

THE MEDWAY LEAGUE OF FRIENDS

CHARITY REGISTRATION NO: 1172065

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2022

| CONTENTS | PAGES |
|-----------------------------------|--------------|
| Trustees' Report | 1 to 7 |
| Auditor's Report | 8 to 10 |
| Statement of Financial Activities | 11 |
| Balance Sheet | 12 |
| Cash Flow Statement | 13 |
| Notes to the Financial Statements | 14 to 19 |

THE MEDWAY LEAGUE OF FRIENDS
TRUSTEES' REPORT

The trustees present their fifth report with the financial statements of the charity for the year ended 31 July 2022.

ADMINISTRATIVE DETAILS

| | |
|-----------------------------|--|
| Charity registration number | 1172065 |
| Principal address | Medway Maritime Hospital Windmill Road Gillingham Kent ME7 5NY |
| Trustees | Mrs J Harsent - chairperson Mrs E Norman S Towsey C H Silk Mrs M Cogger Ms H Belcher T Higgins P McKenna Ms D Peers - appointed 2 December 2021 S Dansie - appointed 9 February 2022 J C H Weir - appointed 22 June 2022 and resigned 14 November 2022 J Spence - resigned 4 May 2022 D May - resigned 27 April 2022 |
| Auditors | Kreston Reeves Montague Place Quayside Chatham Maritime Chatham Kent, ME4 4QU |
| Bankers | Lloyds Bank plc 142-146 High Street Chatham Kent, ME4 4DQ |

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

The charity is a charitable incorporated organisation registered with the Charities Commission on 15 March 2017 and governed by its constitution adopted 8 March 2017.

Appointment of Trustees

Many of the trustees named above are the first trustees appointed in the charity's constitution. At the first annual general meeting all trustees retired from office and were re-appointed. At the subsequent meetings one third of the total number retire by rotation. Trustees are appointed by the members at the annual general meeting and their number shall not be less than four.

THE MEDWAY LEAGUE OF FRIENDS

TRUSTEES' REPORT

Appointment of Trustees (continued)

New trustees would require some experience of the sector in which the charity operates and be appropriate for the League. They would usually be invited by existing trustees to consider standing for election.

Organisation and Decisions

The trustees meet at least four times a year to manage the League's affairs. In the 2021/2 year the trustees met seven times, all by video link. This Committee consists of a Chairman, Vice Chairman, Treasurer and Secretary and between one and eleven other persons. No person shall be a member of the Committee who is not a member of the League itself.

The Committee are assisted by managers and organisers of the League's shops and a representative of the Medway NHS Foundation Trust. An operations manager has day to day control over its employed staff and the many volunteers.

Affiliations

The League is a member of Attend, which exists to promote and develop the role of volunteers in our health and social services throughout the UK.

OBJECTIVES AND ACTIVITIES

Objectives

The objects of the charity are the relief of sickness and the promotion of the good health and wellbeing of patients of NHS services in Medway, in particular the patients of the Medway Maritime Hospital Trust, through the provision of grants, items and services, funded where possible by the work of volunteers.

Public Benefit

In accordance with the Charities Acts and Regulations, the trustees have had due regard to the guidance published by the Charity Commission on the requirement that the objectives and work undertaken by the League are in line with charitable objects and do provide benefit for the public.

In 2018, the charity took over the activities previously carried on by the 'Medway League of Friends' whose original aim was to provide those 'little extras' for patients and staff in the then local hospitals (latterly just the Medway Maritime Hospital) that the NHS cannot always provide. Over time those 'little extras' have turned into vital pieces of medical equipment, furniture and other amenities. The difference, that the charity intends to continue through its activities, is to help speed patients' recovery and get them back to their homes and loved ones and to do this wherever possible through the services of volunteers from the community.

Aims and Activities

The main objective for the year under review was to continue the provision of services through sales at the League's shops at the Medway Maritime Hospital.

During the year the League operated two shops at the Medway Maritime Hospital: the main shop / refreshment area and a 24-hour kiosk in A&E, so that patients, visitors and hospital staff can always get a snack or a hot drink whatever the time of day or night.

Hospital Radio Medway is a part of the League, and broadcasts 24 hours of programmes each and every day, including record requests, themed music and items of local interest to the patients.

The League makes significant use of volunteers in the course of undertaking its charitable and income generating activities. The volunteers carry out many of the duties required to operate the shops.

THE MEDWAY LEAGUE OF FRIENDS

TRUSTEES' REPORT

Impact Statement

In normal times the League makes grants from its accumulated surplus to fund items of medical equipment or amenities for patients. Continuing pandemic restrictions for most of the year inhibited trading, and meant that the usual grant making remained suspended. However the release of funds from the former Coffee Shop Project (cancelled March 2021) allowed the award of grants for five capital bids totalling £201,924.



