KING EDWARD VII'S HOSPITAL (SISTER AGNES)

England & Wales · Charity number 208944

Details

Other names	KING EDWARD VII'S HOSPITAL FOR OFFICERS, SISTER AGNES FOUNDER, KING EDWARD VII'S HOSPITAL SISTER AGNES, SISTER AGNES
Status	Registered
Legal form	Other
Company number	RC000290
Registered	1962-11-12
Register	View on the Charity Commission register

Contact

Address	Agnes Keyser House 55-58 Beaumont Street London W1G 6DP
Phone	0203 998 4209
Email	fundraising@kingedwardviisisteragnescharity.org.uk
Website	https://kingedwardviisisteragnescharity.org.uk/

Activities

Objects: THE PROPERTY OF THE CORPORATION SHALL BE APPLIED FOR THE PROVISION OF MEDICAL AND SURGICAL TREATMENT AND DIAGNOSTIC MODALITIES AT THE HOSPITAL ON SUCH TERMS AS THE COUNCIL SHALL DETERMINE TO THE FOLLOWING CLASSES OF BENEFICIARIES IN DESCENDING ORDER OF PRIORITY:(A) ALL SERVING PERSONNEL OF HER MAJESTY'S ARMED FORCES (B) ALL EX-SERVICE PERSONNEL WHO HAVE SERVED IN HER MAJESTY'S ARMED FORCES (WHETHER IN A REGULAR, TEMPORARY, RESERVE OR TERRITORIAL CAPACITY) OR IN THE BRITISH INDIAN ARMED FORCES (C) SPOUSES, FORMER SPOUSES, WIDOWS AND WIDOWERS (OR SUCH SIMILAR ANALOGOUS RELATIONSHIPS RECOGNISED FROM TIME TO TIME BY THE LAWS OF ENGLAND & WALES) OF ANY OF THE PERSONS DESCRIBED IN CATEGORIES A. AND B. ABOVE. (D) ANY OTHER PERSON AGED 16 AND OVER.THE COUNCIL MAY PROVIDE FINANCIAL ASSISTANCE FOR MEDICAL TREATMENT AT THE HOSPITAL TO THOSE BENEFICIARIES FALLING WITHIN SUB-CLAUSES (A) TO (C) ABOVE.

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Activities: King Edward VII (Sister Agnes) Charity is a Royal Charter Charity established in 1899 to support Armed Forces service personnel, veterans and their families who require medical treatment through the provision of grants for specific healthcare needs.

Classification

- **How:** Makes Grants To Individuals, Provides Services
- **What:** The Advancement Of Health Or Saving Of Lives
- **Who:** Other Defined Groups, The General Public/mankind

Geography

- Throughout England

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£44,543,000	£55,578,000	£24,250,000	348
2024-03-31	£47,360,000	£53,221,000	£38,263,000	355
2023-03-31	£44,083,000	£52,830,000	£44,153,000	399
2022-03-31	£40,361,000	£44,203,000	£53,795,000	373
2021-03-31	£31,296,000	£33,516,000	£56,638,000	318

Trustees

Name	Role	Appointed
Sir Richard Brook Sykes	Chair	2019-10-09
Commodore Alison Hofman		2024-12-11
Dr Roger Sinclair Kirby		2018-10-01
Fiona Elizabeth Lawrence Driscoll		2019-10-09
Paul Richard Biddle		2019-10-09
Sanjay Shah		2022-12-07

Linked charities

- CHARITY OF ALEXANDER MICHAEL LEVY (208944-1)

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KING EDWARD VII'S HOSPITAL (SISTER AGNES)

England & Wales - Charity number 208944

Accounts

King Edward VII's Hospital

Annual Report and Financial Statements
31st March 2025

KING EDWARD VII's HOSPITAL

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Chairman's Statement

We are deeply grateful to His Majesty King Charles III who became the Patron of King Edward VII's Hospital in 2024 which was a significant year coinciding with our 125-year anniversary. We remain grateful to His Royal Highness The Duke of Kent, who has been King Edward VII's Hospital President since 1975. Their support for our charitable mission — providing healthcare to current and former members of the Armed Forces and their spouses through our Centre for Veterans' Health — is deeply appreciated by our teams.

This year marked the beginning of a significant period of reflection and renewal. Following this, in early 2025 we appointed a new Chief Executive, Jeremy Butler, a highly experienced director. He subsequently refreshed the Executive and Senior Management Team, including a new Fundraising Lead with a specific remit to revitalise our charitable strategy and drive a fresh approach to veterans' healthcare.

In October 2025 the Trustees announced the planned acquisition of the Charity's asset, the hospital, to Bupa Health Services ("Bupa") which is expected to complete by the end of the year. The Charity will continue, and its purpose of supporting serving personnel and veterans of His Majesty's Armed Forces, and their families will remain unchanged, aside from minor amendments to its objects and name, subject to regulatory approval. The sale to Bupa includes hospital activities and related properties.

The Trustees believe that the transaction with Bupa is the best way to ensure the continuation of the Hospital, its work, its ethos, and the employment of our staff. In reaching this important decision, the Trustees carefully considered the increasing challenges faced by smaller independent hospitals, including King Edward VII's Hospital investing in medical technology and refreshing patient areas to ensure the highest quality of care is being delivered. Without Bupa, this means that the hospital would face significant financial challenges in the near future. The Trustees consider Bupa, an organisation that does not have shareholders but invests profits back into its services, to be aligned with the purpose and culture of King Edward VII's Hospital. Bupa is in an exciting period of growth and has a proven track record in delivering high-quality healthcare.

The Trustees are aware that this development after 126 years of service as a hospital will raise questions with donors and supporters. We are committed to continuing to communicate regularly with them and keep them updated. The strategy for the Charity will be revisited after the transaction completes.

This report covers the year ending 31 March 2025 and is written in the context of King Edward VII's Hospital as the current legal entity of the Hospital and the Charity. Therefore the governing document (Royal Charter), vision, values and objectives will apply until completion of the transaction. Post completion, Bupa's vision, values and strategic objectives will shape the next chapter of the Hospital, supported by a planned transition and integration period.

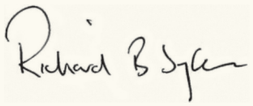
In April 2025, the Charity Quality Commission (CQC) inspected the hospital's clinical services, and we were pleased that the hospital retained a 'Good' rating to close the registration of the hospital under the Charity with CQC. The hospital CQC registration will be transferred to Bupa on completion of the transaction.

The report outlines the Hospital's key clinical and operational achievements throughout the year. These include the conversion of the Critical Care Unit to an Enhanced Care Unit/ Outreach Service, improvements to patient access through an upgraded Acute Unplanned Admissions Service, the introduction of a new Women's Health Screening service, further development of the Spinal Endoscopy Service, and the launch of a new Children and Young People Service. In addition, the new CT Scanner was installed in October 2025 thanks to a generous donation, for which we are extremely grateful. These developments reflect the agility of the hospital to respond to bespoke requirements which align with consultant skills and patient needs.

During the summer, the London Urology Specialists (LUS) Group elected to exit the joint venture with the hospital, LUS@KEVII Ltd, which subsequently ceased trading on 30 June 2025. While regrettable, this decision — combined with other contributing factors — had an adverse impact on the Hospital.

Delivering exceptional care and service remains at the heart of everything the Hospital does, and we are proud to receive consistently outstanding feedback from patients, relatives, and visitors — reinforcing our reputation for excellence in private healthcare. As the Hospital continues to grow and evolve, this unwavering commitment to clinical excellence and personalised care will remain the cornerstone of the patient experience.

We remain profoundly grateful to our donors for their generosity and continued support for King Edward VII's Hospital services, enabling us to serve veterans and service personnel of the Armed Forces and their families.



Sir Richard Sykes FRS FMedSci HonFREng
Trustee and Chair of the Board

1 Introduction

King Edward VII's Hospital (Sister Agnes) has a unique heritage dating back 125 years. It is an independent charitable Hospital with a proud history of Royal Patronage, located within London's Harley Street medical district. The Hospital enjoys an international reputation for offering the highest standards of care.

Brief history of King Edward VII's Hospital

In 1899, sisters Agnes and Fanny Keyser devoted themselves and their home to caring for sick and wounded officers returning from the Second Boer War. Under Sister Agnes' steadfast leadership, their Keyser home – 17 Grosvenor Crescent, Belgravia, London – continued as a hospital for officers after the war, setting the blueprint for high standards of personalised care for the hospital. Thanks to the hard work of the sisters, King Edward VII became its first patron in 1930, and the Hospital received generous support from members of the public. It moved to its current location in Beaumont Street, London in 1948.

These beginnings established the traditions for which King Edward VII's Hospital has been recognised:

- Exceptional nursing care
- A commitment to the services
- A spirit of charity and giving, underpinned by our network of over 2,000 friends
- Friends and charitable subsidies and grants

Our Royal patronage

We are proud of our long-standing Royal association since 1903, with patronage held by His Late Majesty King Edward VII from 1930, Her Late Majesty Queen Elizabeth II from 1952, and His Majesty King Charles III since 2024.

The Hospital's Philosophy of Care has been to:

- Provide personalised, patient-centred care with respect, dignity and empathy in a kind and compassionate environment.
- Listen and enable people to give their own views and opinions about their care, valuing the importance of their perspective.
- Work in partnership with patients' families and carers to provide kindness and care that exceeds expectations.
- Respect all religious and cultural beliefs through championing inclusion, diversity and individual choice.
- Ensure the highest standards of good governance throughout the Hospital.
- Promote a culture of openness and transparency.
- Always maintain the highest quality of care. We achieve this through continual monitoring of patient experience and outcomes via ongoing learning.
- Provide services that meet the needs of people that require additional support.
- Empower our teams and encourage a safe, collaborative working environment.

Trustee's annual report

The Trustees are pleased to present their report, together with the financial statements of King Edward VII's Hospital, for the year ending 31 March 2025.

The annual report and financial statements have been prepared in accordance with the accounting policies set out on pages 48, 49 and 50 of the attached financial statements and comply with applicable law and the requirements of the *Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland* (FRS 102).

The Trustees confirm that they have complied with section 17 of the Charities Act 2011 to have due regard to the Charity Commission's guidance (both general and supplementary in relation to public benefit).

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

The Trustees are responsible for preparing the Trustees' report and accounts 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 accounts for each financial year which give a true and fair view of the state of affairs of the Hospital and of the income and expenditure of the Hospital for that period. In preparing these accounts, the Trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in *Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland* (FRS 102);
- give judgments and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the hospital will continue in operation.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Hospital and enable them to ensure that the accounts comply with the Charities Act 2011, applicable Charity (Accounts and Reports) Regulations and the provisions of the Hospital's Royal Charter. They are also responsible for safeguarding the assets of the Hospital and 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 Hospital and financial information included on the Hospital's website. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

The Trustees and Advisory Board members do not receive a salary, and Executive salaries are reviewed annually, in line with the Hospital-wide review.

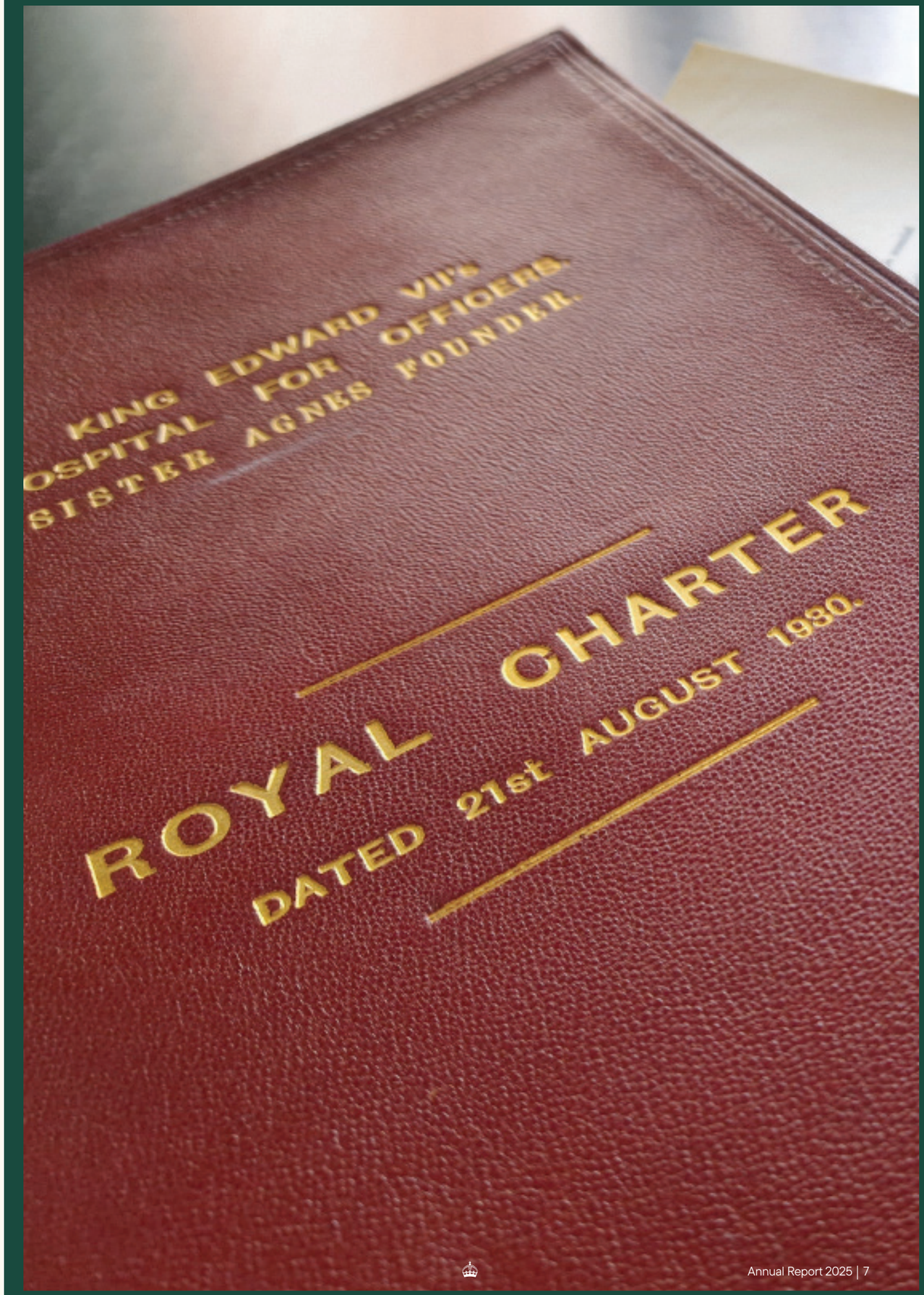
Constitution

King Edward VII's Hospital (Sister Agnes) is a registered Charity (No. 208944) founded in 1899 and constituted by Royal Charter. The hospital is constituted to operate as an acute hospital where serving and retired officers of the Services and their spouses/civil partners can be treated at preferential rates. The Hospital also treats members of the public regardless of any connection with the Services.

We are currently in the process of revising the Royal Charter to reflect the Bupa transaction which is subject to regulatory approvals.

The Hospital has an Advisory Board which confirms the appointment of the Board of Trustees who has legal responsibility and accountability for the leadership and governance of the Hospital, which will change after the transaction with Bupa completes. The Trustees and Executive Team are considered to be key management personnel.

With the support of the Privy Council and the Charity Commission, both the range of beneficiaries and the governance of the Hospital have been updated from time to time to meet changing circumstances. The most recent change to the Royal Charter was in 2017. Standing Financial Instructions alongside the Royal Charter regulate the way in which the proceedings and business of the Hospital are conducted, ensuring high standards of corporate and personal conduct. The full complement of governance documents includes the Standing Financial Instructions, Schedule of Reserved and Delegated Powers and the Scheme of Delegated Financial Authorities.



1 Introduction

Advisory Board

The Advisory Board provides support, advice and guidance to the Board of Trustees and Executive Team, particularly in relation to the development, effectiveness and success of the charitable and the independent healthcare provider element of the organisation. Advisory Board members are elected upon the recommendation of the Nominations Committee and ratification by the Board of Trustees.

The Board of Trustees

Trustees are recruited and elected to the Board by the Advisory Board upon the recommendation of the Board of Trustees in line with the Governing Document (Royal Charter) and best practice. During the process, consideration is given to their experience, the skills required, the contribution they will bring, and the Charity's Equality, Diversity and Inclusion Policy. Each Trustee is provided with a copy of the booklet produced by the Charity Commission explaining the duties and responsibilities of a Trustee.

Upon election and on an annual basis, the Trustees, Advisory Board members and the Executives undergo a Fit and Proper Persons Test to comply with the Health and Social Care Act 2008 (Regulated Activities) Regulations 2014: Regulation 5 Fit and Proper Persons: Directors, as well as the Finance Act 2010.

Upon election the Advisory Board members and Trustees have a formal briefing and induction with the Chair of the Board of Trustees, the Chief Executive Officer and members of the Executive Team, as well as a tour of the Hospital, providing an opportunity to meet and talk to staff.

The Board of Trustees' responsibilities are detailed in the Schedule of Reserved and Delegated Powers. Meetings of the Board of Trustees are held quarterly and attended by the Executive Team who provide information, data and assurance on their areas of responsibility in the organisation.

The following persons were in place during the financial year and at the point of signing this annual report:

The Board of Trustees

Sir Richard Sykes FRS FMedSci HonFREng (Chairman)

Mr Paul Biddle FCA

Ms Fiona Driscoll MA

Commodore Alison Hofman RRC KHNS MA MSc FCIPD QARNNS (from November 2024)

Rt Hon Professor the Lord Kakkar Rt Hon Professor the Lord Kakkar KG KBE PC FRCS FMedSci (until February 2025)

Professor Roger Kirby MA MD FRCS (Urol)

Sir Stuart Lipton

Ms Madelaine McTernan CB (from October 2024 to August 2025)

Mrs Aline Miller (from October 2024)

Mrs Alison Parkhouse (née Dean) (until November 2024)

Mr Sanjay Shah BA (Hons) FCA

Advisory Board

Sir Richard Sykes FRS FMedSci HonFREng (Chairman)

Dr Martin CM Bricknell CB OStJ

Mr Andrew Graham

Professor Dame Lesley Regan DBE

Mrs Alison Parkhouse (nee Dean) (from November 2024)

Executive Team and Senior Management Team

Jeremy Butler, Chief Executive Officer (from March 2025)

Ms Siân Allen, Medical Director

Sarah Dent, Head of HR (from June 2025)

Alan Farthing, Responsible Officer

Rosie Fegan, Head of Operations (from July 2025)

Robert Hickey, Chief Nursing Officer (from June 2025 Acting Chief Nursing Officer and Chief Nursing Officer from September 2025)

Stephen Piner, Head of IT

Tina Power, Head of Business Services (from July 2024)

Former Executive Team

Kenneth Anderson, Chief Executive Officer (from July 2024, formerly Transformation Director from May 2024, until December 2024)

Professor Justin Vale, Chief Executive Officer (until July 2024)

Robert Austin, Head of Finance (until October 2025)

Fiona Barber, Chief Financial Officer (until June 2024)

Owen Brady, Interim Chief Information Officer (until August 2024)

Sandeep Bains, Head of Business Development and Partnerships (from April 2025 to September 2025)

Rachael Church, Fundraising Specialist (from May 2025 to 31 October 2025)

Sarah Colebrook, Chief Nursing Officer (from September 2024 to June 2025)

John Goldstone, Director of Clinical Strategy (from December 2024 until June 2025)

Neil King, Director of HR and L&D (until December 2024)

Peter Lewis, Commercial Director (from June 2024 until April 2025)

Alex Le Vey, Director of Consultant Services & Strategy (until December 2024)

Agnes Patel, Director of Finance (from June 2024 until December 2024)

Arthur Rahunoks, Interim Head of HR (from January 2025 to June 2025)

James Rous, Director of Veterans' Affairs & Philanthropy (from October 2024 until April 2025)

Emmett Steed-Mundin, Director of Nursing (until June 2024)

Rebecca Sumner, Director of Operations (until December 2024)

Objectives

Vision and mission

The Hospital's vision has been "to be the leading private Hospital in the UK and to support an increased number of veterans through our charitable work". In doing so, its mission has been "to consistently deliver the highest standards of personalised, patient-centred care, in a safe and kind environment, through our exceptional and empowered teams. We will do this whilst continuing to deliver our charitable works within the veteran community."

