income for the period is 0.1% (15 months to 31 March 2022: 0.1%).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

7. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

Charitable activities relate to the furtherance of the Charity's objectives through the execution of the DNRC Programme and the 'enablement' of the establishment of the NRC, as explained in the Trustees Annual report. Current year costs include £1,222k expenditure incurred by the subsidiary company, BS Stanford Limited, in respect of NRC entrance works which is reflected in income from trading activities.

	Year ended 31 March 2023 £	15 months to 31 March 2022 £
Direct charitable costs	3,154,972	2,144,960
Support costs (see note 8)	94,710	277,763
	<u>3,249,682</u>	<u>2,422,723</u>

Included in these costs are donated services of £304k (15 months to 31 March 2022: £359k), £44k (15 months to 31 March 2022: £40k) of which are support costs.

8. ANALYSIS OF SUPPORT COSTS

Year ended 31 March 2023	Raising funds £	Direct charitable £	Total £	Basis of allocation
Governance	22	15,280	15,302	In line with activity
Finance	-	41,305	41,305	Allocated on time
Office, secretarial and HR	-	38,125	38,125	Allocated on time
	<u>22</u>	<u>94,710</u>	<u>94,732</u>	

15 months to 31 March 2022	Raising funds £	Direct charitable £	Total £	Basis of allocation
Governance	563	65,042	65,605	In line with activity
Finance	2,497	123,412	125,909	Allocated on time
Office, secretarial and HR	4,600	89,309	93,909	Allocated on time
	<u>7,660</u>	<u>277,763</u>	<u>285,423</u>	

Included in the above support costs are donated services of £44k (15 months to 31 March 2022: £40k).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

9. NET INCOME FOR THE YEAR/PERIOD

Net income is stated after charging:

	Year ended 31 March 2023 £	15 months to 31 March 2022 £
Depreciation of tangible fixed assets – owned	44,484	76,592
Auditor's remuneration:		
Fees payable to the Charity's auditor for the audit of the Charity's annual financial statements	11,940	12,600
Fees payable to the Charity's auditor for other services to the Group: the audit of the Charity's subsidiary	2,850	3,000

10. ANALYSIS OF STAFF COSTS, TRUSTEE REMUNERATION AND EXPENSES, AND THE COST OF KEY MANAGEMENT PERSONNEL

The average monthly number of employees was:

Group and Charity	Year ended 31 March 2023 No.	15 months to 31 March 2022 No.
Charitable activities	2	2
Support	-	2
	2	4

Their aggregate remuneration comprised:

Group and Charity	Year ended 31 March 2023 £	15 months to 31 March 2022 £
Wages and salaries	92,183	440,616
Social security costs	6,807	42,073
	98,990	482,689

Wages and salaries for the prior period included ex-gratia payments totalling £50.4k paid to three employees on termination of their employment, and in addition pay in lieu of notice of £45k paid to one of those employees.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

10. ANALYSIS OF STAFF COSTS, TRUSTEE REMUNERATION AND EXPENSES, AND THE COST OF KEY MANAGEMENT PERSONNEL (continued)

The number of Group employees whose emoluments, including benefits in kind but excluding pension contributions and employers' NI, were in excess of £60,000 was:

	Year ended 31 March 2023 No.	15 months to 31 March 2022 No.
£60,000 - £70,000	-	2
£80,000 - £90,000	-	1
£160,000 - £170,000	-	1

The senior management of the Group and Charity are listed on page 3. The total remuneration of those individuals totalled £287k (15 months to 31 March 2022: £523k), of which £234k (15 months to 31 March 2022: £295k) was not directly incurred by the Charity as their services were donated.

Trustees' Remuneration

No Trustee received remuneration during the year or the prior period. During the year to 31 March 2023 no Trustee received reimbursement of expenses (15 months ended 31 March 2022: £500 was paid to 1 Trustee).