2 x CRITICOOL UNITS – NEONATAL UNIT - £27,516

This equipment is used for cooling babies who will fall under the BAPM guidance (2020). Therapeutic hypothermia is the gold standard treatment for infants with moderate to severe hypoxic ischemic encephalopathy, whereby the neonate's core body temperature is decreased within 6 hours after birth followed by slowed rewarming for neuroprotection.

The equipment is a small refrigeration unit which circulates chilled water in a jacket to cool the baby, induce hypothermia and protect the brain from damage during a shortage of oxygen. Early on units were crude and could over cool, but these units are state of the art with improved technology.



30 x INFUSION PUMPS – PAEDIATRIC WARDS - £46,050

These pumps provide safer infusions by preventing pressure build up at the cannula site and were purchased to replace older versions of the pumps.



DELIVERY SUITE – RECOVERY MONITORING EQUIPMENT - £30,754

3 x monitors were purchased to replace old equipment and to provide a uniform equipment portfolio with increased reliability. These monitors are used to provide information on real-time vital signs at the point of care.



FIBROSCAN HEPATIC ULTRASOUND - £88,150

This ultrasound machine is used to detect liver disease at an early stage and is used in the Out Patient Department.

75 x FALLS TAGS - £9,452

These tags are fixed to various items of equipment and provide a means of locating each in real time from a PC, and tracking where the equipment is and has been. The tags are to be used for falls equipment and can also track where the equipment has been used. This makes the equipment available 24/7 so that should a falls alarm be required, one can be located instantly. The system will also enable audits to be carried out so that the location of all falls alarms will be known and to ensure that they are used appropriately and also that patients are actually using them. All of these functions contribute to better patient safety and care.

The League also made a contribution of £30,000 to the Hospital Trust's Reflection Garden, which was opened on 26 April 2022.

THE MEDWAY LEAGUE OF FRIENDS

TRUSTEES' REPORT

Donations

The League's income is supplemented by donations. These picked up with the slow return to more normal conditions. At £6,486, it is significantly ahead of the 2020/21 figure.

Achievements

The League of Friends

The pandemic and associated restrictions continued to affect business, and it was not until the final quarter that more normal trading conditions returned, with customers returning to the Shop in numbers. This allowed the League, at the very end of the year, to lift its suspension on grant making. This was a significant step back towards normality. While, because of the cost of living problems, trading will take a long time to recover to pre-pandemic levels the fact that the League can begin to replenish its grant funds from revenue is a major achievement. It was only made possible by the unstinting efforts of the staff and the volunteers, for which the Trustees are most grateful.

The other main achievement of 2021/22 was the concluding of a 10 year lease with the Hospital Trust. This was signed on 18 May 2022. It covers the present Main Shop and adjoining seating area. It is the first time the League has had a lease with the Hospital Trust, who generously waived rent. In consequence the Trustees have been able to begin planning a refurbishment encompassing the whole area, using the remaining funds from the defunct Coffee Shop Project. This will be a major undertaking for 2022/23.

Hospital Radio Medway ("HRM")

- Broadcasting Service

In February 2022 the FM service received a boost when Ofcom agreed to a request for a tenfold increase in transmitter power from 50 to 500 mWatts. This has given us a much better reception within the hospital.

The key aim of providing patients with the ability to listen to HRM whilst in the hospital was helped by a grant from the Medway Towns Soroptimist Trust which was used to purchase 10 FM / DAB radios; a donation from the Rotary Group in Medway financed 31 more. These combined with radios previously purchased from a grant from the National Lottery Community Fund mean we have distributed over 80 radios around the hospital wards.

HRM also continued to provide an internet streaming service which is available through our website hospitalradiomedway.co.uk or on internet radio apps Tune In, My Tuner or Radio Garden. For listening hours through the internet the average number of hours streamed per month is 2,464 hours through the external internet and 730 hours on the NHS internal internet. Note that not all hours streamed externally can be attributed to patients in the hospital.

- Programming

HRM continued to broadcast programmes 24 hours a day 7 days a week with a mix of live and pre-recorded programmes with new and updated programmes being added all the time. The live request programme remains a popular broadcast every evening between 8.00 p.m. and 10.00 p.m.. Patients can request their favourite music through our ward reps, by phone, e-mail and via a dedicated text line. The number of requests received each night varies with the average being 15 collected from the wards and 2 or 3 via text.