In addition, the Hospital is proud to welcome international patients, providing world-leading medical expertise and impeccable standards of care.

Values

The Hospital's five core values strive to build the ethos to uphold its vision and mission.

P **Professionalism** – We encourage our teams to be the best they can and meet the highest standards.

Acting with integrity • Accountability • Continual learning

R **Respect** – We will respect other people's views to ensure an open inclusive working environment through:

Compassion • Dignity • Honesty

T **Teamwork** – We work as a team so we achieve more together by being:

Collaborative • Fair • Open

Q **Quality** – We will provide excellence in everything we do through:

Innovation • Listening to and acting on feedback
• Measuring outcomes & informing outcomes

S **Safety** – We are committed to providing a safe environment for our patients and colleagues through:

A learning culture • Freedom to speak up • Transparency

2 Objectives

Primary objectives

The primary objectives of the hospital have been:

1. to operate an acute hospital;
2. to provide the highest standards of patient care; and
3. to provide treatment at preferential rates to Service patients, serving or retired, and their spouses.

Post completion, Bupa's vision, values and strategic objectives will shape the next chapter of the Hospital, supported by a planned transition and integration period.

Activities to achieve the objectives

The **strategic objectives** supporting the primary objectives have been as follows and articulated in the Hospital's Strategy:

- to ensure the future sustainability of the business.
- to ensure the organisation delivers safe, outstanding, patient-centred care as measured by performance metrics and patient feedback.
- to ensure the organisation achieves, maintains and evidences compliance with regulatory requirements.
- to secure the funding to continue ongoing development of the site and refresh of clinical equipment.
- to significantly increase the number of veterans we support.
- to complete the digital transformation programme, thus creating a safe and secure informatics environment which enhances the working-lives of our staff.
- to cultivate an exceptional workplace environment at King Edward VII's Hospital, positioning us as the employer of choice within the private healthcare market.

Primary objective 1: to operate an acute hospital

The hospital offers patients a wide range of treatments across both medical and surgical specialties, along with critical care facilities. It has four operating theatres and 56 inpatient rooms all with en-suite bathrooms. Its critical care facilities enable the Hospital to carry out highly complex procedures and treat patients with complex needs. The Hospital provides a wide range of elective and non-elective services for inpatient and day case care supported by a range of activities, including:

- Acute services;
- Surgical cancer treatment;
- Genetics testing;
- Diagnostic and screening services;
- children and young persons services;
- doctors' consultation services;
- long-term condition services;
- recuperation services;
- Veterans' Pain Management Centre; and
- clinical psychology.

Key Specialities provided are:

- Orthopaedics
- Urology
- Gynaecology
- Obstetrics
- Oncology
- Imaging
- Diagnostics
- Fertility
- Sports and Exercise Medicine
- Gastroenterology
- Dermatology
- Ophthalmology
- Ear, Nose and Throat (ENT)
- Respiratory medicine
- Rheumatology
- Pain Medicine
- General Medicine
- General Practitioners
- Bariatric surgery
- Psychiatry
- General Surgery
- Oral and Maxillofacial surgery
- Physiotherapy
- Plastic Surgery

The Hospital has speciality areas that include Women's Health, Urology, Musculoskeletal and Digestive Health. These formed the four pillars of the Hospital's strategy developed in 2018, and since that time, extensive work has taken place to develop them including a focus on Multidisciplinary Teams (MDT) working and attracting new work via targeted marketing and the on-boarding of new high-quality consultants.

The Hospital's world-class diagnostic and outpatient facility, opened in 2022, which was made possible through the generous support of key benefactors. The centre features an extensive suite of advanced technologies , including a 3T MRI, CT scanner, two X-ray units, two ultrasound rooms, and two minor procedure rooms. The ground floor includes a welcoming patient waiting area and pharmacy, while additional floors dedicated to expanding the hospital's outpatient services.

Retaining and attracting leading consultants, raising the profile of the Hospital, and establishing strong relationships with key customer groups is critical to the Hospital's growth plan. Equally important is attracting patients who are new to private healthcare, providing a clear and accessible patient pathway. Therefore, positioning the Hospital as a trusted safe, compassionate, patient-centred destination is critical.

The following actions continue the growth cycle:

- **Enhancing Self-Pay Market Share:** Employ targeted marketing strategies coupled with high-quality data assets to refine our market positioning, bolstered by an accessible contact centre, ensuring seamless service delivery to patients.
- **Optimising Private Medical Insurer (PMI) Referrals:** Tailor services to better align with the specific needs of PMIs, particularly focusing on their corporate clientele, thus ensuring maximum alignment and satisfaction.
- **Establishing Direct Corporate Relationships:** Forge direct relationships with corporate entities, offering tailored and responsive support, thereby enhancing our reputation for client-centricity.
- **Attracting and Retaining Top Consultants:** Cultivate a supportive environment that fosters loyalty and commitment among leading consultants.
- **Expanding General Practitioner Referrals:** Strengthen and diversify the General Practitioner (GP) referral base through strategic initiatives aimed at increasing engagement and collaboration.
- **Enhancing Patient Engagement:** Implement a comprehensive approach to patient engagement throughout the patient journey, emphasising personalised support to enhance patient satisfaction and build greater loyalty.
- **Cultivating Strategic Partnerships:** Foster mutually beneficial partnerships with consultant users and external providers and alliances to drive increased activity and loyalty.
- **Developing Value-Aligned Partnerships:** Strategically align with external providers sharing values, cultivating partnerships to enhance activity levels and reinforce the hospital's commitment to quality care.
- **Embedding Governance Excellence:** Institutionalise sustainable and high-quality governance practices across all levels of the organisation, ensuring compliance, transparency and integrity.
- **Optimising Patient Acuity Management:** Proactively manage patient acuity levels, leveraging the Hospital's critical care capability to its fullest potential while ensuring optimal patient outcomes and resource utilisation.
- **Strategic Pricing and Cost Management:** Employ robust pricing strategies and cost management techniques to inform decision-making, maintaining operational efficiency while safeguarding profitability.
- **Promoting Clinical Excellence:** Publicise and highlight the Hospital's clinical outcomes and patient experience scores, reinforcing our commitment to excellence and transparency in healthcare delivery.
- **Investing in Talent Development:** Continuously invest in the professional development and growth of staff, fostering a culture of learning and innovation to uphold the Hospital's position as an employer of choice in the healthcare market.
- **Fostering Workforce Diversity and Wellbeing:** Prioritise diversity and inclusion initiatives alongside comprehensive wellbeing programmes to support employee health and satisfaction, driving productivity and retention.

Primary objective 2: to provide the highest standards of patient care

The Hospital remains committed to personalised, patient-centred care, effective multi-disciplinary teams and the highest standards of governance, prioritising quality and safety. The workforce is the Hospital's greatest strength, and recruitment, retention and personal development of staff remains key to ensure they are equipped to deliver personalised care.

As patients become more informed and have an increased desire to be active in decision making, there is an opportunity to build engagement directly with patients by:

- Developing initiatives such as annual wellness schemes and membership programmes.
- Building the self-pay and international proposition based on transparent fixed pricing, financing options and ease of access.
- Delivering consistent gold standard customer service.
- Ensuring outstanding patient experience.

The Hospital continues with its Quality Transformation Programme, embedding continuous quality improvement (QI) methodology and projects hospital wide.

Primary objective 3: provide treatment at preferential rates to service patients, serving or retired, and their spouses

The Charity's strategy will be refreshed after the transaction with Bupa completes and will be communicated through charity relationships and networks.

The Centre for Veterans' Health at King Edward VII's Hospital has supported those who have served. Timely, compassionate and high-quality care is provided to veterans, and their families, ensuring that those who have given much to their country can access the treatment and support they deserve.

We are proud to be an NHS Veteran Aware Hospital and are working closely with the team at the Veterans

2 Objectives

Covenant Healthcare Alliance to improve outcomes for the Armed Forces community.

Our core commitment to veterans remains unchanged. During 2024-25, veterans continued to access the Hospital through three key pathways:

- The Pain Management Programme (PMP): Recognised by the Care Quality Commission as an example of outstanding practice, supporting those living with chronic pain to build confidence, regain function, and improve quality of life.
- Means-tested grants for treatment: Eligible veterans without private medical insurance can receive outpatient or surgical care completely free of charge, funded by charitable donations and grants.
- 20% discount on hospital fees: All veterans and their families—including spouses, civil partners, widows and widowers—receive a 20% reduction in self-pay fees, regardless of rank or length of service.

Fundraising

The Hospital raised a total of £1,900k in charitable donations and grants during the 2024-25 financial year.

This included support from major donors, charitable trusts and foundations, legacies, and our Friends of the Hospital programme. While the overall figure is lower than the record-breaking total in 2022-23, this was a year of strategic realignment, focused on building the foundations for future growth.

This income supported both core programme delivery and future-facing investment in the Hospital's charitable mission. The new Fundraising Lead was appointed to revitalise our approach to philanthropy, with a particular focus on securing major gifts, expanding support for veterans' healthcare, and increasing legacy income. Work began on a comprehensive new fundraising strategy built on the following priorities:

- Growing income from high-net-worth individuals and family foundations.
- Developing long-term partnerships with charitable trusts and institutional funders.
- Positioning the Centre for Veterans' Health as a national charitable cause worthy of transformational support.

We remain deeply grateful to our donors for their generosity and vision—particularly the Army Benevolent Fund (ABF), The Soldiers' Charity, Greenwich Hospital, The Hadley Trust and the Thompson Family Charitable Trust and those who choose to remain anonymous. This support has been essential in delivering life-changing care to veterans, including those living with chronic pain who received high-quality, multidisciplinary care at no cost. This support has a direct and lasting impact on veterans' lives.

In October 2024, the Hospital was formally awarded the NHS Veteran Aware accreditation by the Veterans Covenant Healthcare Alliance (VCHA). This accreditation, granted only to organisations that demonstrate a clear and measurable commitment to improving care for the Armed Forces community, reflects our proactive work in aligning services to the needs of veterans and their families. To achieve and maintain this status, we must evidence best practice across several areas, including clear pathways for veteran patients; staff awareness training on the specific health needs of those who have served; proactive signposting to relevant support services; and a commitment to continuous improvement in veteran care. Receiving the accreditation during our 125th anniversary year underscored our heritage of providing healthcare services to the military. In the summer of 2025, we celebrated the 10th Anniversary of our Centre for Veterans' Health, a decade during which the Centre has evolved in its mission to deliver veteran-focused clinical programmes, research, and outreach – especially in the area of pain management.

Future Charity and Veterans' Strategy

The Charity's vision will include building a national centre of excellence for veteran health offering outstanding clinical care, supporting entire health pathways, and filling the gaps that statutory services cannot fill – this will support the updated Objects of the Royal Charter following the completion of the Bupa transaction.

The future strategy of the Charity will include:

- Building clinical and academic partnerships to support veteran-specific research, education, and leadership development.
- Supporting veterans across their full health journey, from prevention and early diagnosis through to rehabilitation and recovery.
- Creating referral partnerships with NHS providers, Armed Forces units, and military charities to broaden access and simplify pathways into care.

Financial overview

Total Income decreased year-on-year by 6% to £44.54m (2024: £47.36m), of which £2.12m was restricted funds (2024: £1.71m). This was driven by a decrease in donations and legacies and other income of 48% to £3.87m (2024: £7.43m), partially offset by an increase in patient related income of 2% to £40.61m (2024: £39.81m) particularly from outpatient services.

Clinical and Operational Achievements

The annual report is our opportunity to highlight clinical achievements delivered during the year.

Clinical: **CQC Inspection**

In April 2025 the CCQ conducted an unannounced inspection of surgical services at King Edward VII's Hospital. They reviewed all quality statements for the safe, effective, caring, responsive, and well-led key questions. The Hospital was pleased to get an overall rating for this service as Good. The last full inspection for the hospital was in June 2022 and the overall rating for the hospital remains as Good.

The CQC reported from the inspection in April 2025 that patient and family members were positive about the warmth and kindness from staff providing effective care and treatment. They received a thorough pre-operative assessment. Patients were reassessed when they attended for their surgery and reported a comfortable stay and good aftercare, with access to a 24/7 helpline from a qualified clinician.

Records showed patients were given the tests they needed promptly, and they felt staff were on hand if they needed help or support. Patients said they did not feel anxious about raising concerns. Following surgery patients had access to an online mobile application to ask questions or share photos, videos and receive instant feedback from clinical staff.

Overall, the rating and feedback provides confidence to our stakeholders including patients, visitors, consultants, and staff that the care delivered is safe, effective, caring, well-led and responsive.

Clinical: **NJR Award (National Joint Registry)**

Achieving the NJR (National Joint Registry) Gold Quality Data Provider award for another consecutive year is a testament to the Hospital's commitment to clinical excellence within our Orthopaedic service. This recognition reflects our dedication to accurate, complete, and timely data submission, which directly supports the ongoing monitoring of patient outcomes and implant performance. By maintaining the highest standards in data quality, we reinforce our ability to deliver safe, evidence-based care, drive continuous improvement, and uphold the trust of our patients and consultants.

Operational: **Conversion of Critical Care Unit to an Enhanced Care Unit/ Outreach Service**

At the Hospital, most patients are fit and well, typically managed as day cases or requiring only short overnight stays. For those who do require closer monitoring, a significant proportion could be more appropriately managed in an Enhanced Care Unit (ECU) rather than a traditional Critical Care Unit.

To meet this evolving need, in the summer the Hospital transitioned toward a model that includes a dedicated ECU, designed to support patients requiring care up to Level 1+, offering a higher level of observation and intervention than standard wards, but not as intensive as full critical care. This model ensures patients receive the right care, in the right setting, at the right time. The ECU is staffed by dedicated physicians and supported by specialised critical care outreach nursing teams. With support from on-call anaesthetists. This robust clinical structure enables safe and effective care for patients at risk of deterioration and ensures rapid escalation when appropriate. This change aligns with national healthcare models. By introducing the ECU, the hospital continues its commitment to delivering high-quality, patient-centred care while strengthening the resilience and efficiency of its healthcare system.

Operational: **Introduction of KEVII Direct, Premium Referalls Service**

In July 2024, the Hospital introduced a new Direct Premium Referrals Service, offering local GPs and healthcare professionals a dedicated and personalised pathway to refer their patients swiftly and seamlessly. This new service was designed to make the referral process as simple and efficient as possible, ensuring patients benefit from timely access to outstanding care in a private hospital setting. It supports a closer, more collaborative relationship between the Hospital and our valued referrers, with the shared goal of delivering an exceptional patient experience.

Following a successful soft launch, we have seen strong engagement from several local practices who have welcomed the convenience, speed and personalised attention the service offers. Building on this momentum, we are now investing in an expanded team to support the full rollout of the service. This will enable more clinicians to benefit from the same high-quality, responsive referral experience, and ensure even greater access to our consultants and diagnostics. The service represents our continued commitment to working in partnership with primary care to deliver the very best outcomes for patients.

KEVII DIRECT

Clinical and Operational: **Enhancing Patient Access: Upgraded Acute Unplanned Admissions Service**

This year, the hospital made significant strides in strengthening its acute unplanned admissions pathway. A key development was the establishment of a dedicated Duty Manager team to lead and coordinate the service. This newly formed team assumed responsibilities previously managed by ward Sisters and Senior Staff Nurses, allowing those clinical leaders to refocus their time and expertise on direct inpatient care.

The service is now underpinned by a Standard Operating Procedure and a clearly defined triage process, designed to ensure consistent decision-making and improved transparency. These enhancements offer greater assurance to GPs and consultants referring patients into the hospital, while supporting safe and timely admission of patients requiring unplanned care.

This initiative expands patient choice, enabling individuals to access private care more quickly and confidently—particularly in urgent situations where time, trust, and coordination are essential.

Clinical: **Strengthening Clinical Governance: Launch of the Clinical Leaders Monthly Meeting**

This year saw the introduction of our Clinical Leaders Monthly Meeting—a key initiative designed to strengthen communication, accountability, and clinical collaboration across the Hospital.

Bringing together clinical heads of department, clinical nurse specialists, and allied health professionals (AHPs), this forum provides a structured space for sharing critical updates, aligning priorities, and reviewing key performance indicators (KPIs) related to patient care, safety, and experience.

The meeting serves as a vital conduit from board to floor, ensuring that strategic decisions and safety priorities are clearly communicated, understood, and actioned at every level of clinical delivery. It also promotes a culture of transparency and shared ownership, with regular review of metrics to drive continuous improvement and learning.

By fostering this cross-disciplinary collaboration and embedding clear lines of monitoring and accountability, the Clinical Leaders Meeting plays a central role in our commitment to excellence in patient care and safety.

Clinical: **QSI accreditation – progress**

Progress toward Quality Standard for Imaging (QSI): This year, our Imaging Department was awarded the "Working Toward" badge by the QSI, having achieved over 90% compliance. This recognition reflects our proactive commitment to quality and safety in imaging services.

We actively engaged with the QSI program, completing a significant portion of the self-assessment process, uploaded extensive evidence of compliance, and demonstrated measurable continuous improvement. This structured approach has supported our teams in identifying area of excellence and opportunities for refinement.

We are proud of the progress made and remain focused on achieving full QSI accreditation by the end of the year – further reinforcing our dedication to delivering safe, high-quality, and patient-focused imaging services.

QSI QUALITY STANDARD FOR IMAGING

Operational: **Aviva Hip and Knee Network**

The Aviva Hip and Knee Network is now fully embedded within our care pathway. This integration allows us to provide patients with seamless access to expert advice and tailored support throughout their surgical journey. Our Orthopaedic Clinical Nurse Specialist (CNS) and Physiotherapy teams work closely together to deliver consistent, high-quality care—supporting patients pre and postoperatively to ensure the best possible outcomes. Our involvement at every stage of the pathway reflects our commitment to clinical excellence, safety, and a personalised patient experience.

Clinical: **Embedding a Culture of Vigilance: Launch of the Safeguarding Committee**

In our ongoing commitment to safeguarding the wellbeing of our patients and those close to them, we have introduced a quarterly Safeguarding Committee Meeting, bringing together representatives from every department across the Hospital—both clinical and non-clinical.

This cross-functional forum provides a dedicated space to review safeguarding incidents, promote shared learning, and enhance staff knowledge and confidence in responding to safeguarding concerns. By sharing diverse perspectives, we strengthen our collective capacity to identify risks early and act decisively in the best interests of vulnerable individuals.

The committee also plays a key role in ensuring our practices align with national safeguarding guidance, allowing us to track progress against standards and demonstrate accountability in this critical area of care.