11. TAX ON (LOSS) / PROFIT OF TRADING SUBSIDIARY

	Year ended 31 March 2023 £	15 months to 31 March 2022 £
UK corporation tax at 19% (15 months ended 31 March 2022: 19%) based on (loss) / profit for the year / period	-	-

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

11. TAX ON (LOSS) / PROFIT OF TRADING SUBSIDIARY (continued)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR / PERIOD

The tax assessed for the year is lower than (prior period: lower than) the standard rate of corporation tax of 19% (15 months ended 31 March 2022: 19%). The differences are explained below:

	Year ended 31 March 2023 £	15 months to 31 March 2021 £
(Loss) / profit before tax	(2,688)	5,441
Current tax charge for the year / period:		
(Loss) / profit at standard rate of corporation tax of 19% (15 months ended 31 March 2022: 19%)	(511)	1,034
Unprovided deferred tax	511	-
Tax relief for gift aid donation	-	(1,034)
	-	-

A deferred tax asset has not been recognised in respect of certain timing differences relating to losses carried forward as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £672 (31 March 2022: nil).

There is no expiry date on timing differences, unused tax losses or credits. The Finance Act which was enacted on 10 June 2021, provides for an increase in the current UK standard rate of corporation tax to 25% from 1 April 2023.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

12. TANGIBLE FIXED ASSETS

Group	Freehold land and buildings £	Vehicles / Plant and Equipment £	Total £
Cost			
At 1 April 2022	1,034,532	203,822	1,238,354
Additions	-	4,850	4,850
At 31 March 2023	1,034,532	208,672	1,243,204
Depreciation			
At 1 April 2022	99,845	182,014	281,859
Charge for year	23,493	20,991	44,484
At 31 March 2023	123,338	203,005	326,343
Net book value			
At 31 March 2023	911,194	5,667	916,861
At 31 March 2022	934,687	21,808	956,495
Charity			
Cost	£	£	£
At 1 April 2022	1,034,966	148,311	1,183,277
Additions	-	4,850	4,850
At 31 March 2023	1,034,966	153,161	1,188,127
Depreciation			
At 1 April 2022	99,845	126,503	226,348
Charge for year	23,493	20,991	44,484
At 31 March 2023	123,338	147,494	270,832
Net book value			
31 March 2023	911,628	5,667	917,295
31 March 2022	935,121	21,808	956,929

Freehold land and buildings consist of properties occupied by the Charity for its own purposes.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

13. SOCIAL INVESTMENTS

Group	Defence Establishment £	Stanford Hall Rehabilitation Estate £	Total £
Cost			
At 1 April 2022	266,935,076	4,321,170	271,256,246
Additions	-	50,000	50,000
At 31 March 2023	<u>266,935,076</u>	<u>4,371,170</u>	<u>271,306,246</u>
Depreciation			
At 1 April 2022 and at 31 March 2023	<u>-</u>	<u>-</u>	<u>-</u>
Net book value			
31 March 2023	<u>266,935,076</u>	<u>4,371,170</u>	<u>271,306,246</u>
31 March 2022	<u>266,935,076</u>	<u>4,321,170</u>	<u>271,256,246</u>
Charity			
Cost			
At 1 April 2022	274,601,489	4,348,932	278,950,421
Additions	-	50,000	50,000
At 31 March 2023	<u>274,601,489</u>	<u>4,398,932</u>	<u>279,000,421</u>
Depreciation			
At 1 April 2022 and at 31 March 2023	<u>-</u>	<u>-</u>	<u>-</u>
Net book value			
31 March 2023	<u>274,601,489</u>	<u>4,398,932</u>	<u>279,000,421</u>
31 March 2022	<u>274,601,489</u>	<u>4,348,932</u>	<u>278,950,421</u>

The Defence establishment asset is leased to the Ministry of Defence under an operating lease with peppercorn annual rent. Borrowing costs amounting to £4.4m (15 months to 31 March 2022: £4.4m) have been included in the cost of the Defence establishment. The Stanford Hall Rehabilitation Estate asset comprises the remainder of the estate on which the Defence facility is situated. This land includes running tracks and outdoor exercise areas on varied terrain and is an important element in the treatment process for Defence establishment patients.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

14. INVESTMENT PROPERTY

Valuation	Group £	Charity £
At 1 April 2022 and at 31 March 2023	1,130,000	1,130,000

Investment property consists of three properties (15 months to 31 March 2022: three properties) on which rental income is earned.

All investment properties were valued as at 31 December 2019 by independent external valuers. The valuations were carried out on the basis of market value for existing use in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation Global Standards 2017 and were performed by Strutt & Parker. Trustees deem that investment property values will not have changed materially by 31 March 2023 and the properties therefore continue to be carried at the valuation amounts.