HRM was proud to win Gold for the Best Programme with Multiple Presenters at the 2022 Hospital Broadcasting Association (HBA) Awards which went to The Heff & Beth Show presented by Liam & Beth Heffernan. The judges said: *"There's a refreshing and lovely honesty to their style. Plenty of funny moments that made us laugh out loud, coupled with more serious moments which made this entry compelling and interesting. Love them"*

- Funding

HRM has been very fortunate to receive a number of generous grants and donations during 2021/22 from organisations and individuals including:

- National Lottery Community Fund of £2,677 towards our running costs
- Co-op Local Community Fund Donation £2,425 to update facilities to provide FM broadcasting
- Tesco / Groundworks £1,000 to purchase a Sonifex Audio Logger

THE MEDWAY LEAGUE OF FRIENDS

TRUSTEES' REPORT

- Funding (continued)

A full list of all the donations received can be found on the HRM website and in the annual magazine. Other fundraising recommenced including the HRM quiz (October 2021 : £650) and a stall at the Sweeps Festival (May 2022 : £325). Radio broadcasting running costs are high and increasing, and continual fund-raising efforts are necessary to enable HRM to continue on a sound financial basis.

Progress against objectives

Progress on the objectives which the Trustees set for 2021/22 was as follows:

1 Settle the status of the League's premises within the Hospital

Achieved through the signing of the lease for the Main Shop area (18 May 2022).

2 Renew the retail offer

The planning of the refurbishment of the Main Shop area began after the signing of the lease, and is the League's major project for 2022/23.

3 Re-instate financial support for the Hospital Trust

Done (July 2022).

4 Enhance communications

The initial re-launch of the website is complete. Talks to local Groups in Medway continued and work and Duke of Edinburgh placements for youngsters resumed. Opportunities to publicise the League and Hospital Radio through the Hospital Trust's media were taken, and plans laid to make full use of the refurbished Main Shop for the same purpose.

5 Develop staff and encourage Volunteers

Staff are appraised annually using a format that recognises achievement and sets challenging and realistic agreed goals for the next year. Training needs are also identified and addressed. For 2020/21 and 2021/22 the Operations Manager was appraised by the Treasurer.

Star Awards will continue to be awarded to a nominated volunteer twice yearly, at the Summer Tea Party (which re-started after the pandemic in July) and the Xmas lunch, along with any Long Service awards.

Also as pandemic restrictions lifted we were able to re-introduce placements for young volunteers on work experience or the Duke of Edinburgh Award Scheme. They are being encouraged to complete some basic training courses to acquire certified skills to take forward.

6 Increase and diversify the Trustee Board, and implement succession plans

Three new trustees joined in 2021/22 and the training programme for all trustees was planned, beginning with a one-day update on Charity Board responsibilities (October 2022). There has been no progress on succession planning, which is carried over into 2022/23.

7 Improve the governance of the League

A review of compliance with key Charity Commission guidance was undertaken, identifying areas to address in 2022/23. The annual review of internal financial control took place in March 2022.

A cycle of reviews for all internal policies has been established, and is being implemented.

Risk register monitoring was identified for review, and included in the Trustees' training programme; steps have been agreed for action in 2022/23, following the course in October. That course also covered the issues involved in creating a retail subsidiary; these will be re-considered by Trustees in 2022/23.

8 Take steps to mitigate the environmental impact of the League's operations

An environmental impact report was commissioned to determine the carbon offset needed (results came August 2022). Meanwhile further steps were taken to reduce plastic packaging for items sold in the League shops.

THE MEDWAY LEAGUE OF FRIENDS

TRUSTEES' REPORT

Objectives 2022/23

Most of the 2021/22 Objectives have been carried forward into 2022/23. The full list set by the Trustees for the new financial year is;

- 1 Resume Grants to Medway NHS
- 2 Renew retail offer
- 3 Increase efficiency of retail operations
- 4 Enhance communications
- 5 Develop staff and volunteers
- 6 Improve governance
- 7 Mitigate environmental impact

There are specific goals and lead Trustees assigned to each of these Objectives. Progress is reviewed during the year at Trustees' meetings.

The Main Shop Refurbishment Project is a major part of renewing the retail offer (2 above). Carrying out the work will necessitate closing off the premises but the League will make every effort to provide a basic service for customers. The time will also be used to prepare staff and volunteers for the new work and shift patterns which will be required to run the new Shop.

FINANCIAL REVIEW

Review of the Financial Position

The financial position is set out on pages 11 to 18. Income from the charity's activities operating shops has almost doubled during the year to £1,289,902 following the lifting of restrictions caused by the COVID-19 pandemic.

Gross margins on sales have increased marginally to 41.4% from 41.1%.