The Safeguarding Committee reflects our proactive, organisation-wide commitment to creating a safe, responsive, and compassionate environment for all who come through our doors.

Operational: **Breast Department: Service Growth**

The Breast Department has experienced significant growth and success over the past year, underscoring our commitment to providing outstanding care and service to our patients. Notably, productivity in the department has surged by an impressive 127%, a clear indicator of the increasing demand for our high-quality services and the department's capacity to meet this demand effectively.

This growth is further demonstrated by a 154% increase in inpatient activity, with a significant rise in the number of patients seeking care through our Breast service. This outstanding performance not only reflects the expertise and dedication of our clinical team but also highlights the trust our patients place in the care we provide.

Clinical: **Women's Health: New Screening Package**

This year we launched a new Women's Health Screening Package, designed to offer a thorough and convenient approach to preventative care. This all-in-one screening visit combines both breast and gynaecological assessments, allowing patients to access a full spectrum of essential health checks in a single, streamlined appointment.

The package reflects the hospital's commitment to proactive, patient-centred care – prioritising early detection, personalised attention, and seamless service delivery.

Clinical: **Sensation-Sparing Mastectomy**

This year the Hospital proudly became the first centre in the UK to perform a sensation-sparing mastectomy, marking a significant milestone in breast surgery and patient centred innovation. Whilst this advanced procedure is performed more routinely in the United States, it had not previously been carried out in the UK.

The pioneering surgery was led by Mr Paul Thirucelvam, Consultant Breast Surgeon, who introduced the technique to the UK. Traditional mastectomies often result in complete numbness of the chest area. This achievement highlights the Hospital's ongoing commitment to surgical excellence and innovation.

Clinical and Operational: **Education and Training**

This year has marked an encouraging period of growth and investment in education and staff development at the Hospital. We are proud to have supported multiple members of our team on their professional development journeys through a diverse range of structured learning opportunities and career progression pathways.

Several staff members have undertaken apprenticeships across both clinical and non-clinical areas, including Theatre Healthcare Assistants working towards their Level 4 qualifications, and members of the finance team pursuing professional apprenticeships. Notably, we celebrated our first Healthcare Assistant joining the Nursing Associate program, a significant milestone in expanding internal clinical career pathways.

Within Women's Health, we appointed our first Associate Clinical Nurse Specialist following the successful completion of a two-year competency-based development programme. In addition, one of our Clinical Nurse Specialists qualified as a Menopause Advisor, enhancing our specialist support services in an increasingly important area of women's health.

In the Imaging Department, we are pleased to support a Healthcare Assistant as they begin an apprenticeship in Mammography, further reflecting our commitment to advancing diagnostic expertise from within our team.

These achievements are a testament to our commitment to creating a culture of continuous professional development, where staff are empowered to advance their skills and qualifications.

To further support early-career professionals, we developed and implemented an in-house preceptorship program designed to align with the Nursing and Midwifery Council (NMC) Preceptorship Framework. This program not only ensures safe, confident transitions into practice for newly qualified nurses but also opens new opportunities for them to begin their careers within the Hospital.

In February 2025, we introduced a new learning management platform aligned with the Core Skills Training Framework for statutory and mandatory healthcare training. This platform provides a modern, accessible approach to compliance and clinical education, supporting our ambition for a well-trained, adaptable workforce.

We have also brought much of our clinical training in-house, enabling us to deliver tailored sessions that address service-specific needs while promoting interdepartmental collaboration. This approach supports the development of a more flexible and responsive workforce, better positioned to meet both our operational goals, and deliver an exceptional patient experience.

Looking ahead, we remain committed to investing in our people—providing the tools, training, and opportunities that allow each team member to thrive in their role and grow within the organisation.

Operational: **Development of Spinal Endoscopy Service**

This year the Hospital successfully completed its first spinal endoscopy case, marking an exciting milestone in the evolution of our surgical services. Spinal endoscopy is a minimally invasive surgical technique used to both diagnose and treat specific spinal conditions. It represents a significant advancement in patient care by offering reduced tissue disruption, shorter recovery times, and a lower risk of infection and post-operative complications compared to traditional open spinal surgery.

Building on the success of our initial cases, we have clear plans in place to expand this service. These include welcoming new spinal consultants, increasing theatre availability, and appointing a dedicated Lead Spinal Theatre Practitioner to oversee continued developments and delivery of this specialist service. The introduction and growth of spinal endoscopy reflects our ongoing commitment to providing cutting-edge, patient-centred care, and reinforces our reputation as a leader in surgical excellence.

Operational: **Theatres: Green Theatre Initiative**

This year the Hospital launched its Green Theatre Initiative, a major step forward in our commitment to environmentally responsible healthcare. This structured program is designed to help operating theatres reduce their environmental impact – without compromising patient safety or clinical outcomes.

The initiative is built around a practical, evidence-based framework that supports sustainable practices across every stage of the surgical pathway. It is closely aligned with NHS targets for achieving net zero and reflects our role as a leader in delivering high-quality, sustainable private healthcare.

Key focus areas this year include:

- Anaesthetic gas reduction to lower emissions.
- Improved waste management systems to reduce plastic and clinical waste.
- Energy efficiency upgrades within theatre operations.
- Sustainable procurement and stock management practices.

By embracing this initiative, the Hospital is not only improving environmental outcomes but also demonstrating leadership in sustainable healthcare. We are proud to be part of the movement redefining what safe, modern, and responsible surgical care looks like for future generations.

Operational and Clinical: **New Children and Young People Service**

In May 2025, the Hospital established a tailored Children and Young Persons Service providing services to those aged 16 and 17. The services include Outpatient Consultations, Imaging, and Physiotherapy which aligns with growing demand from families seeking age appropriate, specialised care for older adolescents in a private healthcare setting. It will also enhance the Hospital's reputation as a comprehensive healthcare provider. Currently, 16 and 17 year-olds are underserved in private healthcare settings, often falling into a grey area between paediatric and adult services, especially in terms of safeguarding, communication style, and clinical approach. Increasing referrals and expectations from private GP's, insurance providers, and families highlighted a need for dedicated outpatient services.

Operational: **New CT Scanner**

In 2024, we purchased the new Siemens Healthineers SOMATOM GO.Top, a state-of-the-art imaging system which was installed in October 2025 in our inpatient imaging suite. This was possible due to a generous, anonymous donor. This cutting edge technology delivers faster, clearer and more comfortable scans, producing detailed images in seconds and helping clinicians make quicker, more accurate decisions. With lower radiation doses and a quieter, patient friendly design, it enhances both safety and experience for all Hospital patients.

TONIC
COSMETIC

Clinical: **Expansion of Cosmetic Surgery**

Building on the success of last year's collaboration with The Tonic Group, the Hospital is expanding its cosmetic surgery services to include a broader range of procedures tailored to patients undergoing or recovering from bariatric surgery.

Many patients who have achieved significant weight loss face ongoing physical and emotional challenges due to excess skin changes in body shape. This can impact not only appearance, but also mobility, hygiene, comfort, and mental wellbeing. By offering advanced reconstructive and cosmetic procedures – such as abdominoplasty, body lifts, brachioplasty, and thigh lifts – we aim to provide a holistic continuum of care that supports the full spectrum of the weight loss journey.

These procedures play a vital role in improving physical function and hygiene, restoring body confidence and self-esteem, enhancing quality of life, and helping patients' complete transformation, both physically and emotionally.

Crucially, this service expansion also strengthens continuity of care. By enabling patients to remain within the same trusted clinical environment throughout their journey, we reduce anxiety and foster a more supportive and familiar experience.

Operational: **Integrated Health Solutions (IHS) Medtronic Managed Service**

In September 2024, the Hospital entered into a strategic partnership with Integrated Health Solutions (IHS) to enhance procurement efficiency, streamline supply chain operations, and access surgical equipment at more competitive prices. This collaboration forms a key part of our ongoing commitment to operational excellence and improved clinical outcomes.

Implementation began in 2024 and has since progressed rapidly across multiple workstreams, including standardisation of procurement processes, reduction in stockholding, and optimisation of stock movement. A key focus has been the introduction of PARS (Periodic Automatic Replenishment Systems) levels, which align stock levels more closely with surgical activity and demand forecasting.

A major milestone is the upcoming handover of the loan kit process —which will ensure that the correct surgical instruments and equipment are ordered and available for each procedure — improving theatre efficiency and reducing last-minute cancellations.

These improvements have already had a positive impact on patient satisfaction and staff morale, with notable reduction in delays and greater confidence in surgical readiness.

This partnership reflects our drive to create a more agile, responsive, and cost-effective operating model, without compromising the high standards of patient care that define the Hospital.

Medtronic

Patient experience

Our patient satisfaction data reflects the dedication, compassion, and professionalism of our entire team:

- 99% of patients rated their overall experience as good or very good.
- 98% of patients said they would recommend the hospital to family and friends.
- 99% of patients responded 'yes, definitely' when asked if they had confidence in their consultant.
- 99% of patients reported being always treated with dignity and respect.
- 98% of patients rated the care they received from their nurse as good or excellent.

These exceptional results highlight the strength of our patient-focused approach, and the trust patients place in our care. They also reflect our ongoing efforts to create a compassionate, safe, and respectful environment where every individual feels valued and supported.

In partnership with Vantage technologies, the Hospital continues to redesign its digital web-based platform for managing the Hospital's clinical audit program, streamlining processes, and improving data accessibility and audit efficiency. The revised system will support clinicians in collecting audit data and receiving automated audit compliance feedback allowing clinicians to take improvement actions via an inbuilt action plan process.

1 April 2024 to 31 March 2025

Quality Improvement: Patient Safety Incident Response Framework (PSIRF)

The Hospital has significantly advanced its patient safety protocols by fully integrating the Patient Safety Incident Response Framework (PSIRF). This framework enables the Hospital to establish and sustain robust systems and processes for effectively responding to patient safety incidents, fostering a culture of continuous learning and improvement. The Hospital's PSIRF is now in its second year, further enhancing its commitment to patient safety.

All Heads of Department and Senior Leaders have received After Action Review (AAR) training to be qualified AAR Conductors and Facilitators. AAR allows a dynamic and collaborative approach to understanding what happened; what should have happened and what system-based improvements can be made to drive up safety. The Hospital continues to prioritise being a learning organisation.

A thematic review was undertaken of all incidents over 2024-2025. From this review, three new PSIRF Projects have been initiated: patient ID checks, availability of theatre equipment, and reducing medication errors. These projects have defined Terms of Reference and plans and will be monitored through the Patient Safety Committee.

Quality Improvement Programme

	Quality improvement	Driver for improvement	Impact
1	Reduce number of incidents related to patient identification	Patient Safety (PSIRF)	**QI project in progress:** Intended impact is to improve patient safety and reduce harm, enhance staff awareness and accountability, strengthen trust and confidence.
2	Reduce incidents related to theatre equipment	Patient Safety (PSIRF)	**QI project in progress:** Intended impact is to improve patient safety and reduce harm, enhance staff awareness and accountability, strengthen trust and confidence.
3	Reduce medication incidents	Patient Safety (PSIRF)	**QI project in progress:** Intended impact is to improve patient safety and reduce harm, enhance staff awareness and accountability, strengthen trust and confidence.
4	Redesign the discharge summary on compucare8	Patient Safety	**Improvement project in progress:** To redesign the content to address limited information in current discharge summary.
5	Improve completion of prescriptions on medication	Patient Safety	**Improvement project in progress:** Create a new guide and share with a cross section of users for feedback.
6	Improve patient information in patient rooms	Patient Experience	**Improvement project in progress:** Create a new room brochure with relevant information for all patients.
7	Improve patient fasting times	Patient Safety/Patient Experience	**Improvement project in progress:** Audit to identify current status has started and improvement project in progress.
8	Improve MRSA screening for patient who cannot attend Pre-Assessment in person	Patient Safety and Patient feedback	New postal MRSA kits and procedures implemented and introduced to Pre-Assessment.
9	Identify means of directing patients to MECCA	Patient feedback	Arrows to MECCA posted in each patient room.
10	Improve the content of the Long Stay Inpatient Care Record	Patient Safety	Complete review of Inpatient Care record undertaken and updated. In CQC inspection April 2025 the CQC commended the Hospital on maintaining high standards of documentation in a low-tech environment.
11	Improve documentation and reduce number of single documents in theatres	Patient Safety	ICP document for theatres now includes surgical safety checklist, theatre care plan and recovery record as one document. Positive feedback received from theatre staff.
12	Introduce governance boards to the clinical areas to support staff understand the governance around their department	Staff awareness. Ability to articulate to CQC outcomes for their department	New governance boards created and implemented in the clinical areas. This has helped staff to be aware of the governance surrounding their department, results, outcomes, shared learning, and risks. The CQC inspection in April 2025 demonstrated staff were aware of their incidents, complaints, risks and shared learning.

Patient feedback

The Hospital supports the use of patient feedback surveys — available in both paper and electronic formats — to thoroughly assess the quality of care and overall patient experience. These surveys offer patients a direct platform to share their experiences and provide valuable insights that help continuously improve our services. Below are some examples of the positive feedback received from patients.
What staff say about us:

All staff members were welcoming and friendly. I felt very cared for by the nursing staff, like I really mattered as a patient.

Excellent advice, understanding of procedure and able to explain in layman's terms to both myself and my husband. He answered our questions and gave comfort in my fears.

Everything about the hospital and the staff was quite wonderful I could not have asked for more care and kindness.

The Nursing Team had great communications between them and I observed that they worked as a 'Team'. Each Nurse I met whilst being treated was very well informed of my care and genuinely respectful towards me. They were medically knowledgeable in a broad spectrum of holistic care and this I found comforting and reassuring.

The whole experience from start to finish was fantastic. Absolutely amazing healthcare.

Honestly, I just feel so fortunate to have been operated on in such an amazing hospital. I can honestly say all the Staff were lovely. Please thank them from me.

Our staff

The workforce is our most valuable asset, serving as the cornerstone of our continued success. We are dedicated to identifying and retaining top talent, ensuring a diverse and skilled workforce and investing in their wellbeing and ongoing development.

In line with our commitment to employee experience, we are advancing our HR practices. Our approach integrates performance management and developmental tools. By embracing new strategies, we have empowered our employees to contribute effectively towards achieving the Hospital's vision and strategic goals.

- **Inclusive Culture Initiatives:** Implement specific initiatives to foster diversity and inclusion within the workplace, including employee resource groups, diversity training and equitable policies and practices.
- **Comprehensive Wellbeing Programmes:** Further develop our wellbeing programme addressing mental health support, stress management, physical wellness and work-life balance initiatives.
- **Professional Development Opportunities:** Expand opportunities for career growth and skills development through apprenticeships, training, certification programs, mentorship and educational support.
- **Employee Recognition and Rewards:** Refine our employee reward and recognition programme to acknowledge outstanding performance, contributions and achievements.
- **Communication and Transparency:** Continue to foster open communication and transparency within the organisation, encouraging feedback and involving employees in decision-making processes.
- **Health and Safety Measures:** Prioritise the health and safety of employees by implementing rigorous health and safety protocols and providing necessary resources and training.
- **Employee Feedback Mechanisms:** Continue to develop formal channels for collecting and acting upon employee feedback to continuously improve the employee and patient experience.

Staff feedback

In March 2025, an impressive 69% of our workforce responded to our staff survey, resulting in an overall positive engagement score of 65. After sharing the results with all staff through open forums, focussed listening sessions were held across various departments to further understand the reasoning behind section scores and most importantly, how best to deliver improvements. This more detailed feedback has informed the development of both a hospital wide engagement plan and localised departmental plans.

King Edward VII's Hospital offers a wealth of knowledge in private healthcare, heritage, and operational processes. There is significant potential for professional development at all levels, including entry-level staff, as every department and role plays a crucial part in a patient's surgical journey. Beyond clinical excellence, the hospital is also a business, presenting countless opportunities for training and growth for non-clinical staff. Investing in their development not only enhances individual careers but also strengthens the overall efficiency and success of the organization.

My colleagues are good and hardworking people. They are passionate about doing their job well and always give their best.

That all departments are working towards same goal which is focusing on patients care and safety on top priority.

The team I work with are extremely high-level achievers and only aim to give our patients the best care and service.

Safe staffing with nurse patient ratio and HCA patient ratio.

What I value most about working here at KEVII is working alongside amazing and talented people who given me the confidence to try and excel here at KEVII.

I value the team work with. They support and respect each other and embrace each others individuality.

What I value most about working here is the strong sense of openness and transparency I have with my line managers. They are incredibly accommodating and always considerate of my needs, which creates a supportive work environment. I really appreciate the way they encourage honest communication, which makes me feel comfortable sharing my thoughts and concerns. Additionally, the potential for growth here is something I truly value. There's a clear path for development, and the organization provides opportunities to advance professionally, which is motivating. I also really appreciate the high standards we uphold, both in the work we do and in the care we provide. It creates a sense of pride and accountability in everything we do.

Edward Awards

This year we relaunched our Edwards Awards scheme which recognises and rewards employees who have been nominated by colleagues for displaying outstanding behaviours, aligned to one or more of the Hospital's core values.

In addition, staff working groups have been established to drive improvements in specific areas such as Equality, Diversity and Inclusion and Staff Social Activities.

In April 2025, we were pleased to have celebrated long service awards for staff completing service between 5 and 35 years. Such events are an opportunity to express our gratitude to staff who are invaluable to the functioning of the Hospital.

Freedom to Speak Up

As well as encouraging our staff to share ideas or raise concerns via their line manager, we also have an active Freedom to Speak Up programme (FTSU). This is supported by a Lead Guardian, a Guardian and Champions. During the year 2024-25, a total of 78 issues were raised via this programme, which is approximately a 15% increase on 2023-24. This is consistent with the national trend reported by the National Guardian's Office, with healthcare staff using the Freedom to Speak Up as a route to raise concerns more frequently, with an approximate 36% increase in reporting compared the previous year. Higher rates suggest that staff feel safe to raise issues and is seen as a good indicator of an open culture. The Hospital continues to work on fostering an open and transparent culture.

Celebrating Our Digital Transformation

This year, we have made bold strides in our digital journey—strengthening our infrastructure, enhancing security, and improving patient care through smarter technology.

- **Stronger Security:** New systems and controls have boosted our cyber defences, validated by successful penetration testing and active Security Operations Centre (SOC) oversight.
- **Scalable Infrastructure:** We've embraced a hybrid cloud-first model and are preparing to launch hyper-converged infrastructure—bringing agility, performance, and future-readiness.
- **Better Service:** Redesigned switching ensures 100% network redundancy.
  Helpdesk response times halved, with 100% positive feedback in Q1 2025.
- **Smarter Spending:** IT investment now focuses more on clinical applications—rising from 9% to 28% of spend—while overall costs have slightly decreased.
- **Greater Efficiency:** Our Medtronic partnership has cut overheads, reduced catalogue size by 60%, and unlocked new savings.
- **Data-Driven Insights:** Analytics are being embedded across systems, helping us make smarter, faster decisions.
- **Built for Innovation:** With a strong digital foundation in place, we're ready to innovate and grow—delivering even better care for our patients and community.

Engagement with stakeholders

The Trustees take seriously their duty to promote the success of King Edward VII's Hospital, taking into consideration the interests of key stakeholders, the long-term impact of decisions, the impact on the environment and community which are included in this annual report.