15. SUBSIDIARY UNDERTAKING

Charity	2023 £	2022 £
Subsidiary undertaking	120,000	120,000

The investment relates to the entire ordinary share capital of BS Stanford Limited, a company incorporated in the United Kingdom and registered in England and Wales (registration number 7489494). The registered office of BS Stanford Ltd is 70 Grosvenor Street, London, W1K 3JP. The principal activity of the company is to provide Managing Contractor services to the Charity in relation to the design, management and construction of the DNRC. BS Stanford Limited donates its distributable profits to The Black Stork Charity. A summary of the results of the trading company for the year ended 31 March 2023 are shown below.

Profit and loss account	Year ended 31 March 2023 £	15 months to 31 March 2022 £
Turnover	1,254,317	321,198
Cost of sales	(1,254,212)	(312,761)
Gross profit	105	8,437
Administrative expenses	(2,856)	(3,000)
Operating (loss) / profit	(2,751)	5,437
Net interest receivable	63	4
Amounts donated to the Charity	-	(5,441)
Retained (loss) / profit	(2,688)	-
Balance brought forward	-	-
Balance carried forward	(2,688)	-

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

15. SUBSIDIARY UNDERTAKING (continued)

Balance sheet as at 31 March 2023:

	2023 £	2022 £
Current assets	287,721	169,464
Creditors: Amounts falling due within one year	(170,409)	(49,464)
Net assets	117,312	120,000
Share Capital	120,000	120,000
Profit and loss account	(2,688)	-
Shareholder's funds	117,312	120,000

16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023		2022	
	Group £	Charity £	Group £	Charity £
Prepayments and accrued income	268,960	33,683	2,517,124	2,427,541
Taxation and social security	7,759	11,921	3,517	2,843
Amount owed by subsidiary undertaking	-	-	-	46,446
	276,719	45,604	2,520,641	2,476,830

Amount owed by subsidiary undertaking is repayable on demand with no interest being charged on the balance.

17. RESTRICTIONS ON CASH AND CASH EQUIVALENTS

Total cash and cash equivalents included cash amounting to £5.7m (31 March 2022: £4.2m) which was held in restricted accounts under the lease with the MOD to be spent on maintenance of the Defence facility and the Stanford Hall Rehabilitation Estate.

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023		2022	
	Group £	Charity £	Group £	Charity £
Trade creditors	176,906	14,820	7,461	7,443
Accruals and deferred income	645,865	641,704	405,238	402,237
Life Cycle Charge creditor	1,215,870	1,215,870	1,071,574	1,071,574
Taxation and social security	3,276	3,276	-	-
Amount owed to subsidiary undertaking	-	1,171	-	-
	2,041,917	1,876,841	1,484,273	1,481,254

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (continued)

The Life Cycle Charge creditor represents restricted funds held by the Charity to be applied against future expenditure, estimated to be falling due within one year, in relation to the Defence facility as required under the lease with the MOD.

19. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2023		2022	
	Group £	Charity £	Group £	Charity £
Other loans: repayable between one and five years	7,000,000	7,000,000	10,000,000	10,000,000
Life Cycle Charge creditor	3,906,022	3,906,022	2,784,539	2,784,539
	<u>10,906,022</u>	<u>10,906,022</u>	<u>12,784,539</u>	<u>12,784,539</u>

Creditors falling due after more than one year includes one loan (2022: one loan), which is unsecured (2022: unsecured). This loan is interest free, non-recourse and for a period to 6 July 2027.

The Life Cycle Charge creditor represents restricted funds held by the Charity to be applied against future expenditure, estimated to be falling due after more than one year, in relation to the Defence facility as required under the lease with the MOD.

20. COMPARATIVE CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

	Note	Unrestricted funds £	Restricted funds £	Total funds 15 months ended 31 March 2022 £
INCOME FROM:				
Donations	3	13,859,094	150,000	14,009,094
Charitable activities	4	-	1,121,063	1,121,063
Investment income - bank interest		2,597	45	2,642
Other trading activities	5	105,185	-	105,185
TOTAL INCOME		<u>13,966,876</u>	<u>1,271,108</u>	<u>15,237,984</u>
EXPENDITURE ON:				
Raising funds	6	(16,754)	-	(16,754)
Charitable activities	7	(1,005,820)	(1,416,903)	(2,422,723)
TOTAL EXPENDITURE		<u>(1,022,574)</u>	<u>(1,416,903)</u>	<u>(2,439,477)</u>
Net income for the period	9	12,944,302	(145,795)	12,798,507
Transfer between funds		-	-	-
NET MOVEMENT IN FUNDS		<u>12,944,302</u>	<u>(145,795)</u>	<u>12,798,507</u>
Total funds brought forward		254,630,512	639,476	255,269,988
TOTAL FUNDS CARRIED FORWARD		<u>267,574,814</u>	<u>493,681</u>	<u>268,068,495</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