In the previous year the League showed net expenditure of £88,324 after making one grant to Medway NHS Foundation Trust of £96,200, and that was from restricted funds which had been held for a number of years awaiting a suitable project. The shops had made a £4,846 surplus with government support for job retention. This year following the pandemic the shops have made a contribution of £243,850 and grant making continued. There is an overall surplus of £13,199. This increased the charity's net assets at the end of the year to £826,769 with cash at bank of £591,428.

Restricted funds

As reported last year, the Trustees had used the Medway Scanner Appeal Fund (£94,653) to contribute towards a major project for the Breast Unit, a new scanner with a tomosynthesis attachment. The formal opening of this machine took place on 7 July 2022.

There are restricted funds for Hospital Radio, which is explained in the notes to the financial statements.

Reserves Policy

The Trustees keep under review the need for unrestricted and undesignated reserves. As indicated last year, the Trustees had decided to use part of the defunct Coffee Shop Reserve, brought forward at the beginning of 2021/22, for capital grants and the rest on the refurbishment of the Main Shop. The latter project will proceed in 2022/23, following the signing of the lease for the area. The Trustees have agreed that a Designated Reserve totalling £525,000 should be sufficient to cover this project and furnish a provision for costs in the event of business interruption. This sum has been carried over the 2022/23 financial year.

Following the disruption of the pandemic grant-making continued at the end of 2021/22. Three grants for small items were awarded but not paid by 31 July 2022. A sum of £22,386 was therefore carried forward to cover them. All remaining surplus funds will be utilised for the benefit of the Hospital and Medway NHS patients.

THE MEDWAY LEAGUE OF FRIENDS
TRUSTEES' REPORT

Trustees' Responsibilities

The trustees are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales 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 charity and of the incoming resources and application of resources of the charity 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the constitution. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the trustees on 30 May 2023 and signed on their behalf

Mrs J Harsent, Chairperson

**INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEES OF
THE MEDWAY LEAGUE OF FRIENDS**

Opinion

We have audited the financial statements of The Medway League of Friends (the 'charity') for the year ended 31 July 2022, which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement 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).

The financial statements have been prepared in accordance with 'Accounting and Reporting by Charities' preparing their accounts in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has been withdrawn.

This has been done in order for the accounts to provide a true and fair view in accordance with the Generally Accepted Accounting Practice effective for reporting periods beginning on or after 1 January 2019.

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs at 31 July 2022 and of its income and application of resources 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 Charities Act 2011.

Basis of 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 charity 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees' have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, 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 audit of otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is 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.

**INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEES OF
THE MEDWAY LEAGUE OF FRIENDS**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the Trustees' report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Trustees' Responsibilities statement, the trustees are responsible for the preparation of financial statements which 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 charity'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 charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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.

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the Charity and the sector as a whole, and through discussion with the Trustees and other management (as required by auditing standards), we identified that the principal risks of non-compliance with laws and regulations related to health and safety, anti-bribery and employment law. We considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Charities SORP (FRS 102) Second Edition (released October 2019), and other relevant charity legislation. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. We evaluated Trustees' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks related to and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure and management bias in accounting estimates and judgemental areas of the financial statements. Audit procedures performed by the engagement team included:

- discussions with management and assessment of known or suspected instances of non-compliance with laws and regulations and fraud; and
- challenging assumptions and judgements made by management in its significant accounting estimates; and
- performing analytical procedures to identify any unusual or unexpected relationships, including related party transactions, that may indicate risks of material misstatement due to fraud; and
- confirmation of related parties with management, and review of transactions throughout the period to identify any previously undisclosed transactions with related parties outside the normal course of business; and

**INDEPENDENT AUDITOR'S REPORT
TO THE TRUSTEES OF
THE MEDWAY LEAGUE OF FRIENDS**

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

- review of significant and unusual transactions and evaluation of the underlying financial rationale supporting the transactions; and
- identifying and testing journal entries, in particular any manual entries made at the year-end for financial statement preparation.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the charity's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- conclude on the appropriateness of the Trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in my Auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of my Auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees 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 charity and its trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