Engagement with key stakeholders has included patient satisfaction surveys, patient forums, (such as patient experience and patient engagement), staff and patient representation at the Board Quality and Safety Committee, the annual employee survey, Freedom to Speak Up function reporting from ward to Board, the Executive Board, regular staff and consultant communications, the Medical Advisory Committee, relationship meetings with consultants, GPs, donors, veterans and associated organisations, embassies, private medical insurers, landlords, financiers, NHS Trusts, suppliers and major business customers, and membership of the Independent Healthcare Providers Network.

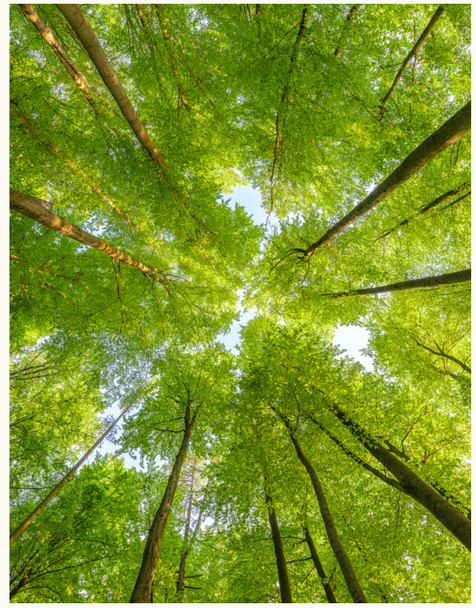
Further examples of engagement include:

- The Quality and Safety Board Committee membership including a staff representative who is the Lead Guardian for Freedom to Speak Up. The patient's voice is represented by a patient representative who is also a member of the patient experience group.
- The Executive Team regularly holds staff Town Hall meetings, chaired by the Chief Executive Officer, providing opportunities for two-way communication, award presentations to the winners of the monthly Edward Awards, engaging staff in Hospital-wide initiatives. Staff and consultants are further informed of business activities via the monthly newsletter and Connect email updates.
- The Chairman, Trustees and members of the Executive Team meet with consultant partners and arrange clinical events to ensure they are engaged with the Hospital's activities, and pursuing new business opportunities. They actively engage with veterans and associated organisations to serve the Hospital's charitable purpose.

Sustainability

Sustainability for the Hospital encompasses the full range of environmental, social and governance (ESG) considerations across our operations — from the beginning to the end of the procurement process, through to the delivery of our services. We are committed to embedding ESG principles throughout the organisation and ensuring they inform every aspect of how we operate.

The Hospital will be actively enhancing its ESG processes by prioritising suppliers committed to sustainable practices. Through our partnership with Integrated Health Solutions (IHS) we will focus on minimising waste, reducing packaging materials and lowering transport emissions by collaborating with providers dedicated to sustainability initiatives. Refurbishment plans and replacement of equipment will include reducing carbon-based fuels and the utilisation of low energy consumption engineering and technology.



Plans for the future

King Edward VII's Hospital has continually evolved throughout its history. From relocating premises and overcoming the challenges of the Second World War, to establishing its home on Beaumont Street and expanding its mission to care for all members of His Majesty's Armed Forces — not only officers — the hospital has consistently adapted to remain relevant and responsive to the changing needs. In more recent years, the Trustees have rightly devoted significant time and attention to managing the Hospital's operational and financial pressure and ensuring full compliance with its legal and regulatory obligations.

The sale of the Hospital and associated properties to Bupa, secures the future of the Hospital's activities and brings new opportunities for the Charity. The proceeds of the sale will be transferred to the Charity which will provide a solid foundation for the Charity to deliver its charitable purpose to support present and former members of His Majesty's Armed Forces, and their families.

The Charity will develop refreshed and innovative services for its beneficiaries, recognising their evolving needs in the 21st century, whilst upholding the commitment and ethos that have defined it for 126 years — continuing the tradition of service established by our founder Sister Agnes. Once the proposed minor amendments to the Charity's name and Objects have been approved by the regulators, we will share further details about the Charity's future plans.

Alex Horsfall, Military Grant recipient

Governance

4

Risk management

The overall responsibility for the identification, assessment and mitigation of major risks for the Hospital lies with the Board of Trustees. This responsibility is discharged through the Chief Executive Officer, the Executive Team and a designated Executive Risk Lead, supported by advice from the Hospital's Associate Director of Clinical Governance, Head of Safety and Risk, Health and Safety Advisor, Health and Safety Committee, Microbiologist, Company Secretary and other Hospital Committees, and recommendations from inspection reports.

The Board Assurance Framework led by the Chief Executive and Company Secretary, identifies the primary risks to the delivery of the strategic objectives.

The Audit, Risk and Assurance Committee reviews the Board Assurance Framework bi-annually and the Organisational Risk Register on a quarterly basis to satisfy itself that appropriate measures and systems are in place to minimise or eliminate the risks. The Committee's findings are reported to the Board of Trustees.

The principal risk and uncertainty identified by the Board of Trustees during the financial year 2024-25 related to our strategic objective, to ensure the future sustainability of the business. This and other risks are overseen by the Board of Trustees for which comprehensive actions are in place.

Health and safety

Building on our strong foundation of health and safety practices, the Hospital builds on a positive health and safety culture as we strive towards excellence through shared learning and continuous reassessment. This is reflected in the hospital's Health and Safety Plan which aims at exemplar practice — addressing risks according to the severity rating. Staff remain engaged and eager to share information during consultation to improve planning and policy making, and incident reporting is centred on learning and prevention.

To maintain best practice, we employ stringent monitoring of controls which is captured in a Health and Safety Dashboard allowing transparency in our reporting processes.

Risk management is multifaceted and supported by several layers of oversight. Departmental risk assessments are monitored through the Fire, Health and Safety Committee and recorded in a risk register that is reviewed and updated monthly. In addition, site-wide risk assessments capture overarching risks across the organisation. We also engage external specialists in areas such as fire safety and water safety, providing an added level of assurance and a triangulated approach to managing specific risks.

Our fire safety processes are well established, with trained staff in delegated roles throughout our sites and bi-annual fire drills to reinforce and test the evacuation plans. All secondary Fire Risk Assessments (FRAs) have been completed for our sites this year by NIFES. Key findings included the need for remedials on fire doors and fire stopping which is being addressed as part of the Compartmentation Project.

Specific areas where closer monitoring is required is addressed by the working group meetings held separately, such as the Water Safety Group and Electricity Safety Group.

There has been a marked improvement in the training compliance levels across all Health and Safety modules reported by the learning development team, through both face to face and e-Learning modules. To ensure Health and Safety is built into our core management processes, IOSH Safety for Executives and Directors are completed by the Executive team and IOSH Managing Safely for all Departmental Managers.

The health and safety management system is audited both internally by our Fire, Health and Safety Representatives, as well as externally by consultants, and more specifically for fire and water safety by the relevant Authorising Engineer. These audit results show continual improvement through a reduction in number and risk rating of the resulting actions. This demonstrates the Hospital's high commitment to health and safety and our readiness to grow by instigating an unbiased review of our processes.

The Board and Committees

The Advisory Board

The Advisory Board meets annually and is chaired by Sir Richard Sykes, Trustee. The Advisory Board advises the Board of Trustees on: Fundraising, Charitable, Networking and Marketing activities; and any regulatory activity. The Advisory Board elects/re-elects Advisory Board members, the President and Trustees.

The Hospital has strengthened governance arrangements to support fundraising and the delivery of the veterans' strategy. A dedicated Trustee led support group was established to oversee the implementation of the Veterans Strategy, ensuring that charitable funds are used effectively and that the Centre for Veterans' Health continues to evolve as a national leader in its field.

The Hospital previously had a dedicated Trustee-led Board sub-committee for Fundraising and Veterans' Health. In 2022-23 a Centre for Veterans' Health Advisory Board was created to raise the profile of our veterans' work and maximise engagement. The Centre for Veterans' Health Advisory Board is chaired by the former Surgeon General of the Armed Forces, Professor Martin Bricknell (also a member of the Advisory Board) and is comprised of individuals who bring complimentary skills to enable the Hospital to deliver sector-leading healthcare and support as many veterans as possible.

Members:

- Sir Richard Sykes FRS FMedSci HonFREng (Chair)
- Professor Martin CM Bricknell CB OStJ
- Mr Andrew Graham
- Mrs Alison Parkhouse (from November 2024)
- Professor Dame Lesley Regan DBE (from March 2024)

Audit, Risk and Assurance Committee

The Audit, Risk and Assurance Committee advises the Board of Trustees on the appointment of the Auditor. It has delegated responsibility from the Board of Trustees to monitor risk analysis, risk management, corporate governance and all internal-related systems and controls. This Committee is also responsible for taking reasonable steps to ensure that the Charity is complying with all aspects of the law, relevant regulations and good practice. The composition of this Committee is determined by the Board of Trustees. The Committee met four times during 2024-25 and is chaired by Ms Fiona Driscoll MA, Trustee.

Members

- Ms Fiona Driscoll MA (Chair)
- Mr Paul Biddle FCA
- Ms Madelaine McTernan CB (from November 2024 to August 2025)
- Mr Sanjay Shah BA (Hons) FCA

Finance and Investment Committee

On behalf of the Board of Trustees, the Finance and Investment Committee undertakes the thorough review of financial policy and performance issues and risks, alongside reviewing budgets and business plans. It also has responsibility for the oversight of the Hospital investment portfolio and reserves. In 2023 the Committee absorbed the duties of the Property and Projects Committee and therefore has oversight and management of the key infrastructure development projects at the Hospital, including the estates redevelopment projects. Additionally, from September 2024, the Committee further absorbed the work of the Transformation Committee, the essential work of which was completed at the end of August 2024, and the work of the Commercial Committee since November 2024.

The Committee met nine times during 2024-25 and is chaired by Mr Sanjay Shah (since February 2025), chaired until then by Mr Paul Biddle FCA, Trustee.

Members

- Mr Sanjay Shah BA (Hons) FCA (Chair from February 2025)
- Mr Paul Biddle FCA (former Chair until February 2025)
- Professor Roger Kirby MA MD FRCS (Urol)
- Sir Stuart Lipton (Chair for Property and Project matters)
- Mrs Alison Parkhouse (née Dean) (until November 2024)

Quality and Safety Committee

The Quality and Safety Committee provides assurance that safe, high-quality care is delivered across the hospital and that robust clinical governance arrangements are in place. It also oversees patient engagement strategies and health and safety. The Committee assures the Board of Trustees that appropriate arrangements exist for managing clinical risk, infection prevention and control, and provides oversight of employee engagement and the Hospital's Equality, Diversity and Inclusion Policy. The Committee acts in a positive and open manner and is a source of support and advice. The Committee met four times during 2024-25 and is chaired by Commodore Alison Hofman (since November 2024), chaired until then by Sir Richard Sykes.

Members

- Commodore Alison Hofman RRC KHNS MA MSc FCIPD QARNNS (Chair from November 2024)
- Sir Richard Sykes (Chair from March 2024 until November 2024)
- Rt Hon Professor the Lord Kakkar KG KBE PC FRCS FMedSci (until February 2025)
- Professor Roger Kirby MA MD FRCS (Urol) (from November 2024)
- Mrs Aline Miller (from November 2024)
- Mrs Alison Parkhouse (née Dean) (until November 2024)

Nominations and Remuneration Committee

The Nominations and Remuneration Committee recommends the process for appointing Trustees to the Advisory Board and advises the Board of Trustees on the appointment of Advisory Board members. It also makes recommendations to the Board on the process and appointment of the Chief Executive and provides oversight of executive recruitment and remuneration. In addition, the Committee receives the annual gender pay gap report.

The Committee is chaired by Sir Richard Sykes, Trustee.

Members

- Sir Richard Sykes FRS FMedSci HonFREng (Chair)
- Professor Roger Kirby MA MD FRCS (Urol)
- Sir Stuart Lipton

Transformation Committee

The Transformation Committee was established in May 2024. The objective was to improve the overall financial position of the Hospital whilst ensuring best clinical outcomes and experience for all stakeholders. The Committee met fortnightly for a period of three months and was chaired by Sir Richard Sykes, Trustee. With the essential work completed, the duties of this Committee were absorbed by the Finance and Investment Committee from September 2024.

Members

- Sir Richard Sykes FRS FMedSci HonFREng (Chair)
- Mr Paul Biddle FCA
- Ms Fiona Driscoll MA
- Mr Sanjay Shah BA (Hons) FCA

Executive Management Committee

The Executive Management Committee meets monthly and comprises the Executive and Senior Management Team. Its responsibilities include reviewing performance against the Hospital's business plan and objectives, ensuring that operational structures and systems are working effectively and efficiently, and driving a continuous improvement approach to performance and management. The Committee also provides assurance through established governance processes, ensuring appropriate oversight of risks, appointments and key developments across the Hospital. It is chaired by the Chief Executive Officer.

Reference and administrative details

Principal Office

King Edward VII's Hospital, 5-10 Beaumont Street, Marylebone, London W1G 6AA

Auditors

Buzzacott Audit LLP, 130 Wood Street, London EC2V 6DL

Bankers

National Westminster Bank PLC ,1 Cavendish Square, London W1A 4NU

Investment Managers

Sarasin & Partners LLP, 100 St Paul's Churchyard, London EC4M 8BU

Solicitors

Anthony Collins, 134 Edmund Street, Birmingham B3 2ES, UK
Bates Wells, 10 Queen Street Place, London EC4R 1BE
Bevan Brittan LLP, 2 Fleet Place, London EC4M 7RF
Macfarlanes LLP, 20 Cursitor Street, London EC4A 1LT

Financial Performance

Financial review

The consolidated statement of financial activities for the period is set out on page 43 of the financial statements. The consolidated accounts include the financial results of the subsidiary which made a profit of £870k and shows the minority interests in the group.

The outcome for the year is described fully in the Statement of Financial Activities (page 43).

Total income for the year was £44.54m (2024: £47.36m) of which £40.61m (2024: £39.81m) related to income generated from patient charges.

Donations income for the year was £3.15m (2024: £5.81m) of which £2.13m (2024: £1.71m) has been set aside in restricted funds and will be utilised for investment in diagnostic imaging equipment.

Expenditure for the year amounted to £55.58m (2024: £53.22m) to give net expenditure before investment gains of £11.03m (2024: £5.86m).

The financial statements include the impact on the assets and liabilities in respect to the Hospital's exposure to its defined benefit pension scheme. The position of the defined benefit pension scheme as of 31 March 2025 was a net asset of £2.40m (2024:net asset of £1.84m), however an adjustment has been made to cap the value of the asset at £nil (2024: £nil) in accordance with FRS 102.

The total investment portfolio increased by £0.26m in the year (2024: decrease of £1.57m) after accounting for the impact of disposals. The revaluation of the investment portfolio resulted in an increase in funds of £0.06m (2024: £0.02m).

Internal controls over all forms of commitment and expenditure continue to be refined to improve efficiency. Processes are in place to ensure that performance is monitored and that appropriate management information is prepared and reviewed regularly by the Executive & Senior Management Team, the Finance and Investment Committee, the Audit, Risk and Assurance Committee and the Board of Trustees.

LUS@KEVII Ltd, a subsidiary of the Hospital, officially ceased trading on 30 June 2025.

Reserves Policy

The Hospital's free reserves (i.e. the General Funds) as of 31 March 2025 were in a deficit position of £6.0m (2024: deficit position of £0.27m).

Going concern

The acquisition of the Charity's asset, the hospital, by Bupa Health Services ("Bupa") is expected to complete by the end of 2025, exchange took place on 15 October 2025. The Hospital activities and associated properties will be transferred to Bupa upon completion.

The sale leads to proceeds to the Charity that enable it to continue its purpose of supporting veterans and service personnel and their families of the Armed Forces. Therefore, the Trustees consider the Charity will be a going concern for at least the next 12 months and foreseeable future.

The completion of the transaction is conditional on complying with various regulatory bodies where submissions from both parties will be met.

Investments

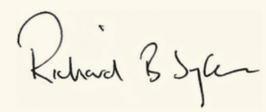
The Hospital's investment portfolio is managed on the Hospital's behalf by Sarasin, a third-party investment management firm. The investment strategy is agreed with Sarasin, and the Finance and Investment Committee reviews the fund's performance, composition and ongoing suitability with them at regular intervals. The composition of the portfolio between short, medium and long-term funds is reflective of the forward forecast of funding requirements of the Hospital.

The balance of the investment fund as at 31 March 2025 was £4.70m and it benefitted from an income of £0.25m in the year (2024: £4.45 million with £0.1m income).

Appointment of Auditors

Buzzacott Audit LLP remained the Charity's auditor during the year. In May 2025, the Board of Trustees approved the transfer of audit engagement to Buzzacott Audit LLP. In accordance with professional best practice guidelines and regulatory requirements relating to audit, Buzzacott is separating the audit and assurance practice from its non-audit services. Therefore, as part of this reorganisation, it is transferring the audit and assurance business from Buzzacott LLP to Buzzacott Audit LLP (company number OC455000). Buzzacott Audit LLP is a newly formed entity solely for the purpose of conducting their audit and assurance services, independently of and separately from all of Buzzacott's other services.

We are most grateful for the support of our Patron, His Majesty King Charles III, our President, The Duke of Kent, Friends of the Hospital, individual donors and many loyal trusts and foundations.



Sir Richard Sykes FRS FMedSci HonFREng
Trustee and Chairman of the Board, 26 November 2025

Independent auditor's report

Independent auditor's report to the trustees of King Edward VII's Hospital

Opinion

We have audited the accounts of King Edward VII's Hospital (the 'parent charity') and its subsidiary company (the 'group') for the year ended 31 March 2025 which comprise the group and parent charity statement of financial activities, balance sheets, statement of cash flows, the principal accounting policies and the notes to the accounts. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the accounts:

- give a true and fair view of the state of the group's and of the parent charity's affairs as at 31 March 2024 and of their incoming resources 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 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 accounts section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the accounts 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.

Emphasis of matter – post balance sheet event

We draw attention to Note 21 of the accounts, which sets out the details regarding the post year end agreement for the charity to sell the hospital activities. The charity will continue its charitable activities to support veterans and their families. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

In auditing the accounts, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the accounts 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 Charity's ability to continue as a going concern for a period of at least twelve months from when the accounts 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, including the trustees' report, other than the accounts and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent charity and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

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

- the information given in the trustees' report is inconsistent in any material respect with the accounts; or
- sufficient accounting records have not been kept by the parent charity; or
- the parent charity accounts are not in agreement with the accounting records; 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 the accounts 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 accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the trustees are responsible for assessing the group's and the parent 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 group or the parent charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the accounts

We have been appointed as auditor under section 151 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 accounts 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 accounts.

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:

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

- the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we obtained an understanding of the legal and regulatory frameworks that are applicable to the Hospital and determined that the most significant frameworks which are directly relevant to specific assertions in the accounts are those that relate to the reporting framework (Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102)), the Charities Act 2011, those that relate to data protection (General Data Protection Regulation) and health and safety, and the regulatory framework for Hospitals (the Health and Social Act 2008 regulated by the Care Quality Commission); and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

Independent auditor's report (continued)

Independent auditor's report to the trustees of King Edward VII's Hospital

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

- making enquiries of key 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 and reviewed journal entries to identify unusual transactions;
- tested the authorisation of expenditure, ensuring expenditure was approved in line with the Hospital's financial procedures;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

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

- agreeing financial statement disclosures to underlying supporting documentation;
- reviewing the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims.