21. CASHFLOW STATEMENT

Reconciliation of net income to cash generated by operations:

	Year ended 31 March 2023	15 months ended 31 March 2022
	£	£
Net income for the year / period	709,290	12,798,507
Adjustments for:		
Interest receivable	(9,677)	(2,642)
Depreciation	44,484	76,592
Operating cashflow before movement in working capital	744,097	12,872,457
Decrease / (increase) in debtors	2,235,597	(2,147,414)
Increase / (decrease) in creditors	1,687,452	(313,198)
Cash generated by operating activities	4,667,146	10,411,845
Restricted funds	(307,590)	(124,364)
Unrestricted funds	4,974,736	10,536,209
Cash generated by operating activities	4,667,146	10,411,845

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

22. MOVEMENT IN UNRESTRICTED FUNDS

2023

Group	At 1 April 2022 £	Income £	Expenditure £	Transfers £	At 31 March 2023 £
General reserves	4,244,932	2,735,286	(1,673,922)	(3,054,850)	2,251,446
Designated fund: Fixed assets	263,329,882	-	(31,625)	3,054,850	266,353,107
Total unrestricted funds	267,574,814	2,735,286	(1,705,547)	-	268,604,553

Charity	At 1 April 2022 £	Income £	Expenditure £	Transfers £	At 31 March 2023 £
General reserves	4,124,933	1,484,521	(420,471)	(3,054,850)	2,134,133
Designated funds: Fixed assets	271,144,491	-	(31,625)	3,054,850	274,167,716
Total unrestricted funds	275,269,424	1,484,521	(452,096)	-	276,301,849

Analysis of transfers:

	Group £	Charity £
Transfer to designated fund	(3,054,850)	(3,054,850)
	(3,054,850)	(3,054,850)

The fixed asset fund is an unrestricted designated fund and represents net resources invested in tangible fixed assets and fixed asset investments, less the bridging facilities utilised to acquire those fixed assets and fixed asset investments. The fund is therefore not readily available for other purposes.

The unrestricted general reserve represents surplus funds at the year-end held for investment by the Trustees into the ongoing DNRC Programme.

The above transfers from the unrestricted general reserve to the designated fixed asset fund results from social investment additions in the year as well as the £3m repayment of bridging facilities.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

22. MOVEMENT IN UNRESTRICTED FUNDS (continued)

2022

Group	At 1 January 2021 £	Income £	Expenditure £	Transfers £	At 31 March 2022 £
General reserves	4,526,706	13,966,876	(967,413)	(13,281,237)	4,244,932
Designated fund: Fixed assets	250,103,806	-	(55,161)	13,281,237	263,329,882
Total unrestricted funds	254,630,512	13,966,876	(1,022,574)	-	267,574,814
Charity	At 1 January 2021 £	Income £	Expenditure £	Transfers £	At 31 March 2022 £
General reserves	4,406,707	13,940,790	(932,890)	(13,289,674)	4,124,933
Designated funds: Fixed assets	257,909,978	-	(55,161)	13,289,674	271,144,491
Total unrestricted funds	262,316,685	13,940,790	(988,051)	-	275,269,424
Analysis of transfers:					
				Group £	Charity £
Transfer to designated fund				(13,281,237)	(13,289,674)
				(13,281,237)	(13,289,674)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

23. MOVEMENT IN RESTRICTED FUNDS

2023

Group and Charity	At 1 April 2022 £	Income £	Expenditure £	At 31 March 2023 £
DNRC Programme	480,822	150,000	(457,590)	173,232
Donated fixed asset	12,859	-	(12,859)	-
Life Cycle Charge	-	657,469	(657,469)	-
Estate Service Charge	-	418,410	(418,410)	-
Total restricted funds	493,681	1,225,879	(1,546,328)	173,232

During the year, a donation of £150k was received which was added to the DNRC Programme restricted fund of £481k brought forward at the start of the year. The donor has specified that these donations are used towards educational provision in connection with the NHS facility. £458k was expended during the year, with the balance of £173k carried forward for allocation in the next financial year and beyond.