Kreston Reeves LLP
Statutory Auditor

30 May 2023

Montague Place
Quayside
Chatham Maritime
Chatham
Kent, ME4 4QU

Kreston Reeves LLP are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

THE MEDWAY LEAGUE OF FRIENDS
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 JULY 2022

| | Notes | Unrestricted fund £ | Restricted funds £ | Total 2022 £ | Total 2021 £ |
|--------------------------------------|-------|---------------------------|--------------------------|--------------------|--------------------|
| INCOME AND ENDOWMENTS | | | | | |
| Donations and legacies | | | | | |
| - Donations | | 6,486 | - | 6,486 | 4,299 |
| - Grants | 3 | 3,821 | 4,126 | 7,947 | 35,016 |
| Fundraising | | 1,029 | - | 1,029 | - |
| Investment income | | | | | |
| - Interest on deposit accounts | | 188 | - | 188 | 123 |
| Income from charitable activities | | | | | |
| - Operation of shops and trolley | | 1,289,902 | - | 1,289,902 | 655,088 |
| TOTAL INCOME | | 1,301,426 | 4,126 | 1,305,552 | 694,526 |
| EXPENDITURE | | | | | |
| Costs of raising funds | | 768 | - | 768 | - |
| Expenditure on charitable activities | 4 | 1,281,664 | 9,921 | 1,291,585 | 782,850 |
| TOTAL EXPENDITURE | | 1,282,432 | 9,921 | 1,292,353 | 782,850 |
| NET INCOME (EXPENDITURE) | | 18,994 | (5,795) | 13,199 | (88,324) |
| Total funds brought forward | | 802,773 | 10,797 | 813,570 | 901,894 |
| TOTAL FUNDS CARRIED FORWARD | | 821,767 | 5,002 | 826,769 | 813,570 |

All income and expenditure derive from continuing activities.

The Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 14 to 18 form part of these financial statements.

THE MEDWAY LEAGUE OF FRIENDS
BALANCE SHEET
AT 31 JULY 2022

| | Notes | 2022 | 2021 |
|---|-------|-----------------------|-----------------------|
| | | £ | £ |
| FIXED ASSETS | | | |
| Tangible fixed assets | 11 | 16,058 | 21,420 |
| CURRENT ASSETS | | | |
| Stocks | | 33,006 | 26,183 |
| Debtors and prepayments | | 2,270 | 2,348 |
| Investments | | 250,180 | 250,043 |
| Cash at bank and in hand | | 591,428 | 606,971 |
| | | <u>876,884</u> | <u>885,545</u> |
| CREDITORS: amounts falling due within one year | | | |
| Trade creditors | | 43,967 | 35,384 |
| Taxation and social security | | 9,683 | 10,853 |
| Other creditors | | 12,523 | 47,158 |
| | | <u>66,173</u> | <u>93,395</u> |
| NET CURRENT ASSETS | | 810,711 | 792,150 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u><u>826,769</u></u> | <u><u>813,570</u></u> |
| FUNDS OF THE CHARITY | | | |
| Unrestricted income fund | 12 | 821,767 | 802,773 |
| Restricted funds | 12 | 5,002 | 10,797 |
| TOTAL CHARITY FUNDS | | <u><u>826,769</u></u> | <u><u>813,570</u></u> |

The notes on pages 14 to 18 form part of these financial statements.

Approved by the trustees on 30 May 2023 and signed on their behalf

Mrs J Harsent, Chairperson

THE MEDWAY LEAGUE OF FRIENDS
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2022

| | 2022 £ | 2021 £ |
|---|-------------------------|-------------------------|
| Cash flows from operating activities: | | |
| Cash used by operations (see below) | <u>(15,594)</u> | <u>(16,289)</u> |
| Cash flows from investing activities: | | |
| Purchase of tangible fixed assets | - | (9,795) |
| Interest received | <u>188</u> | <u>123</u> |
| Net cash provided from (used in) investing activities | <u>188</u> | <u>(9,672)</u> |
| Change in cash and cash equivalents in the reporting period | <u>(15,406)</u> | <u>(25,961)</u> |
| Cash and cash equivalents at the beginning of the reporting period | <u>857,014</u> | <u>882,975</u> |
| Cash and cash equivalents at the end of the reporting period | <u><u>841,608</u></u> | <u><u>857,014</u></u> |

RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

| | 2022 £ | 2021 £ |
|--|-------------------------|-------------------------|
| Net income for the reporting period (as per the statement of financial activities) | 13,199 | (88,324) |
| Adjustments for: | | |
| Depreciation | 5,362 | 5,828 |
| Interest received | (188) | (123) |
| Increase in stocks (2021 : decrease) | (6,823) | 7,207 |
| Decrease in debtors | 78 | 3,821 |
| Decrease in creditors (2021 : increase) | <u>(27,222)</u> | <u>55,302</u> |
| Net cash used by operating activities | <u><u>(15,594)</u></u> | <u><u>(16,289)</u></u> |

THE MEDWAY LEAGUE OF FRIENDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022

1 STATUTORY INFORMATION

The Medway League of Friends is registered in England and Wales under the Charities Act 2011 as a charitable incorporated organisation. The Charity's registered number and registered office address can be found within the Trustees' Report.