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

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

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at 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 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 the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Buzzacott Audit LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

Date: 27 November 2025

Buzzacott Audit LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Consolidated Financial Statements

Consolidated Statement of financial activities year ending 31 March 2025

	Notes	Unrestricted funds £'000	Restricted funds £'000	Total 2025 £'000	Unrestricted funds £'000	Restricted funds £'000	Total 2024 £'000
Income from:							
Donations and legacies	1	**1,020**	**2,125**	**3,145**	4,100	1,714	5,814
Investment income and interest receivable	2	**58**	**-**	**58**	115	-	115
Charitable activities							
Patient charges	3	**40,613**	**-**	**40,613**	39,811	-	39,811
Other income	3	**727**	**-**	**727**	1,620	-	1,620
Total income		**42,418**	**2,125**	**44,543**	45,646	1,714	47,360
Expenditure on:							
Raising funds	4	**(870)**	**-**	**(870)**	(828)	-	(828)
Charitable activities							
Provision of patient services	5	**(54,177)**	**(432)**	**(54,609)**	(51,785)	(453)	(52,238)
Grants	7	**-**	**(99)**	**(99)**	-	(154)	(154)
Total expenditure		**(55,047)**	**(531)**	**(55,578)**	(52,613)	(608)	(53,220)
Net (expenditure) income before gains and losses on investments		**(12,628)**	**1,594**	**(11,034)**	**(6,966)**	1,106	(5,860)
Net investment gains (losses) on listed investments	11	**209**	**-**	**209**	19	-	19
Net (expenditure) income		**(12,419)**	**1,594**	**(10,825)**	(6,947)	1,106	(5,841)
Other recognised gains and losses							
Gain (loss) from disposals and write-offs	10	**(2,392)**	**-**	**(2,392)**	-	-	-
Actuarial losses on defined benefit pension scheme	14	**-**	**-**	**-**	(362)	-	(362)
Transfers between funds	17	**-**	**-**	**-**	3,460	(3,460)	-
Net movement in funds		**(14,811)**	**1,594**	**(13,217)**	(3,849)	(2,354)	(6,203)
Surplus attributable to non-controlling interest		**196**	**-**	**196**	300	-	300
Net movement in funds attributable to the group		**(15,007)**	**1,594**	**(13,413)**	(4,149)	(2,354)	(6,503)
Reconciliation of funds:							
Balances at 1 April		**32,137**	**5,280**	**37,417**	36,286	7,634	43,920
Balances at 31 March		**17,130**	**6,874**	**24,004**	32,137	5,280	37,417

All the Hospital's activities reflected in the above two financial years were derived from continuing operations.
All recognised gains and losses are included in the above statement.

Once the sale of the Hospital completes, the charity, which has operated the hospital since 1899, will continue and will focus solely on supporting veterans and their families.

Balance sheet (Group) 31 March 2025

Balance sheet - Group	Notes	2025 £'000	2025 £'000	2024 £'000	2024 £'000
Fixed assets					
Tangible assets	10	24,231			33,704
Investments	11	4,702			4,450
			28,933		38,154
Current assets					
Stocks		**663**		1,347	
Debtors	12	**8,324**		12,780	
Cash at bank and in hand		**2,185**		1,279	
		11,172		15,406	
Creditors: amounts falling due within one year	13	**(14,213)**		(12,000)	
Net current assets			**(3,042)**		3,406
Creditors: amounts falling due > 1 year	13a		(1,641)		(3,296)
Total net assets excluding pension liability			**24,250**		38,264
Pension asset/(liability)	14		-		-
Total assets employed			24,250		38,264
The funds of the charity					
Unrestricted funds					
Designated funds	15	-		-	
Fixed assets fund	16	**23,159**		32,409	
General funds (free reserves)		**(6,030)**		(272)	
			17,129		32,137
Restricted funds	17				
Capital campaign fund		**6,415**		3,105	
Other restricted funds		**459**		2,175	
			6,874		5,280
Total funds			**24,004**		37,417
Non-controlling interest			246		847
Total equity			**24,250**		38,264

Approved by the Board of Trustees on 26 November 2025 and signed on its behalf

by:

Chairman of the Board

Chief Executive

Balance sheet (Charity only) 31 March 2025

Balance sheet - Charity only	Notes	2025 £'000	2025 £'000	2024 £'000	2024 £'000
Fixed assets					
Tangible assets	10		**24,231**		33,704
Investments	11		**4,702**		4,450
Investment in subsidiary			**-**		1,880
			28,933		40,034
Current assets					
Stocks		**663**		1,347	
Debtors	12	**8,324**		12,780	
Cash at bank and in hand		**2,183**		1,279	
		11,170		15,406	
Creditors: amounts falling due within one year	13	**(17,258)**		(14,607)	
Net current assets			(6,088)		799
Creditors: amounts falling due > 1 year	13a		(1,641)		(3,296)
Total net assets excluding pension liability			21,204		37,537
Pension asset/(liability)	14		-		-
Total assets employed			**21,204**		**37,537**
The funds of the charity					
Unrestricted funds					
Designated funds	15	-		-	
Fixed assets fund	16	**23,159**		32,409	
General funds (free reserves)		**(8,829)**		(152)	
			14,330		32,257
Restricted funds	17				
Capital campaign fund		**6,415**		3,105	
Other restricted funds		**459**		2,175	
			6,874		5,280
Total funds			**21,204**		37,537
Non-controlling interest			-		-
Total equity			**21,204**		37,537

Approved by the Board of Trustees on 26 November 2025 and signed on its behalf

Chairman of the Board

Chief Executive

Consolidated cashflow statement 31 March 2025

	Notes	2025 £'000	2024 £'000
Net cash provided by (used in) operating activities	A	(1,603)	(64)
Net cash (used in) provided by investing activities	B	3,384	(2,289)
Net cash (used in) financing activities	C	(873)	(457)
(Decrease) in cash and cash equivalents		908	(2,810)
Cash and cash equivalents at 1 April		1,313	4,123
Cash and cash equivalents at 31 March		2,221	1,313

Notes to the statement of cash flows for the year ended 31 March 2025

A Reconciliation of net (expenditure) to net cash provided by (used in) operating activities

	2025 £'000	2024 £'000
Net (expenditure) income per statement of financial activities	(10,825)	(5,842)
Adjustments:		
Investment (gains) / losses	(209)	(19)
Interest	-	
Defined benefit pension scheme adjustment	-	362
Depreciation charge	3,329	3,611
Gain on disposal of Property, Plant and Equipment	-	
Other income	(12)	-
Investment income receivable	(58)	(115)
Increase / (Decrease) in stocks	685	285
(Increase) / Decrease in debtors	4,456	(5,192)
Increase in creditors	1,031	6,846
Net cash generated / (used in) provided by operating activities	(1,603)	(64)

B Net cash (used in) provided by investing activities

	2025 £'000	2024 £'000
Payments to acquire tangible fixed assets	(728)	(3,460
Proceeds from disposal of assets held for sale: Property, Plant and Equipment	3,949	
Receipts from disposals of investments	-	1,700
Movement in cash held as investments	106	(716)
Movement on revaluation of investments	-	72
Investment income received	58	115
	3,384	(2,289)

Consolidated cashflow statement 31 March 2025

C Net cash used in investing activities

	2025 £'000	2024 £'000
Interest Paid	(57)	-
Dividends Paid to Non Controlling Interests	(359)	-
Payments to meet finance lease obligations	(457)	(457)
	(873)	(457)

D Analysis of cash and cash equivalents

	2025 £'000	2025 £'000
Cash at bank and in hand	2,185	1,278
Cash held by investment managers	36	35
Total	2,221	1,313

E Analysis of changes in net debt

	At 1 April £'000	Cashflows £'000	Finance leases £'000	At 31 March £'000
Cash at bank	1,278	907	-	2,185
Cash held by investment managers	35	1	-	36
Finance lease obligations	(1,294)	(457)	680	(1,071)
Total	19	451	680	1,150

5 Financial Performance

Principal accounting policies 31 March 2025

The following accounting policies have been applied consistently in dealing with the items which are considered material in relation to the Charity's financial statements.

Basis of preparation

These financial statements have been prepared for the year to 31 March 2025.

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

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (Charities SORP), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The subsidiary, LUS@KEVII Limited has been accounted for on a full consolidation basis.

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

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

Critical accounting estimates and area of judgement

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

Preparation of the financial statements requires the Board of Trustees and management to make significant judgements and estimates.

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

- Estimating the useful economic life of tangible fixed assets for the purposes of calculating the depreciation charge;
- Estimating the recoverability of debtors and determining any necessary provision for bad or doubtful debts;
- Estimating any provision needed against slow moving or obsolete stock;
- Estimating the value of income in respect to unbilled patients at the year-end date;
- Estimating accrued expenditure;
- Assessing the appropriateness of the underlying assumptions made by the actuary in the valuation of the defined benefit pension scheme;
- Estimating future income and expenditure flows for the purpose of assessing going concern (see below).

Assessment of going concern

The Charity has undertaken an exchange of contract to release the Hospital with completion intended for later in the year. It is therefore considered by the Trustees that the Charity is a going concern. The completion is conditional on complying with various regulatory bodies where submissions from both parties will be met.

Scope of the financial statements

The financial statements include the net assets and transactions of a Linked Charity, The Charity of Alexander Michael Levy which is held as a restricted fund (see note 17).

Exemptions under FRS 102

The Hospital has taken the exemption under section 3.3 of the SORP (1.12(b) of FRS 102) to not produce a cash flow statement for the institution in its separate financial statements and has taken advantage of the exemption within FRS 102 Section 33 to not disclose transactions with subsidiary.

Basis of consolidation

These financial statements consolidate the results of the charity and its wholly owned subsidiary undertaking, LUS@KEVII Limited, drawn up to 31 March each year. A separate Statement of Financial Activities for the charity itself is not presented. During the period, the parent charity made a deficit of £13.22m (2024:deficit £6.20m).

Income recognition

Income is recognised in the period in which the charity has entitlement to the income, the amount of income can be measured reliably and it is probable that the income will be received.

Income comprises donations, legacies, investment income and interest receivable and income from patient services provided as part of the operation of an independent acute hospital.

Donations are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

In accordance with the Charities SORP FRS 102 volunteer time is not recognised. Legacies are included in the statement of financial activities when the charity is entitled to the legacy, the executors have established that there are sufficient surplus assets in the estate to pay the legacy, and any conditions attached to the legacy are within the control of the charity.

Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the Charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis and inclusive of irrecoverable VAT. Expenditure comprises direct costs and indirect administrative costs. All expenses, including indirect costs, are allocated to the applicable expenditure headings of raising funds, the provision of patient services and grants payable as appropriate. Indirect or administrative costs represent indirect charitable expenditure. In order to carry out the primary purposes of the Charity it is necessary to provide support in the form of personnel development, financial procedures, provision of office services and equipment and a suitable working environment.

Governance costs comprise the costs involving the public accountability of the Charity (including audit costs) and costs in respect to its compliance with regulation and good practice.

Indirect costs and governance costs are allocated in the main to the cost of providing patient services with a small amount of administrative expenditure allocated to raising funds. Such allocation is made on a prorate basis.

Grants are made following a review of the details of each particular case and comprise single payments. Grants and donations are included in the statement of financial activities when approved for payment. Provision is made for grants and donations approved but unpaid at the period end.

All expenditure is stated inclusive of any irrecoverable VAT.

Tangible fixed assets

All assets costing more than £1,000 and having an estimated useful life of not less than two years are capitalised and depreciated.

Hospital properties and other tangible fixed assets are stated at cost less accumulated depreciation. Assets under construction are stated at cost and depreciated only once they become available for use.

Depreciation of equipment is calculated on a straight-line basis at rates between 15% and 25% per annum, estimated to write-off the cost of those assets over their estimated useful lives.

Depreciation is not provided on leasehold properties (excluding the new King Edward VII Medical Centre) until the remaining period of the lease is less than eighty years. Thereafter depreciation is provided on a straight line basis designed to write off the cost of structures over the remaining period of the lease.

The King Edward VII Medical centre has a 30 year lease period and the components of construction, equipment and IT related costs are depreciated in line with each class of asset. Building construction is depreciated over 25 years and other components such as equipment, fixtures and fittings and IT are depreciated between 10% and 25% per annum based on initial cost.

Expenditure on plant, fixtures and internal works within the buildings is depreciated at rates of between 4% and 10% per annum based on cost.

Investments

Listed investments are valued at market value as at the balance sheet date. Unrealised gains and losses arising on the revaluation of investments are credited or charged to the Statement of Financial Activities and are allocated to the appropriate Fund according to the "ownership" of the underlying assets.

The Charity does not acquire put options, derivatives or other complex financial instruments.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date.

Realised and unrealised investment gains (or losses) are credited (or debited) in the statement of financial activities in the year in which they arise.

5 Financial Performance

Principal accounting policies 31 March 2025

Stocks

Stocks comprising pharmaceutical supplies and hospital consumables are stated at the lower of cost and net realisable value.

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid.

Cash at bank and in hand

Cash at bank and in hand represents such financial statements and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

Creditors and provisions

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

Pension costs

The Hospital operates a defined benefit pension scheme for eligible employees, which was closed to new entrants in October 2000. The assets of the scheme are held and managed separately from those of the Hospital. Pension scheme assets are measured at fair value at each balance sheet date under FRS 102. Liabilities are measured on an actuarial basis using the projected unit method. The net of these two figures is recognised as an asset (capped at £nil) or liability on the balance sheet, . Any change in the asset or liability between balance sheet dates is reflected in the statement of financial activities.

Fund structure

The unrestricted general funds comprise the monies which may be used towards meeting the charitable objectives of the charity, for use at the discretion of the Board of Trustees.

The pension reserve represents the FRS 102 pension asset (capped at £nil) or liability on the Hospital's defined benefit pension scheme as calculated by the scheme's actuaries as at the balance sheet date.

The fixed assets fund represents the net book value of the Hospital's tangible fixed assets excluding those assets financed by restricted funds.

The designated funds are monies set aside out of general funds and designated for specific purposes by the Trustees.

The restricted funds are monies raised for, and their use restricted to, a specific purpose, or donations subject to donor imposed conditions.

Operating leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight line basis over the lease term.

Financial instruments

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised value with the exception of investments which are held at fair value. Financial assets held at amortised cost comprise cash at bank and in hand, together with trade and other debtors. A specific provision is made for debts for which recoverability is in doubt. Cash at bank and in hand is defined as all cash held in instant access bank accounts and used as working capital. Financial liabilities held at amortised cost comprise all creditors except social security and other taxes and provisions. Assets and liabilities held in foreign currency are translated to GBP at the balance sheet at an appropriated year end exchange rate.

Notes to the financial statements 31 March 2025

1 Donations and legacies

	Unrestricted funds £'000	Restricted funds £'000	Total 2025 £'000
Legacies	879	-	**879**
Other donations			
Individuals	119	-	**119**
The Next Chapter Capital Appeal	-	1,971	**1,971**
Grant giving organisations	22	154	**176**
Total funds	**1,020**	**2,125**	**3,145**

	Unrestricted funds £'000	Restricted funds £'000	Total 2024 £'000
Legacies	273	-	**273**
Other donations			
Individuals	202	54	**256**
Thompson Family Charitable Trust	3,615	-	**3,615**
The Next Chapter Capital Appeal	-	1,328	**1,328**
Grant giving organisations	10	332	**342**
Total funds	**4,100**	**1,714**	**5,814**

2 Investment income and interest receivable

	Unrestricted funds £'000	Restricted funds £'000	Total 2025 £'000
Income from listed investments:			
Sarasin Charity Authorised Investment Fund	58	-	**58**
Total funds	**58**	**-**	**58**

	Unrestricted funds £'000	Restricted funds £'000	Total 2024 £'000
Income from listed investments:			
Sarasin Charity Authorised Investment Fund	115	-	115
Total funds	**115**	**-**	**115**

Notes to the financial statements 31 March 2025

2a LUS@KEVII Limited

The Hospital owns 77.5% of the share capital of its subsidiary, LUS @ KEVII Limited, which was incorporated in England and Wales (company registration number 14242426), limited by guaranteed. Its principal activity is providing for the services of consultant urologists and certain management services to the patients at KEVII.

Separately audited accounts for the company are filed with the Registrar of Companies. The share capital of LUS@KEVII Ltd has a nominal value of £1.

A summary of its results is shown below:	Unrestricted funds £'000	Restricted funds £'000	Total 2025 £'000
Turnover	8,420	-	8,420
Cost of sales	(3,420)	-	(3,420)
Gross Profit	5,000	-	5,000
Other Administrative expenses	(3,840)	-	(3,840)
Operating Profit	1,160	-	1,160
Profit on ordinary activities before taxation	(290)	-	(290)
Profit for the financial year	870	-	870
Represented by:			
Current assets			
Debtors (intercompany)	3,394	-	3,394
	3,394	-	3,394
Current liabilities			
Creditors	347	-	347
Current assets less current liabilities	3,047	-	3,047
Capital and Reserves			
Called up share capital	1	-	1
Share premium account	2,425	-	2,425
Reserves	621	-	621
Shareholders' funds	3,047	-	3,047

Notes to the financial statements 31 March 2025

2a LUS@KEVII Limited (continued)

A summary of its results is shown below:	Unrestricted funds £'000	Restricted funds £'000	Total 2024 £'000
Turnover	8,530	-	8,530
Cost of sales	(6,246)	-	(6,246)
Gross Profit	2,284	-	2,284
Other Administrative expenses	(618)	-	(618)
Operating Profit	1,666	-	1,666
Profit on ordinary activities before taxation	(333)	-	(333)
Profit for the financial year	1,333	-	1,333
Represented by:			
Current assets			
Debtors	12,874	-	12,874
Current liabilities			
Creditors	(8,882)	-	(8,882)
Net current assets	3,992	-	3,992
Capital and Reserves			
Called up share capital	1	-	1
Share premium account	2,425	-	2,425
Reserves	1,566	-	1,566
Shareholders' funds	3,992	-	3,992

Notes to the financial statements 31 March 2025

3 Income from charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2025 £'000
Patient charges	40,613	-	40,613
Other income	727	-	727
Total funds	41,340	-	41,340

	Unrestricted funds £'000	Restricted funds £'000	Total 2024 £'000
Patient charges	39,811	-	39,811
Other income	1,620	-	1,620
Total funds	41,431	-	41,431

All income from charitable activities is unrestricted. Patient fees are stated net of the subsidies made to ex-service and serving military personnel or veterans in line with the Hospital's charitable objective. The benefit to this group of patients amounted to £29k for 43 patients (2023-24: £32k for 40 patients).

Other income includes consultant room revenue of £679k (2023-24: £996k).