One donor had contributed fixed assets to the Charity in 2019 in the form of machinery to be utilised on the Stanford Hall Rehabilitation Estate. This has been depreciated in the year, as in the prior period, in line with the Charity's fixed asset depreciation policy, and had been fully depreciated by the year end.

The Life Cycle Charge fund and the Estate Service Charge fund represent charges payable by the MoD in respect of the Defence facility and the wider estate grounds, and are restricted as required by the lease.

2022

Group and Charity	At 1 January 2021 £	Income £	Expenditure £	At 31 March 2022 £
DNRC Programme	600,000	150,000	(269,178)	480,822
Golf clubhouse	5,186	-	(5,186)	-
Donated fixed asset	34,290	-	(21,431)	12,859
Life Cycle Charge	-	635,083	(635,083)	-
Estate Service Charge	-	486,025	(486,025)	-
Total restricted funds	639,476	1,271,108	(1,416,903)	493,681

Donations brought forward amounting to £5k at the start of the prior period towards the creation of a golf clubhouse on the Stanford Hall Rehabilitation Estate were donated during the period to a charity nominated by the donees, as a golf course is not being established on the Estate.

NOTES TO THE FINANCIAL STATEMENTS

Year ended March 2023

24. ANALYSIS OF ASSETS AND LIABILITIES BETWEEN FUNDS

2023

Group	Unrestricted funds		Restricted funds	Total
	General £	Designated £	£	£
Fixed assets	-	273,353,107	-	273,353,107
Current assets	2,457,886	-	5,914,731	8,372,617
Creditors: amounts due < 1 year	(206,440)	-	(1,835,477)	(2,041,917)
Creditors: amounts due > 1 year	-	(7,000,000)	(3,906,022)	(10,906,022)
At 31 March 2023	2,251,446	266,353,107	173,232	268,777,785

Charity	Unrestricted funds		Restricted funds	Total
	General £	Designated £	£	£
Fixed assets	-	281,167,716	-	281,167,716
Current assets	2,175,497	-	5,914,731	8,090,228
Creditors: amounts due < 1 year	(41,364)	-	(1,835,477)	(1,876,841)
Creditors: amounts due > 1 year	-	(7,000,000)	(3,906,022)	(10,906,022)
At 31 March 2023	2,134,133	274,167,716	173,232	276,475,081

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2023

24. ANALYSIS OF ASSETS AND LIABILITIES BETWEEN FUNDS (continued)

2022

Group	Unrestricted funds		Restricted funds	Total
	General £	Designated £	£	£
Fixed assets	-	273,329,882	12,859	273,342,741
Current assets	4,337,241	-	4,657,325	8,994,566
Creditors: amounts due < 1 year	(92,309)	-	(1,391,964)	(1,484,273)
Creditors: amounts due > 1 year	-	(10,000,000)	(2,784,539)	(12,784,539)
At 31 March 2022	4,244,932	263,329,882	493,681	268,068,495

Charity	Unrestricted funds		Restricted funds	Total
	General £	Designated £	£	£
Fixed assets	-	281,144,491	12,859	281,157,350
Current assets	4,214,223	-	4,657,325	8,871,548
Creditors: amounts due < 1 year	(89,290)	-	(1,391,964)	(1,481,254)
Creditors: amounts due > 1 year	-	(10,000,000)	(2,784,539)	(12,784,539)
At 31 March 2022	4,124,933	271,144,491	493,681	275,763,105

25. FINANCIAL COMMITMENTS

Capital commitments are as follows:

Group	2023 £	2022 £
Contracted for but not provided for	23,180	-

The above commitment reflects a final retention payable under the main contract for the NRC entrance by the charity's subsidiary, BS Stanford Limited.

26. RELATED PARTY TRANSACTIONS

All transactions between the Charity and subsidiary, BS Stanford Limited, are eliminated on consolidation.

No Trustee received payment for professional or other services supplied to the Charity during the year (15 months to 31 March 2022: £nil).

The Charity received a donation of £9.5m during the prior period from the sole member.

THE BLACK STORK CHARITY

Bust of the 6th Duke in the DMRC patient area