2 ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements of the charity, which is a public benefit entity under FRS102, have been prepared in accordance with the Charities SORP (FRS 102) "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)", Financial Reporting Standard 102 "The Financial Standard applicable in the UK and Republic of Ireland" and the Charities Act 2011. The financial statements have been prepared under the historical cost convention.

The presentation currency of the financial statements is the Pound Sterling (£), and all amounts are rounded to the nearest Pound.

(b) Going Concern

When preparing the financial statements, the Trustees have assessed whether there are significant doubts about the charity's ability to continue as a going concern. There are no material uncertainties of which the Trustees are aware in making their assessment.

The Trustees consider that the charity has sufficient cash reserves to enable it to meet its obligations as they fall due for a period of at least 12 months from the date of signing of these financial statements. As such, the Trustees are satisfied that the charity has adequate resources to continue to operate for the foreseeable future and they continue to adopt the going concern basis for preparing these financial statements.

(c) Critical accounting estimates and areas of judgement

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

There are no estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the balance sheet. The League plans to redevelop its Main Shop used for its activities and a Designated fund has been set up to cover the anticipated costs. The amount is the best estimate at the time of preparing these financial statements.

(d) Income and debtors

Voluntary income, which includes donations, gifts and legacies, and fundraising income are recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability.

Investment income is recognised on a receivable basis and arises from interest bearing deposit accounts.

Income from charitable activities includes the sales from the League's shops at the Medway Maritime Hospital. All amounts exclude value added tax.

Debtors are recognised at the settlement amount. Prepayments are valued at the amount prepaid.

(e) Volunteers and donated services and facilities

No value is incorporated into these financial statements for the services provided by volunteers or where services are provided to the charity as a donation that would normally be purchased from suppliers.

(f) Government grants

Government grants in relation to COVID-19 are recognised on the accruals basis and credited to the Statement of Financial Activities as is any related expenditure.

THE MEDWAY LEAGUE OF FRIENDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022

2 ACCOUNTING POLICIES (continued)

(g) Expenditure and liabilities

Expenditure is recognised when a liability is incurred. Grant payments are recognised when a liability or constructive obligation arises that results in the payment being unavoidable.

Costs of generating funds are those costs incurred in attracting voluntary income.

Charitable activities include expenditure associated with the League's shops and trolley and grants of equipment and services to the Medway NHS Foundation Trust and others. The expenditure includes both the direct costs and support costs relating to these activities.

Governance and support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources.

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for good or services it must provide.

(h) Financial instruments

The charity enters into basic financial instruments that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans to and from banks, and other third parties. Basic financial instruments are recognised at amortised cost, with changes recognised in the statement of financial activities.

(i) Tangible fixed assets

Fixed assets are stated at historical cost less accumulated depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset over its estimated useful life at the following rates:

Computer equipment - 33% on cost

Hospital radio equipment - 10% on cost

Other assets - 15% on cost

Assets which cost less than £1,000 are not capitalised.

(j) Stocks

Stocks are included at the lower of cost and net realisable value. Stocks consists of goods for resale from the shops and trolley.

(k) Cash at bank and in hand

Cash at bank and in hand includes cash and deposits that are available to finance the League's day to day operations and have a maturity of three months or less from the date of acquisition, excluding amounts held as part of an investment portfolio.

(l) Funds structure

The charity has restricted income funds to account for situations where a donor requires that a donation must be spent on a particular purpose or where funds have been raised for a specific purpose.

Other funds are unrestricted income funds. Within those amounts the Trustees create Designated funds for particular purposes, such as the redevelopment of the Main Shop. Also the trustees receive requests from Medway NHS Foundation Trust to make donations and purchase equipment for the Trust. Once the trustees agree that they will offer financial support, a transfer is made to a designated fund for that purpose.

Unrestricted income funds not designated are general reserves available to meet the League's objectives.