4 Raising funds

	Unrestricted funds £'000	Restricted funds £'000	Total 2025 £'000
Staff costs (note 6)	227	-	227
Other direct costs	434	-	434
Investment management fee rebate	-	-	-
Total direct costs	661	-	661
Allocated indirect costs (note 5)	209	-	209
Total funds	870	-	870

	Unrestricted funds £'000	Restricted funds £'000	Total 2024 £'000
Staff costs (note 6)	296	-	296
Other direct costs	383	-	383
Investment management fee rebate	(1)	-	(1)
Total direct costs	678	-	678
Allocated indirect costs (note 5)	150	-	150
Total funds	828	-	828

Notes to the financial statements 31 March 2025

5 Provision of patient services

Expenditure on the provision of patient services comprises expenses relating wholly or mainly to the delivery of medical and nursing care; it includes the costs of doctors, nurses and support staff, premises costs, supplies and bought services as follows:

	Unrestricted funds £'000	Restricted funds £'000	Total 2025 £'000
Surgical and pharmaceutical supplies	14,920	-	14,920
Provisions and domestic supplies	849	-	849
Staff costs (note 6)	18,902	-	18,902
Agency staff	1,438	-	1,438
Repairs, renewals and maintenance	2,723	-	2,723
Accommodation and administration expenses	11,935	332	12,267
Pain Management Programme	-	100	100
Depreciation and amortisation	3,329	-	3,329
Corporation tax - LUS @ KEVII Ltd	290	-	290
	54,386	432	54,818
Costs allocated to raising funds (note 4)	(209)	-	(209)
Defined benefit pension scheme FRS 102 adjustment (note 14)	-	-	-
Total funds	54,177	432	54,609

	Unrestricted funds £'000	Restricted funds £'000	Total 2024 £'000
Surgical and pharmaceutical supplies	14,655	-	14,655
Provisions and domestic supplies	992	-	992
Staff costs (note 6)	17,964	-	17,964
Agency staff	1,864	-	1,864
Repairs, renewals and maintenance	2,067	-	2,067
Accommodation and administration expenses	11,081	376	11,457
Pain Management Programme	-	78	78
Depreciation and amortisation	3,611	-	3,611
Corporation tax - Joint Venture	61		61
	52,297	453	52,750
Costs allocated to raising funds (note 4)	(150)	-	(150)
Defined benefit pension scheme FRS 102 adjustment (note 14)	(362)	-	(362)
Total funds	51,785	453	52,238

Restricted fund depreciation represents depreciation on assets financed by specific donations.
Included within administration expenses is auditor's remuneration of £53,400 (2024: £30,600) in respect of the audit of the statutory financial statements and fees payable to the auditor for other services including the audit of the pension scheme of £12,600 (2024: £10,800).

Notes to the financial statements 31 March 2025

6 Staff costs

	2025 £'000	2024 £'000
Staff costs, excluding the costs of agency staff, comprise:		
Wages and salaries	16,770	15,854
Social security costs	1,768	1,670
Pension costs – defined benefit scheme (note 14)	(56)	248
Pension costs – group personal pension plans (note 14)	218	273
Pension costs – defined contribution pension plan (note 14)	202	215
	18,902	18,260
These costs are allocated as follows:		
Provision of patient services (note 5)	18,675	17,964
Expenditure on raising funds (note 4)	227	296
	18,902	18,260

Salary costs include restructuring costs of £311k in respect of 16 people (2024: £19k,6 people). Salary costs include a holiday pay accrual Nil (2024: £Nil) which represents annual leave carried forward for up to five days, as permitted in the HR policy.

	2025 No. of staff	2024 No. of staff
The average number of full and part time permanent staff is split as follows:		
Clinical	**171**	179
Service support	**109**	120
Administration	**68**	72
	348	371

	2025 No. of staff	2024 No. of staff
The number of employees whose emoluments exceeded £60,000 including taxable benefits but excluding employer's pension and national insurance contributions was as follows:		
£60,001 - £70,000	28	23
£70,001 - £80,000	9	9
£80,001 - £90,000	0	4
£90,001 - £100,000	5	5
£100,001 - £110,000	5	3
£110,001 - £120,000	-	3
£120,001 - £130,000	1	-
£130,001 - £140,000	-	-
£140,001 - £150,000	1	1
£150,001 - £160,000	1	1
£160,001 - £170,000	-	2
£170,001 - £180,000	-	-
£180,001 - £190,000	-	-
£190,001 - £200,000	1	-
	51	51

No member of the Board of Trustees received remuneration for their services during either year or expenses reimbursed.

The key management personnel of the Charity in charge of directing and controlling, running and operating the charity on a day to day basis comprise the Board of Trustees and the Executive Committee detailed on page 8, 9 and 10 of this Annual Report and Financial Statements. The total remuneration (including taxable benefits and employer's pension and national insurance contributions) of the key management personnel for the year was £1,460k (2023-24: £1,096k).

Notes to the financial statements 31 March 2025

7 Grants payable

	2025 £'000	2024 £'000
Outstanding commitments at 1 April	**9**	9
Awarded during the year	**137**	154
Paid during the year	**(99)**	(154)
Outstanding commitments at 31 March	**47**	9

Grants paid £99k during the year (2023-24: £154k) represent amounts paid to ex-service and serving military personnel or veterans inpatients and outpatients during the period to assist with hospital fees. Grants are made from a restricted fund of the Charity (note 17).

Liabilities for grants represent the unpaid balance on grants awarded by the charity as at the balance sheet date. They relate to current activities funded by the charity to which it is firmly committed.

8 Indemnity insurance

During the period the Hospital renewed insurance to protect it from loss arising from any wrongful or dishonest act of any member of the Board of Trustees, officer or employee and to indemnify any member of the Board of Trustees, officer or employee against the consequence of any wrongful act on their part. The total cover provided by such insurance was £5 million (2024: £5 million) and the total premium paid in respect of such insurance was £11,200 (2024: £11,200).

9 Taxation

King Edward VII's Hospital is a registered charity and therefore is not liable to income tax or corporation tax on income or gains derived from its charitable activities, as they fall within the various exemptions available to registered charities.

The subsidiary LUS@KEVII is subject to corporation tax on profits and the charge levied for 2024-25 is £290k (2023-24: £417k)

The Hospital is not able to reclaim all VAT suffered on expenditure due to the partial exemption rules. Irrecoverable VAT is included as part of the appropriate expenditure category.

The linked charity, The Charity of Alexander Michael Levy, is also not liable to income tax, corporation tax or capital gains tax on income or gains derived from its charitable activities.

Notes to the financial statements 31 March 2025

10 Tangible fixed assets

Group and charity	Assets under construction £'000	Long leashold buildings £'000	Equipment fixtures and fittings £'000	2025 Total £'000
Cost				
As at 1 April 2024	7,038	28,435	32,418	**67,891**
Total Additions during the year	**178**	**-**	**550**	**728**
Transfers	(47)	-	47	-
Disposals/write-offs	(6,432)	(1,966)	(13)	**(8,411)**
As at 31 March 2025	**737**	**26,469**	**33,002**	**60,208**
Accumulated depreciation				
As at 1 April 2024	-	13,901	20,298	**34,199**
Charge for the year	-	674	2,654	**3,329**
On disposals	**-**	**(1,550)**	**-**	**(1,550)**
As at 31 March 2025	**-**	**13,025**	**22,952**	**35,978**
Net book values				
As at 31 March 2025	**737**	**13,444**	**10,050**	**24,230**
As at 31 March 2024	7,038	14,534	12,132	33,704

Disposals/write-offs

The Hospital realised a £4m gain from selling Charterhouse, a property located at 56-60 Weymouth Street, London W1. Due to the hospital's financial situation and its upcoming sale, the Trustees decided to impair the Masterplan Project, resulting in a £6.4m write-off.

Notes to the financial statements 31 March 2025

11 Investments

	2025 Group £'000	2025 Charity £'000	2024 Group £'000	2024 Charity £'000
Balance as at 1 April	4,450	4,450	6,017	6,017
Income earned (Note 2)	43	43	115	115
Realised gains in year	115	115	1,399	1,399
Unrealised (losses) in year	103	103	(1,380)	(1,380)
Investment management fee rebate (Note 4)	(10)	(10)	1	1
Cash injections	3,000	3,000	-	-
Cash withdrawals	(3,000)	(3,000)	(1,700)	(1,700)
Balance as at 31 March	4,701	4,701	4,450	4,450

Investments are managed on the Hospital's behalf by Sarasin, with performance and composition reviewed regularly by Trustees.

Listed investments held at 31 March 2025 comprised the following:

	2025 Group £'000	2025 Charity £'000	2024 Group £'000	2024 Charity £'000
Charity authorised investment funds	-	-	-	-
Diversified money market fund	4,665	4,665	4,415	4,415
	4,665	4,665	4,415	4,415
Cash held for reinvestment	36	36	35	35
Total funds	4,701	4,701	4,450	4,450

The Charity authorised investment funds hold assets in the UK and overseas.

At 31 March 2025, the following individual holdings were deemed material in comparison with the market value of the listed portfolio held at that date:

	Book cost £'000	Market value £'000	Percentage of total portfolio 2025 %
ICS-Sterling Liquidity Fund - ACC (Short term portfolio)	4,668	4,667	99%
Sarasin Endowments Fund Class A Inc (Long term portfolio)	-	-	0%
Sarasin Income and Reserves Class A Acc (Medium term portfolio)	34	34	1%
	4,702	4,701	100%

	Book cost £'000	Market value £'000	Percentage of total portfolio 2025 %
Sarasin Endowments Fund Class A Inc (Long term portfolio)	4,328	4,416	99.3%
ICS-Sterling Liquidity Fund - ACC (Short term portfolio)	-	-	0.0%
Sarasin Income and Reserves Class A Acc (Medium term portfolio)	33	33	0.7%
	4,361	4,449	100%

Notes to the financial statements 31 March 2025

12 Debtors

	Group 2025 £'000	Charity 2025 £'000	Group 2024 £'000	Charity 2024 £'000
Patient charges receivable	4,842	4,842	6,831	6,831
Accrued income	1,728	1,728	3,717	3,717
Prepayments	1,754	1,754	2,033	2,033
Other debtors	-	-	199	199
	8,324	**8,324**	12,780	12,780

13 Creditors: amounts falling due within one year

	Group 2025 £'000	Charity 2025 £'000	Group 2024 £'000	Charity 2024 £'000
Expense creditors	8,104	8,104	4,376	4,376
Accruals	3,618	3,560	5,153	5,153
Payments on account	791	791	442	442
Other creditors	1,227	937	1,613	1,495
Amounts due to related parties	-	3,393	-	2,725
Finance lease	473	473	416	416
	14,213	**17,258**	12,000	14,607

13a Creditors: amounts falling > 1 year

	Group 2025 £'000	Charity 2025 £'000	Group 2024 £'000	Charity 2024 £'000
Amounts due to related parties (LUS)	-	-	-	-
Expense creditors	1,043	1,043	2,417	2,417
Finance lease	598	598	879	879
	1,641	**1,641**	**3,296**	**3,296**

The finance lease relates to the purchase of the major imaging equipment in the King Edward VII's Medical Centre.

Notes to the financial statements 31 March 2025

14 Pension commitments - Group

Throughout both 2025 and 2024, King Edward VII's Hospital operated an auto-enrolment pension scheme, a group personal pension plan and a defined benefit pension scheme. Details of the schemes are as follows:

	NOW	Aviva	Clerical Medical
	£'000	£'000	£'000
Employer contributions made in the year ended 31 March 2025	202	218	-56
	%	%	%
Employer minimum contribution	3.0	6.0	26.4
Employee minimum contribution	5.0	4.0	8.0
	No. of staff	No. of staff	No. of staff
Active employee members of scheme as at 31 March 2025	211	73	4

Auto-enrolment pension scheme

Our main pension scheme is a defined contribution pension scheme operated by NOW pensions. Employer contributions payable for all schemes during the prior period were £215k.

Group personal pension plan

Employees have the option of joining the Aviva group personal pension plan. Employer contributions payable during the prior period were £273k.

Defined benefit pension scheme

The assets are held separately from those of the Hospital by Clerical Medical Investment Group Limited. The pension cost relating to the scheme is assessed in accordance with the advice of a qualified actuary using the attained age method.

The scheme was closed to new members with effect from 1 October 2000.

The latest triennial actuarial valuation of this scheme carried out by Mr Tom McDougall, a fellow of the Institute of Actuaries, was as at 30 September 2022. At the date of valuation, the scheme assets had a market value of £5.6m and the actuarial value of those assets represented 95% of the benefits that had accrued to members, after accounting for expected future increases in earnings.

The funding basis assumptions made by the actuary were agreed by the Board of Trustees and Pension Trustees. The assumptions having the most significant effect on the results of the valuation are that the investment return would be 0.25% per annum before retirement and that salaries will increase at a rate 1.5% per annum compound.

The surplus following the triennial valuation was £739k. (2024: Deficit £987k).

Notes to the financial statements 31 March 2025

14 Pension commitments - Group (continued)

Defined benefit pension scheme (continued)

The normal contributions for the year to 31 March 2025 were a negative £56k (2025:£303k compared to 2024: £247k). The contributions made by the employer in the period to 31 March 2025 were at the rate of 30.6%

(2024: 25.4%) of pensionable salaries less members contributions.

Members' contributions in the period were 8% of pensionable salary for members who wished to retain a normal retirement age of 65 or 10% for members who wished to retain a normal retirement age of 60 years. Death in service insurance premiums were payable in addition by the employer.

The following information required by FRS 102 is based upon the full actuarial valuation of the scheme updated to 31 March 2025 by the Hospital Pension Fund Managers, Mercers.

Under FRS 102 the fair value of the assets and the deficit in the scheme is as shown below:

	2025 £'000	2024 £'000
Fair value of scheme assets	**14,684**	15,467
Present value of scheme liabilities	**(12,289)**	**(13,630)**
Surplus in the scheme	**2,395**	1,837
Net pension asset	**2,395**	1,837

Under FRS 102, the net pension asset is capped at nil value on the balance sheet as any surplus disclosed may not be recoverable.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	Assets at 31 March 2025 £'000	**Proportion at 31 March 2025 %**	Assets at 31 March 2024 £'000	Proportion at 31 March 2024 %
Equities (including property)	**3,298**	**22%**	3,628	24%
Bonds	**1,982**	**13%**	1,846	12%
Insured pensions	**8,958**	**61%**	9,512	61%
Cash	**446**	**3%**	481	3%
Total	**14,684**	**100%**	15,467	100%

The major assumptions used by the actuary (in normal terms) were:

	2025 %	2024 %
Consumer Price Inflation (CPI)	**2.60%**	2.50%
Salary escalations	**3.60%**	3.50%
Pension increases:		
RPI subject to a maximum of 4%	**2.70%**	2.80%
RPI subject to a maximum of 5%	**3.00%**	3.00%
RPI subject to a maximum of 7%	**3.10%**	3.20%
Discount rate (pre and post retirement)	**5.80%**	4.90%

Notes to the financial statements 31 March 2025

14 Pension commitments - Group (continued)

Defined benefit pension scheme (continued)

Assuming retirement at age 65, the life expectancies in years are as follows:

	At 31 March 2025 Years	At 31 March 2024 Years
For a male aged 65 now	**21.6**	21.7
At 65 for a male member aged 45 now	**23.2**	23.3
For a female aged 65 now	**24.4**	24.4
At 65 for a female member aged 45 now	**26.2**	26.2

"FRS 102 specifies the projected unit method for the current service cost. The scheme is closed to new entrants, so the average age and hence the current service cost is likely to rise.

The scheme has a number of purchased annuities in respect of past retirements. To the extent that these fully match the associated liabilities they have been excluded from both the assets and the liabilities at each accounting date."

	2025 £'000	2024 £'000
Analysis of amount charged to statement of financial activities		
Current service cost (excluding insured death-in-service benefits)	**16**	9
Operating charge	**16**	9
Analysis of net return on pension scheme		
Interest income on pension scheme assets	**736**	797
Interest cost on scheme liabilities	**(648)**	(691)
Net finance income (charge)	**88**	106
Other recognised gains and losses		
Asset return less interest income	**(618)**	(1,350)
Experience gains/(losses) on benefit obligations	**(75)**	760
Effect of assumptions changes on benefit obligation	**1,235**	16
Actuarial (losses) / gain	**542**	(574)
Reconciliation of actuarial gain on defined benefit pension scheme		
Actuarial (losses) / gain	**542**	(574)
Net defined benefit liability / (asset)	**(558)**	212
Actuarial (losses) gains on defined benefit pension scheme per SOFA	**(16)**	(362)

Notes to the financial statements 31 March 2025

14 Pension commitments - Group (continued)

Defined benefit pension scheme(continued)

The movement in the deficit during the period is as follows (unless otherwise specified, the figures calculated are based on the assumptions as at the beginning of the period):

	2025 £'000	2024 £'000
Surplus (deficit) in scheme at 1 April	1,837	2,049
Movement in period:		
Current service cost	(16)	(9)
Contributions	(56)	247
Net finance income (charge)	88	106
Actuarial losses/ (gain)	542	(574)
Surplus in scheme at 31 March	2,395	1,819

Reconciliation of opening and closing balances of the present value of the scheme liabilities:

	2025 £'000	2024 £'000
Scheme liabilities at 1 April	13,630	14,479
Interest cost	648	691
Current service cost	16	9
Contributions by plan participants	(2)	8
Actuarial (gain)	(1,160)	(776)
Benefits paid	(843)	(781)
Scheme liabilities at 31 March	12,289	13,630

Reconciliation of opening and closing balances of the fair value of the scheme assets:

	2025 £'000	2024 £'000
Fair value of scheme assets at 1 April	15,467	16,528
Interest income	736	797
Asset (losses)	(618)	(1,332)
Contributions by employer	(56)	247
Contributions by plan participants	(2)	8
Benefits paid	(843)	(781)
Fair value of plan assets at 31 March	14,684	15,467

Notes to the financial statements 31 March 2025

15 Designated funds

The income funds of the Charity included a designated fund which had been set aside out of unrestricted funds by the Trustees for the Hospital development project. At 31 March 2024, the designated funds have been transferred to general funds.

16 Fixed assets fund

Group	At 31 1 April 2024 £'000	Movement in year £'000	As at 31 March 2025 £'000
Fixed asset fund	32,409	(9,250)	23,159

	At 31 1 April 2023 £'000	Movement in year £'000	As at 31 March 2024 £'000
Fixed asset fund Charity only	32,167	242	32,409

The fixed assets fund represents the net book value of the Hospital's tangible fixed assets, excluding those represented by restricted funds. The tangible fixed assets are separated from the Hospital's general funds in recognition of the fact that the assets are used in the day-to-day work of the Hospital and are not, therefore, able to be realised in order to meet future contingencies or expenditure.

17 Restricted funds

Group and Charity	As at 1 April 2024 £'000	Income £'000	Expenditure £'000	Capital expenditure £'000	Transfers £'000	As at 31 March 2025 £'000
Next Chapter Appeal fund	4,444	1,971	-	-	-	6,415
Freemasons fund	8	-	-	-	-	8
Sister Agnes Benevolent fund	155	154	(531)	-	-	(222)
Alexander Michael Levy fund	673	-	-	-	-	673
	5,280	2,125	(531)	(0)	-	6,874
Difference						-

Notes to the financial statements 31 March 2025

17 Restricted funds (continued)

Group	As at 1 April 2023 £'000	Income £'000	Expenditure £'000	Capital expenditure £'000	Transfers £'000	As at 31 March 2024 £'000
Capital Campaign Fund	6,565	-	-	(3,460)	-	3,105
Next Chapter Appeal Fund	11	1,328	-	-	-	1,339
Freemasons Fund	8	-	-	-	-	8
Joint Venture Fund	-	-	-	-	-	-
Sister Agnes Benevolent Fund	377	386	(608)	-	-	155
Alexander Michael Levy Fund	673	-	-	-	-	673
	7,634	1,714	(608)	(3,460)	-	5,280

The Balance of funds in the Capital Campaign fund which supported the Capital Redevelopment Fund transferred to the Next Chapter Appeal Fund which is the main fundraising Appeal for capital development.

The Alexander Michael Levy Fund is a Linked Charity of the Hospital. The Charity of Alexander Michael Levy's constitution was amended in 2017, which extended the charity's objects and removes some restrictions on the beneficiary class, allowing surplus income and accumulated capital to be applied to the general purposes of King Edward VII's Hospital.

In 2019-20, the unrestricted funds of the Linked Charity were transferred to the unrestricted funds of the Hospital. The permanent endowment fund of the Linked Charity continues to be held as a restricted fund of the Hospital at 31 March 2025. Permanent endowment funds of the Linked Charity were £673,000 at 1 April 2024 and at 31 March 2025, which consisted solely of listed investments. There was no income and expenditure in the permanent endowment fund in 2024-25.

Notes to the financial statements 31 March 2025

18 Analysis of net assets between funds

Group	General funds £'000	Designated funds £'000	Pension reserve £'000	Fixed assets fund £'000	Restricted funds £'000	2025 Total £'000
Tangible fixed assets	-	-	-	24,231	-	24,231
Investments	-	-	-	-	4,702	4,702
Investment in LUS	-	-	-	-	-	-
Net current assets	(4,741)	-	-	(473)	2,172	(3,042)
Long term liabilities	(1,043)	-	-	(598)	-	(1,641)
	(5,783)	-	-	23,159	6,874	24,250

Charity only	General funds £'000	Designated funds £'000	Pension reserve £'000	Fixed assets fund £'000	Restricted funds £'000	2025 Total £'000
Tangible fixed assets	-	-	-	24,231	-	24,231
Investments	-	-	-	-	4,702	4,702
Investment in LUS	-	-	-	-	-	-
Net current assets	(7,787)	-	-	(473)	2,172	(6,088)
Long term liabilities	(1,043)	-	-	(598)	-	(1,641)
	(8,830)	-	-	23,159	6,874	21,203

Group	General funds £'000	Designated funds £'000	Pension reserve £'000	Fixed assets fund £'000	Restricted funds £'000	2024 Total £'000
Tangible fixed assets	-	-	-	33,704	-	33,704
Investments	-	-	-	-	4,450	4,450
Investment in LUS	-	-	-	-	-	-
Net current assets	2,990	-	-	(416)	830	3,404
Long term lease liability	(2,417)	-	-	(879)	-	(3,296)
	573	-	-	32,409	5,280	38,262

Charity only	General funds £'000	Designated funds £'000	Pension reserve £'000	Fixed assets fund £'000	Restricted funds £'000	2024 Total £'000
Tangible fixed assets	-	-	-	33,704	-	33,704
Investments	-	-	-	-	4,450	4,450
Investment in LUS	1,880	-	-	-	-	1,880
Net current assets	384	-	-	(416)	830	798
Long term liabilities	(2,417)	-	-	(879)	-	(3,296)
	(153)	-	-	32,409	5,280	37,536

Notes to the financial statements 31 March 2025

19 Lease commitments

The Hospital's properties excluding the King Edward VII Medical Centre are held under leases with expiry dates in 2125. The total future rental to which the Hospital is committed as at 31 March 2025 under the terms of the various leases for the five year period up to the next rent review is £1,372,000 (2024 - £1,509,000).

The King Edward VII Medical Centre is held under a 30 year lease which started at the end of 2021 and which expires in 2051. The annual charge is £1,667,000 and there are rent reviews every 5 years.

At 31 March 2025, the hospital has no commitments for future operating lease rental payments (2024, Nil).

20 Related party transactions

The role of the Interim Chief Information Officer was covered by a director of BCMB Consulting from June 2021 until 21 July2024.

The hospital paid BCMB Consulting £41k for services in the financial year 2024-25, (2024: BCMB Consulting was paid £213k for an Interim Chief Information Officer).

There were no other related party transactions.

21 Events after the end of the reporting period

In accordance with the requirement of FRS 102, we report the following significant non-adjusting events that occurred after the reporting period ending 31 March 2025, but prior to the approval of the financial statements:

LUS@KEVII Limited
This subsidiary, incorporated in England and Wales on 19 July 2022, officially ceased trading on 30 June 2025.

BUPA
On 16 October 2025, Bupa reached an agreement to acquire King Edward VII's Hospital. The anticipated completion of the acquisition is by the end of 2025.

The charity, which has operated the hospital since 1899, will continue and will now focus solely on supporting veterans and their families.

Glossary of abbreviations

ABF	Army Benevolent Fund
C2-Ai	Copeland Clinical Ai (clinical analytics company)
CCTV	Video surveillance
CNS	Clinical Nurse Specialist
COSHH	Control of Substances Hazardous to Health
COVID-19	Coronavirus Disease 2019
CPD	Continued Professional Development
CQC	Care Quality Commission
CRM	Customer Relationship Management
CVH	Centre for Veterans' Health
DNA	Did Not Attend
DSU	Day Surgery Unit
ENT	Ear, Nose and Throat
FIT	Feedback for Improving Teamworking
FOH	Front of House
GDPR	General Data Protection Regulation
GP	General Practitioner
HOLEP	Holmium Laser Enucleation of the Prostate
HR	Human Resources
HIFU	High Intensity Focused Ultrasound
ICP	Integrated Care Plan
IT	Information Technology
KEVII	King Edward VII's Hospital
KMC	King Edward VII's Hospital Medical Centre
KPI	Key Performance Indicators
LGBTQIA+	Lesbian, Gay, Bisexual, Transgender, Queer, Intersex, Asexual
LYMPHA	Lymphatic Microsurgical Preventive Healing Approach
MDT	Multi-Disciplinary Team
MDT-FIT	MDT Feedback for Improving Teamworking

Glossary of abbreviations

ABF	Army Benevolent Fund
C2-Ai	Copeland Clinical Ai (clinical analytics company)
CCTV	Video surveillance
CNS	Clinical Nurse Specialist
COSHH	Control of Substances Hazardous to Health
COVID-19	Coronavirus Disease 2019
CPD	Continued Professional Development
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DSU	Day Surgery Unit
ENT	Ear, Nose and Throat
FIT	Feedback for Improving Teamworking
FOH	Front of House
GDPR	General Data Protection Regulation
GP	General Practitioner
HOLEP	Holmium Laser Enucleation of the Prostate
HR	Human Resources
HIFU	High Intensity Focused Ultrasound
ICP	Integrated Care Plan
IT	Information Technology
KEVII	King Edward VII's Hospital
KMC	King Edward VII's Hospital Medical Centre
KPI	Key Performance Indicators
LGBTQIA+	Lesbian, Gay, Bisexual, Transgender, Queer, Intersex, Asexual
LYMPHA	Lymphatic Microsurgical Preventive Healing Approach
MDT	Multi-Disciplinary Team
MDT-FIT	MDT Feedback for Improving Teamworking

Glossary of abbreviations

MMR	Monitoring Mismatch Repair
MRI	Magnetic Resonance Imaging
NHS	National Health Service
NICE	National Institute for Health and Care Excellence
OPD	Outpatient
PAS	Patient Administration System
PCR	Polymerase Chain Reaction
PEC	Patient Experience Committee
PECR	Privacy and Electronic Communications Regulations
PHIN	Private Healthcare Information Network
PMI	Private Medical Insurance
PMP	Pain Management Programme
PPC	Pay-Per-Click
PPG	Patient Participation Group
PROMs	Patient Reported Outcome Measures
PSIRF	Patient Safety Incident Response Framework
QEP	Quality, Efficiency, Productivity
QIP	Quality Improvement Programme
QR	Quick Response
SEO	Search Engine Optimisation
SLA	Service Level Agreement
SMS	Short Message Service
SOP	Standard Operating Procedure
SPY-PHI	SPY Portable Handheld Imaging technology
SQL	Structured Query Language
UKHSA	UK Health Security Agency
VIPs	Very Important People
WHO	World Health Organisation
Wi-Fi	Wireless Network

KING EDWARD VII's HOSPITAL

Patron: His Majesty King Charles III President: His Royal Highness The Duke of Kent KG GCMG GCVO CD ADC(P)

Charity Registration Number 208944

KING EDWARD VII'S HOSPITAL (SISTER AGNES)

England & Wales - Charity number 208944

Accounts

King Edward VII's Hospital

Annual Report and Financial Statements
31st March 2024

KING EDWARD VII's HOSPITAL

Marylebone London

Charity Registration Number 208944

Patron: His Majesty King Charles III President: His Royal Highness The Duke of Kent KG GCMG GCVO CD ADC(P)

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Introduction

1

1. INTRODUCTION

King Edward VII's Hospital (Sister Agnes) has a unique heritage dating back 125 years. It is an independent charitable Hospital with a proud history of Royal Patronage, located within London's Harley Street medical district. The Hospital enjoys an international reputation for offering the highest standards of care.

The Hospital offers truly personalised medical care that combines the world-leading expertise our patients demand with the impeccable standards of nursing care they deserve. Our compassionate culture creates a peaceful, private and supportive environment, returning patients to everyday life with as little disruption as possible.

We thrive on a spirit of philanthropy, with generous donations keeping us at the forefront of medical care and allowing us to provide the very best service to our patients. Our charitable purpose is to provide the highest levels of subsidised care to veterans of the Armed Forces.

Brief history of King Edward VII's Hospital

Our history dates back to 1899, when sisters Agnes and Fanny Keyser devoted themselves and their home to caring for sick and wounded officers returning from the Second Boer War. Under Sister Agnes' steadfast leadership, their Keyser home – 17 Grosvenor Crescent, Belgravia, London – continued as a Hospital for officers after the war, setting the blueprint for our institution's high standards of personalised care.

Thanks to the hard work of the sisters, King Edward VII became its first patron, and it received generous support from members of the public. It moved to its current location in 1948 and still remains the Hospital of choice for anyone seeking the best private medical treatment in London.

Sister Agnes Keyser

These beginnings established the traditions for which we are recognised:

- **Exceptional nursing care**
- **A commitment to the services** – including spouses
- **A spirit of charity and giving** – underpinned by our network of 2,000 friends
- **Friends and charitable subsidies and grants**
- **Our Royal patronage** – from King Edward VII in 1901 to King Charles III

Our Philosophy of Care today is to:

- Provide personalised, patient-centred care with respect, dignity and empathy in a kind and compassionate environment.
- Listen and enable people to give their own views and opinions about their care, valuing the importance of their perspective.
- Work in partnership with patients' families and carers to provide kindness and care that exceeds expectations.
- Respect all religious and cultural beliefs through championing inclusion, diversity and individual choice.
- Ensure the highest standards of good governance throughout the Hospital.
- Promote a culture of openness and transparency.
- Maintain the highest quality of care at all times. We maintain these standards through continual monitoring of patient experience and outcomes through ongoing learning.
- Provide services that meet the needs of people that require additional support.
- To empower our teams and encourage safe collaborative working.

Chairman's statement

Foremost, we are thrilled to announce that His Majesty King Charles III has graciously accepted to be the Patron of our Hospital. His Majesty's decision to continue the tradition of royal patronage, which has been a part of our Hospital since 1903, is a significant milestone. His support for our charitable mission of providing healthcare to current and former members of the Armed Forces and their spouses through our Centre for Veteran's Health, as well as supporting us in our role as a leading independent Hospital, is deeply appreciated by our teams.

We continue to be deeply grateful to His Royal Highness The Duke of Kent, who has been the Hospital's president since 1975 and continues to actively support our work.

This has been a challenging year for the Hospital financially, with competition in the London private healthcare market tightening. We have done extensive work to strengthen our unique care environment and continue to shape our offering to leverage this. In May 2024, we commissioned a comprehensive programme of transformation with clear objectives.

- We are placing the Hospital on a path to success both financially and operationally. We focus our staff on the future, ensuring the drive towards excellence is embedded in our ethos and daily behaviour. Given the continually changing healthcare environment, this is a journey, not a destination.
- We have already wholly re-engineered our revenue and collections engine.
- We overlayed improved metrics and key performance indicators (KPIs) to measure the quality of care and financial performance more effectively.
- New professionals at executive and clinical executive levels were appointed with proven track records of success in other organisations.
- We have redoubled our efforts to partner with our consultant groups and address their needs so they can efficiently address their patients' needs.
- We have reorganised our reporting structures to mirror clinical and patient needs.

Our current efforts are not just about overcoming challenges but also about shaping our future direction.

To support our ambition to be the leading private Hospital in the UK, in 2021 we commenced our digital transformation journey and invested significantly in our IT and digital infrastructure. This has provided a strong platform from which to expand our digital services and provide digital transformation for all our patients, clinical staff and operational teams. We experienced a significant security incident in November 2023 which was managed well. The impact could have been much worse had we not already started our digital transformation.

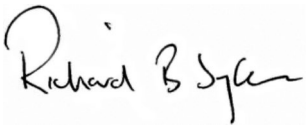
You will note from the clinical and operational achievements sections, the successful fruition of initiatives which support our objectives and track along with innovative developments in the healthcare sector. These achievements place the Hospital in good stead amongst its competitors, with the aim of being the leading private Hospital in the UK and to support an increased number of veterans through our charitable work. The transformation initiatives are key to achieving this ambition.

The report outlines the changes in the Executive Team which have naturally occurred during the transformation phase as we look forward to a refresh of the Hospital's future.

During the year, the Board of Trustees resolved to dispose of the Charterhouse Building (56-60 Weymouth Street). This facility has seen mixed use over the years, including serving as a hostel for Hospital staff and running limited clinical services. In recent years, it became surplus to requirements, and the sale was completed in July 2024.

Our subsidiary company, LUS@KEVII Ltd formed between the Hospital and the London Urology Specialists Group, has completed its first year of trading and has shown that this form of physician engagement model delivers growth in activity and consultant commitment. We will roll out this model more widely and expect to develop further subsidiary companies during 2024-25 with other groups.

We are positively looking forward to the future while we redefine our vision, always keeping in mind that our core strengths are care, quality and compassion.



Sir Richard Sykes FRS FMedSci HonFREng
Trustee and Chair of the Board

KING EDWARD VII'S HOSPITAL
Physiotherapy Inpatient Clinical Lead
KING EDWARD VII'S HOSPITAL

Trustee's annual report

The Trustees are pleased to present their report, together with the financial statements of the Charity, for the year ending 31 March 2024.

The annual report and financial statements have been prepared in accordance with the accounting policies set out on pages 39 to 67 of the attached financial statements and comply with applicable law and the requirements of the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The Trustees confirm that they have complied with section 17 of the Charities Act 2011 to have due regard to the Charity Commission's guidance (both general and supplementary in relation to public benefit).

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

The Trustees are responsible for preparing the Trustees' report and accounts 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 accounts for each financial year which give a true and fair view of the state of affairs of the Hospital and of the income and expenditure of the Hospital for that period. In preparing these accounts, the Trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102);
- give judgments and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Hospital will continue in operation.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Hospital and enable them to ensure that the accounts comply with the Charities Act 2011, applicable Charity (Accounts and Reports) Regulations and the provisions of the Hospital's Royal Charter. They are also responsible for safeguarding the assets of the Hospital and 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 Hospital and financial information included on the Hospital's website. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

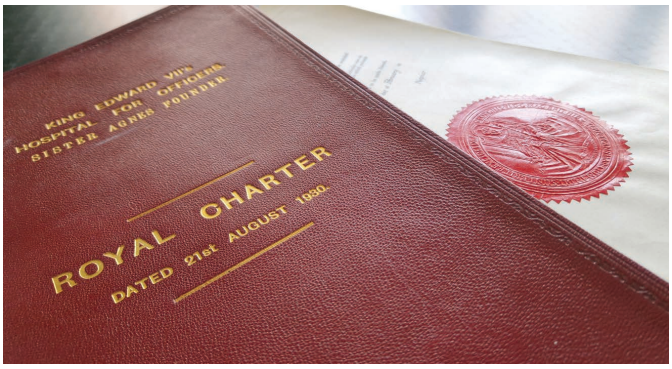
The Trustees and Advisory Board members do not receive a salary, and Executive salaries are reviewed annually, in line with the Hospital-wide review.

Constitution

King Edward VII's Hospital (Sister Agnes) is a registered Charity (No. 208944) founded in 1899 and constituted by Royal Charter. The Hospital is constituted to operate as an acute Hospital where serving and retired officers of the Services and their spouses / civil partners can be treated at preferential rates. The Hospital also treats members of the public regardless of any connection with the Services.

It has an Advisory Board which confirms the appointment of the Board of Trustees who has legal responsibility and accountability for the leadership and governance of the Hospital. The Trustees and Executive Team are considered to be key management personnel.

With the support of the Privy Council and the Charity Commission, both the range of beneficiaries and the governance of the Hospital have been updated from time to time to meet changing circumstances. The most recent change to the Royal Charter was in 2017. Hospital Standing Financial Instructions alongside the Royal Charter regulate the way in which the proceedings and business of the Hospital are conducted, ensuring high standards of corporate and personal conduct. The full complement of governance documents includes the Scheme of Reserved and Delegated Powers and the Scheme of Delegated Financial Authority.



1. INTRODUCTION

Advisory Board

The Advisory Board provides support, advice and guidance to the Board of Trustees and Executive Team, particularly in relation to the development, effectiveness and success of the charitable and the independent healthcare provider element of the organisation. Advisory Board members are elected upon the recommendation of the Nominations Committee and ratification by the Board of Trustees.

The Board of Trustees

Trustees are recruited and elected to the Board by the Advisory Board upon the recommendation of the Board of Trustees, in line with the Hospital's Governing Document (Royal Charter) and best practice. During the process, consideration is given to their experience, the skills required, the contribution they will bring, and the Hospital's Equality, Diversity and Inclusion Policy. Each Trustee is provided with a copy of the booklet produced by the Charity Commission explaining the duties and responsibilities of a Trustee. Upon election and on an annual basis, the Trustees undergo a Fit and Proper Persons Test to comply with the Health and Social Care Act 2008 (Regulated Activities) Regulations 2014: Regulation 5 Fit and Proper Persons: Directors, as well as the Finance Act 2010.

Upon election the Advisory Board members and Trustees have a formal briefing and induction with the Chair of the Board of Trustees, the Chief Executive Officer and members of the Executive Team, as well as a tour of the Hospital, providing an opportunity to meet and talk to staff.

The Board of Trustees' responsibilities are detailed in the Scheme of Reserved and Delegated Powers. Meetings of the Board of Trustees are held quarterly and attended by the Executive Team who provide information, data and assurance on their areas of responsibility in the organisation.

The following persons were in place during the financial year and at the point of signing this annual report:

Board of Trustees

Sir Richard Sykes FRS FMedSci HonFREng (Chairman)

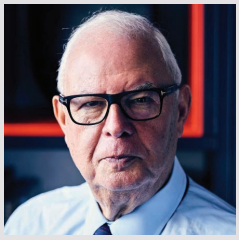
Mr Paul Biddle FCA

Ms Fiona Driscoll MA

Commodore Alison Hofman RRC KHNS MA MSc FCIPD QARNNS (from November 2024)

Rt Hon Professor the Lord Kakkar KG KBE PC FRCS FMedSci

Professor Roger Kirby MA MD FRCS (Urol)



Sir Stuart Lipton

The Hon. Mrs Virginia Lovell JP, DL (until November 2023)

Ms Madelaine McTernan CB (from October 2024)

Mrs Aline Miller (from October 2024)

Mrs Alison Parkhouse (née Dean) (until November 2024)

Professor Dame Lesley Regan DBE (until February 2024)

Mr Sanjay Shah BA (Hons) FCA

Advisory Board

Sir Richard Sykes FRS FMedSci HonFREng (Chairman)

Dr Martin CM Bricknell CB OStJ

Mr Andrew Graham

Professor Dame Lesley Regan DBE (from March 2024)

Mrs Alison Parkhouse (nee Dean) (from November 2024)

The Executive Team

Mr Kenneth Anderson, Chief Executive Officer (from July 2024), formerly Transformation Director from May 2024

Professor Justin Vale, Chief Executive Officer (until July 2024)

Ms Siân Allen, Medical Director (from July 2023)

Mrs Agnes Patel, Director of Finance (from June 2024)

Mr Neil King, Director of HR and L&D

Ms Sarah Colebrook, Chief Nursing Officer (from September 2024)

Mr James Rous, Director of Veterans' Affairs & Philanthropy (from October 2024)

Mrs Rebecca Sumner, Director of Operations (until December 2024)

Mr Alex Le Vey, Director of Consultant Services & Strategy (until December 2024)

Mr Owen Brady, Interim Chief Information Officer (until August 2024)

Mr Emmett Steed-Mundin, Director of Nursing (until June 2024)

Ms Fiona Barber, Chief Financial Officer (until June 2024)

Mr Eamon Malone, Director of Estates and Major Projects (until September 2023)

Objectives

2

Vision and mission

The Hospital's vision is "to be the leading private Hospital in the UK and to support an increased number of veterans through our charitable work". In doing so, its mission is "to consistently deliver the highest standards of personalised, patient-centred care, in a safe and kind environment, through our exceptional and empowered teams. We will do this whilst continuing to deliver our charitable works within the veteran community."