THE MEDWAY LEAGUE OF FRIENDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022

3 GRANTS

| | Unrestricted fund £ | Restricted funds £ | Total 2022 £ | Total 2021 £ |
|--|---------------------------|--------------------------|--------------------|--------------------|
| Government grants for pandemic support | | | | |
| - Job Retention Scheme | - | - | - | 24,139 |
| Other grants | 3,821 | 4,126 | 7,947 | 10,877 |
| | <u>3,821</u> | <u>4,126</u> | <u>7,947</u> | <u>35,016</u> |

4 EXPENDITURE ON CHARITABLE ACTIVITIES

| | Operation of shops and trolley £ | Grants payable £ | Hospital Radio £ | Total 2022 £ | Total 2021 £ |
|---|---|------------------------|------------------------|--------------------|--------------------|
| Shop purchases for resale | 755,925 | - | - | 755,925 | 386,093 |
| Wages and salaries (see note 8) | 227,242 | - | - | 227,242 | 208,562 |
| Purchase of equipment and other donations (see note 7) | - | 231,924 | - | 231,924 | 96,200 |
| Bank and card charges and cash processing fees | 21,183 | - | - | 21,183 | 11,686 |
| Travel and motor expenses | 4,589 | - | - | 4,589 | 3,306 |
| Depreciation | 4,481 | - | 881 | 5,362 | 5,828 |
| Equipment maintenance and computer costs | 7,565 | - | 5,063 | 12,628 | 9,998 |
| Printing postage and stationery | 5,050 | - | - | 5,050 | 3,598 |
| Telephone and other costs | 4,321 | - | 3,977 | 8,298 | 4,353 |
| Governance and support costs (see note 5) | 15,696 | 3,549 | 139 | 19,384 | 53,226 |
| | <u>1,046,052</u> | <u>235,473</u> | <u>10,060</u> | <u>1,291,585</u> | <u>782,850</u> |

The expenditure has been allocated to restricted and unrestricted funds as follows:

| | | |
|--------------|------------------|----------------|
| Unrestricted | 1,281,664 | 678,117 |
| Restricted | 9,921 | 104,733 |
| | <u>1,291,585</u> | <u>782,850</u> |

5 GOVERNANCE AND SUPPORT COSTS

| | Charitable activities £ | Governance £ | Total 2022 £ | Total 2021 £ |
|---|-------------------------------|-----------------|--------------------|--------------------|
| Audit fees | - | 4,150 | 4,150 | 3,750 |
| Accountancy costs | - | 6,020 | 6,020 | 8,295 |
| Attend subscription and insurance | 1,609 | - | 1,609 | 1,428 |
| Shop development (2021 : abortive work) | 3,763 | - | 3,763 | 36,275 |
| Legal and professional fees | - | 338 | 338 | 2,635 |
| Staff entertaining | 2,075 | - | 2,075 | - |
| Rent | 803 | - | 803 | 444 |
| Sundries | 626 | - | 626 | 399 |
| | <u>8,876</u> | <u>10,508</u> | <u>19,384</u> | <u>53,226</u> |

THE MEDWAY LEAGUE OF FRIENDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022

6 SUPPORT FOR CHARITABLE ACTIVITIES

This table shows the income arising from and the costs for the operation of the shops and trolley and the surplus that arises therefrom which provides additional support for charitable activities. In the previous year the Government provided grants to support jobs, without which there would have been a loss.

| | 2022 | 2021 |
|--|-----------------------|---------------------|
| | £ | £ |
| Income | 1,289,902 | 655,088 |
| Costs | <u>(1,046,052)</u> | <u>(674,381)</u> |
| Net cost of shops and trolley | 243,850 | (19,293) |
| Government grants under Coronavirus Job Retention Scheme | - | 24,139 |
| Net funding for other activities | <u><u>243,850</u></u> | <u><u>4,846</u></u> |

7 GRANTS PAYABLE

| | 2022 | 2021 |
|-----------------------------|-----------------------|----------------------|
| | £ | £ |
| Medway NHS Foundation Trust | <u><u>231,924</u></u> | <u><u>96,200</u></u> |

Grants to Medway NHS Foundation Trust are for the purchase of equipment and for the funding of various projects and services. The main items funded are:

| | £ | £ |
|--|-----------------|----------------------|
| Fibroscan - Gastroenterology (Outpatient) | 88,150 | - |
| Infusion Pumps (Dolphin & Panda) - Paediatrics | 46,050 | - |
| 3 Patient Monitors - Delivery suite | 30,754 | - |
| Contribution towards memorial garden | 30,000 | - |
| 2 Criticool Units - Neonatal | 27,516 | - |
| 75 Asset Monitoring Tags for falls equipment - Falls Service | 9,454 | - |
| Breast Unit Scanner with Tomosynthesis attachment | <u><u>-</u></u> | <u><u>96,200</u></u> |

8 STAFF COSTS AND NUMBERS

| | 2022 | 2021 |
|--|-----------------------|-----------------------|
| | £ | £ |
| Wages and salaries | 215,903 | 197,942 |
| Social security costs | 7,987 | 7,569 |
| Employer's contribution to defined contribution pension scheme | <u>3,352</u> | <u>3,051</u> |
| | <u><u>227,242</u></u> | <u><u>208,562</u></u> |

Wages and salaries includes statutory redundancy payments of £nil (2021 : £6,317).

The average monthly number of employees during the year was 16 (2021 : 14). No employees received emoluments in excess of £60,000.

There are no key management personnel other than the trustees in this, or the previous, year.

9 TRUSTEE REMUNERATION

None of the trustees have been paid any remuneration or received any other benefits. Two trustees have been reimbursed £444 for expenses incurred on behalf of the League (2021 : one trustee reimbursed a total of £130).

THE MEDWAY LEAGUE OF FRIENDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022

10 RELATED PARTY TRANSACTIONS

There are no related party transactions in the current year or previous year.

11 TANGIBLE FIXED ASSETS

Fixtures, fittings and equipment

| | £ |
|--------------------------------|---------------|
| Cost | |
| - at 1 August and 31 July 2022 | <u>36,924</u> |
| Depreciation | |
| - at 1 August 2021 | 15,504 |
| - charge for year | <u>5,362</u> |
| - at 31 July 2022 | <u>20,866</u> |
| Net book values | |
| - at 31 July 2022 | <u>16,058</u> |
| - at 31 July 2021 | <u>21,420</u> |

12 STATEMENT OF CHANGES IN EQUITY

| CURRENT YEAR | General fund £ | Designated fund £ | Unrestricted funds £ | Restricted funds £ | Total £ |
|--------------------------|----------------------|-------------------------|----------------------------|--------------------------|----------------|
| Balance at 1 August 2021 | 802,773 | - | 802,773 | 10,797 | 813,570 |
| Income | 1,301,426 | - | 1,301,426 | 4,126 | 1,305,552 |
| Expenditure | (1,282,432) | - | (1,282,432) | (9,921) | (1,292,353) |
| Allocation of funds | (525,000) | 525,000 | - | - | - |
| Balance at 31 July 2022 | <u>296,767</u> | <u>525,000</u> | <u>821,767</u> | <u>5,002</u> | <u>826,769</u> |

The funds held at the year-end date are as follows:

| | | | | | |
|----------------------------|----------------|----------------|----------------|--------------|----------------|
| - Fixed assets | 9,008 | - | 9,008 | 7,050 | 16,058 |
| - Cash | 66,428 | 525,000 | 591,428 | - | 591,428 |
| - Net other current assets | 221,331 | - | 221,331 | (2,048) | 219,283 |
| - Total funds | <u>296,767</u> | <u>525,000</u> | <u>821,767</u> | <u>5,002</u> | <u>826,769</u> |

PRIOR YEAR

| | General fund £ | Designated fund £ | Unrestricted funds £ | Restricted funds £ | Total £ |
|--------------------------|----------------------|-------------------------|----------------------------|--------------------------|----------------|
| Balance at 1 August 2020 | 797,241 | - | 797,241 | 104,653 | 901,894 |
| Income | 683,649 | - | 683,649 | 10,877 | 694,526 |
| Expenditure | (678,117) | - | (678,117) | (104,733) | (782,850) |
| Balance at 31 July 2021 | <u>802,773</u> | <u>-</u> | <u>802,773</u> | <u>10,797</u> | <u>813,570</u> |

The funds held at the year-end date are as follows:

| | | | | | |
|----------------------------|----------------|----------|----------------|---------------|----------------|
| - Fixed assets | 13,500 | - | 13,500 | 7,920 | 21,420 |
| - Cash | 604,094 | - | 604,094 | 2,877 | 606,971 |
| - Net other current assets | 185,179 | - | 185,179 | - | 185,179 |
| - Total funds | <u>802,773</u> | <u>-</u> | <u>802,773</u> | <u>10,797</u> | <u>813,570</u> |

THE MEDWAY LEAGUE OF FRIENDS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2022

12 STATEMENT OF CHANGES IN EQUITY (continued)

The designated fund represents the potential cost of the refurbishment of the Main Shop and a provision for costs in the event of business interruption.

The restricted funds are in relation to Hospital Radio and represent several grants from the National Lottery Awards, World Mission, Kent Community Foundation and Tesco plc which are variously for capital equipment and running costs. The balance carried forward at the year end date represents the net book value of the equipment funded (and included in fixed assets in note 12) and unspent monies for running costs to be incurred in the following year.

At the year end date the League had received requests from Medway NHS Foundation Trust to make donations and purchase equipment for the Trust to the value of £22,386. The trustees have agreed that they will offer financial support, but at the year end date no commitment had yet been made to the Trust and hence no liability provided in these accounts.

13 TAXATION

The League is a registered charity and no provision is considered necessary for taxation.