In addition, the Hospital is proud to welcome international patients, providing world-leading medical expertise and impeccable standards of care.

The transformation initiatives outlined in the Chairman's report signpost the re-shaping of our future direction and the journey to redefining our vision for the next 120 years, always keeping in mind that our core strengths are care, quality and compassion.

Values

The Hospital's five core values strive to build the ethos to uphold its vision and mission.

- **Professionalism** – We encourage our teams to be the best they can and meet the highest standards.
- **Quality** – We will provide excellence in everything we do.
- **Respect** – We will respect other people's views to ensure an open inclusive working environment.
- **Safety** – We are committed to providing a safe environment for our patients and colleagues.
- **Teamwork** – We work as a team so we achieve more together by being collaborative, fair and open.

PROFESSIONALISM

We encourage our teams to be the best they can and meet the highest standards through:

- Acting with integrity
- Accountability
- Continued learning

RESPECT

We will respect other people's views to ensure an open inclusive working environment through:

- Compassion
- Dignity
- Honesty

TEAMWORK

We work as a team so we achieve more together by being:

- Collaborative
- Fair
- Open

QUALITY

We will provide excellence in everything we do through:

- Innovation
- Listening to and acting on feedback
- Measuring outcomes & informing actions

SAFETY

We are committed to providing a safe environment for our patients and colleagues through:

- A learning culture
- Freedom to speak up
- Transparency

2. OBJECTIVES

Primary objectives supported by strategic objectives

The objectives of the Hospital are:

- to operate an acute Hospital;
- to provide the highest standards of patient care; and
- to provide treatment at preferential rates to Service patients, serving or retired, and their spouses.

Activities to achieve the objectives

Our five-year strategy outlines our **strategic objectives** which support the **primary objectives**:

- To ensure the future sustainability of the business.
- To ensure the organisation delivers safe, outstanding, patient-centred care as measured by performance metrics and patient feedback.
- To ensure the organisation achieves, maintains and evidences compliance with regulatory requirements.
- To secure the funding to continue redevelopment of the main Hospital site, through fundraising or partnerships.
- To significantly increase the number of veterans we support.
- To complete the digital transformation programme, thus creating a safe and secure informatics environment which enhances the working-lives of our staff.
- To cultivate an exceptional workplace environment at King Edward VII's Hospital, positioning us as the employer of choice within the private healthcare market.

Primary Objective: To operate an acute Hospital

The Hospital offers patients a wide range of treatments across both medical and surgical specialties, along with critical care facilities, and has four operating theatres and 56 inpatient rooms all with en-suite bathrooms. Its critical care facilities enable the Hospital to carry out highly complex procedures and treat patients with complex needs. The Hospital provides a wide range of elective and non-elective services for inpatient and day case care supported by a range of activities, including:

- acute services;
- surgical cancer treatment;
- genetics testing;
- diagnostic and screening services;
- doctors' consultation services;
- long-term condition services;
- rehabilitation services; and
- Veterans' Pain Management Centre.

The Hospital has a specialty focus on Women's Health, Urology, Musculoskeletal and Digestive Health. These formed the four pillars of the Hospital's strategy developed in 2018, and since that time, extensive work has taken place to develop them including a focus on Multidisciplinary Teams (MDT) working and attracting new work (via targeted marketing and the on-boarding of new high quality consultants).

In 2023, the Hospital engaged an expert in branding to understand how King Edward VII's Hospital is perceived both internally and externally, and what makes us unique. Amongst the rich information this generated, there were three golden threads: compassion, trust and integrity. These are great foundations on which to build a sustainable future for the Hospital, using the state-of-the-art out-patient and imaging facilities opened in 2022, thanks to the generous donations from some key benefactors over the last few years.

Retaining and attracting leading consultants, raising the profile of the Hospital and establishing strong relationships with key customer groups are critical to the Hospital's growth plan. Equally important is attracting those patients who are new to private healthcare and need signposting as to how to access private healthcare services easily and efficiently. For them, knowing that we can be trusted to provide safe, compassionate, high-quality patient-centred care at an affordable price is crucial.

The following actions continue the growth cycle, aligning with our vision and objectives:

- **Enhancing Self-Pay Market Share:** Employ targeted marketing strategies coupled with high-quality data assets to refine our market positioning, bolstered by an accessible contact centre, ensuring seam-less service delivery to patients.
- **Optimising Private Medical (PMI) Insurer Referrals:** Tailor our services to better align with the specific needs of PMIs, particularly focusing on their corporate clientele, thus ensuring maximum alignment and satisfaction.
- **Establishing Direct Corporate Relationships:** Forge direct relationships with corporate entities, offering tailored and responsive support, thereby enhancing our reputation for client-centricity.
- **Attracting and Retaining Top Consultants:** Cultivate a supportive environment that fosters loyalty and commitment among leading consultants, aligned with the core values of King Edward VII's Hospital.
- **Expanding General Practitioner Referrals:** Strengthen and diversify our base of General Practitioner referrals through strategic initiatives aimed at increasing engagement and collaboration.
- **Enhancing Patient Engagement:** Implement a comprehensive approach to patient engagement throughout the patient journey, emphasising personalised support to enhance patient satisfaction and build greater loyalty.
- **Cultivating Strategic Partnerships:** Foster mutually beneficial partnerships with consultant users and external providers, leveraging subsidiaries, joint ventures and alliances to drive increased activity and loyalty.
- **Developing Value-Aligned Partnerships:** Strategically align with external providers sharing our organisational values, cultivating partnerships to enhance activity levels and reinforce our commitment to quality care.
- **Embedding Governance Excellence:** Institutionalise sustainable and high-quality governance practices across all levels of the organisation, ensuring compliance, transparency and integrity.
- **Optimising Patient Acuity Management:** Proactively manage patient acuity levels, leveraging our critical care capability to its fullest potential while ensuring optimal patient outcomes and resource utilisation.
- **Strategic Pricing and Cost Management:** Employ robust pricing strategies and cost management techniques to inform decision-making, maintaining operational efficiency while safeguarding profitability.
- **Promoting Clinical Excellence:** Publicise and highlight our clinical outcomes and patient experience scores, reinforcing our commitment to excellence and transparency in healthcare delivery.
- **Investing in Talent Development:** Continuously invest in the professional development and growth of our staff, fostering a culture of learning and innovation to uphold our position as an employer of choice in the healthcare market.
- **Fostering Workforce Diversity and Wellbeing:** Prioritise diversity and inclusion initiatives alongside comprehensive wellbeing programmes to support employee health and satisfaction, driving productivity and retention.

Primary objective: To provide the highest standards of patient care

We remain committed to personalised, patient-centred care, effective multi-disciplinary team working and the highest standards of governance, with quality and safety as our "north star". Our workforce are our greatest strength, and recruitment, retention and personal development of staff remain key areas of focus to ensure they are equipped to deliver personalised care.

As patients become more informed and have an increased desire to be active in decision making, there is an opportunity to build on our existing engagement directly with patients by:

- Developing initiatives such as annual wellness schemes and membership programmes.
- Building our self-pay and international proposition based on transparent fixed pricing, financing options and ease of access.
- Delivering consistent gold standard customer service.
- Ensuring outstanding patient experience.

The Hospital continues with its Quality Transformation Programme, embedding continuous quality improvement (QI) methodology and projects across the Hospital.

Primary objective: To provide treatment at preferential rates to Service patients, serving or retired, and their spouses

We are proud to offer all members of the Armed Forces community, as well as their spouses, partners and widows, the highest quality of care at our Centre for Veterans' Health. We continue to build partnerships with other charities in the veterans' sector, and third-party referrers (such as GPs), to reach as many veterans as possible. To further support these efforts in October 2024 the Hospital applied to be a part of the NHS framework of private providers. We will use the government's Choice Agenda and corresponding law which allows patients to pick a private provider on the framework. This will significantly extend our reach to veterans on long NHS waiting lists and not burden our grant programme, as care will be paid for by the NHS.

Traditionally we have relied on our Friends, and a small number of committed charitable trusts and foundations to support the Centre for Veterans' Health but have extended the reach towards charitable trusts and foundations, to unlock the additional funds required to support our growth ambitions.

The Centre for Veterans' Health currently has three core pillars of activity:

- The Pain Management Programme (PMP) – our free, award-winning programme has also been recognised by the Care Quality Commission (CQC) as an outstanding practice. It exists to help veterans manage acute and chronic pain, helping them get back to living their lives to the fullest.
- Military grants for free surgical care – the Centre for Veterans' Health means-tested grants programme provides 100% grants to uninsured Service or ex-Service Personnel, (including reserves). This enables them to access the Hospital completely free of charge.
- 20% discount on Hospital fees – all Service or ex-Service Personnel (including reserves), without medical insurance are entitled to a 20% discount on their Hospital bill. This is regardless of rank or length of service. It also extends to their spouses/civil partners and includes widowers and widows.

Fundraising

The Hospital's fundraising team is comprised of experienced professional fundraisers who engage with new prospects and supporters of the Hospital to ensure that funding is secured for our capital programmes and the Centre for Veterans' Health. The Hospital pursues a varied portfolio of voluntary income through individual regular giving (Friends of the Hospital), large donations from major donors, legacies, and grants from charitable trusts and foundations.

Legacies have, and continue to, account for a significant proportion of our voluntary income, and are applied to the day-to-day capital expenditure needed to maintain the Hospital estate and our equipment.

The fundraising team continue their prospect research to identify potential donors for this essential "business as usual" capital expenditure, as well as for more major capital projects identified by the Hospital that fall outside of day-to-day capital expenditure.

Over the course of the financial year the Hospital raised £5,813,551. Donations and grants were received specifically as outlined below:

Donation area	Donation amount
Unrestricted donations	£256,270
Legacies	£272,711
Thompson Family Charitable Trust	£3,614,970
Centre for Veterans' Health	£342,040
Next Chapter Capital Appeal	£1,327,560

Strategic report

3

Financial overview

Total Income increased year-on-year by 8% to £47.36m (2023: £43.90m), of which £1.71m was restricted funds (2023: £3.46m). This was driven by an increase in patient related income by 6% to £39.81m (2023: £37.59m), particularly from outpatient services and day-case services. There was also a significant increase in donations and legacies income by 12% to £5.81m (2023: £5.02m).

Clinical achievements

The annual report is our opportunity to highlight clinical achievements delivered over the past year and some of these are highlighted below.

The Joint School

The Joint School is now in its second year. This initiative, commenced in early 2023, meets the requirements of the national Getting It Right First Time programme, which was established originally to drive quality and efficiencies in orthopaedic surgery. It includes a bespoke one-to-one information-giving session to educate patients about their upcoming hip, knee or spine surgery, and is included as part of their package of care. The average number of patients seen is now 43 per month and additional staff have been approved to support with the increased workload. Feedback has shown that patients appreciate the quality of information provided, with 94% highly recommending it to family and friends. Some respondents have indicated that they would be willing to pay for it, if it was not provided as part of the package of care, as it adds so much value. One patient fed back as follows:

"This was not provided when I had my other knee done at a different Hospital. Having experienced joint school this time, it made my overall experience much more comfortable".

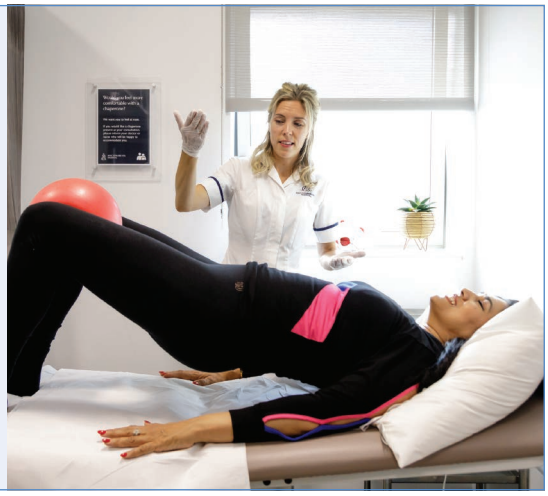
The service has been a hit with consultants who bring patients to the Hospital, as it provides an extra point of contact for patients to ask questions/be reassured, ensuring a smoother discharge process, as any required equipment and services are all arranged prior to admission.

Aviva Knees and Hips Network Service

The Hospital was awarded the Aviva Knees and Hips Network Service. This is a significant achievement, as King Edward VII's Hospital is the only provider in Central London from November 2024. This is a concentrated network of providers where Aviva directs their members to the Hospital. The contract is for a four-year period.

Prehabilitation Service

One of the high points has been the launch of our prehabilitation service, which is led by Dr Ganan Sritharan, Consultant Surgical Physician and Geriatrician and Perioperative Medicine Service Lead, and Clinical Director for General Medicine. The purpose of prehabilitation is to get patients undergoing surgery to become the fittest version of themselves, which has been proven to improve post-operative outcomes. The service is available to any patient undergoing major surgery for benign or cancerous conditions.



Critical care

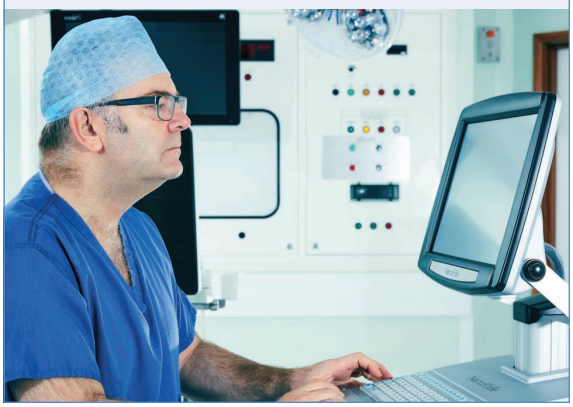
The Critical Care Outreach Team (CCOT) has demonstrated significant progress and achievements in enhancing patient care and strengthening multidisciplinary collaboration across the Hospital. The enhanced presence of the outreach team has fostered closer collaboration and improved communication, which has ultimately led to better patient outcomes and a more cohesive healthcare environment, helping bridge the gap between critical and ward level care. Additionally, the CCOT has provided significant clinical support to ward teams through sharing its specialised critical care knowledge, hence upskilling Hospital staff, translating into improved patient care. This approach has empowered staff to manage complex clinical tasks with greater competence, promoting a culture of continuous learning and skill-sharing across departments. One of the core functions of the CCOT remains the timely assessment and management of deteriorating patients or those with complex medical needs in the wards. The team has been instrumental in providing swift intervention for patients who would otherwise risk further clinical deterioration. In line with the Guidance for the Provision of Intensive Care Services (GPICS), the CCOT consistently reviews all the critical care step downs. This process helps ensure that patients transitioning from critical care to the wards continue to receive appropriate monitoring and support. The outreach team's vigilant follow-ups have prevented early readmissions to the critical care unit, maintaining a smoother trajectory for patients and positively impacting their overall experience.

Perioperative Medicine Service

In February 2024 we launched the Perioperative Medicine Service (POMS), a new weekend medical on-call rota covering inpatients Friday to Sunday. The service provides formal on-call medical consultant coverage to support with any arising perioperative medical issues. The request for medical review is documented in the patient notes and a call is made to the on-call physician by either the admitting Consultant, Clinical Nurse Specialist (CNS) or Resident Doctor. The patient is informed of the referral for the physician review, as this will constitute a new clinical consultation. The team consists of Dr Ganan Sritharan, Dr Sushen Bhattacharyya, Consultant Physician & Geriatrician and Dr Shane Roche, Consultant Physician & Geriatrician.

Focal therapy for prostate cancer

During 2023-24, we have put our unrivalled expertise in focal therapy for prostate cancer in the independent sector to further good use with NHS lists on Saturdays to help reduce the NHS waiting list for this high-demand procedure.



Climate study

Over October-November 2024, we started to recruit our patients to the Climate Study which is investigating different types of MRI for the detection of possible prostate cancer.

Monitoring Mismatch Repair

In Digestive Health we have pushed access to MMR screening. This is a genetic profiling test of colorectal tumours, which can diagnose Lynch syndrome. Lynch syndrome is a genetic predisposition to colorectal and some gynaecological cancers, and in our recent audit we offered this test to 100% of eligible patients.

Transoral incisionless fundoplication (TIF)

We have also started to offer the TIF procedure (transoral incisionless fundoplication), which is another advanced endoscopic procedure, used to treat gastro-oesophageal reflux. Our niche in endoscopy is in performing these advanced procedures at the cutting edge of minimally invasive surgery.

RefluxStop™ implantation

In July 2024, Nick Boyle, Upper Gastrointestinal (GI) surgeon at the Hospital, published results of an observational study in Nature.com (scientific reports). This was a prospective collaborative study with the academic department of surgery at the Medical University of Vienna. It studied patients with refractory gastro-oesophageal reflux disease (GORD) who had failed medical treatment and tested positive for severe ineffective oesophageal motility (IEM) precluding standard surgery. They underwent RefluxStop™ implantation at King Edward VII's Hospital and in Vienna. Nick Boyle introduced this novel surgical procedure for GORD to the UK at King Edward VII's Hospital. The study concluded that the RefluxStop™ device implantation is safe and effective in the short term follow up for patients with GORD and IEM, but that further studies and longer follow-ups were necessary to prove long-lasting positive effects.

Bariatric surgery

In July 2024, the Hospital partnered with Tonic Weight Loss to provide bariatric surgery at the Hospital, bringing together a team of leading bariatric surgery specialists.

Endoscopic Sleeve Gastroplasty

On the benign side of Digestive Health, we have performed our first Endoscopic Sleeve Gastroplasty (ESG) this year. This is an endoscopic procedure for obesity, which has the potential to minimise morbidity, and a multicentre randomised-controlled trial published in the Lancet in 2022 (the MERIT study) showed this to be a safe and effective intervention in patients with class 1 or 2 obesity.

Menopause service

In Womens' Health, we have launched a menopause service which is delivered by Dr Rebecca Hayes, who is a British Menopause Society recognised specialist offering a full range of holistic care.

New procedures committee

During the year, the New Procedures Committee was established so that new techniques/operations proposed for the Hospital could be discussed in an appropriate forum. An example is approving a new procedure in breast surgery, which allowed Mr Paul Thiruchelvam, Breast Surgeon, to perform operations to preserve nipple sensation following mastectomies for cancer. We are the only centre in the UK to have undertaken this to date.

KEVII Direct

In July 2024 we launched KEVII Direct. This is a dedicated referral service for GPs and referrers, offering an exceptional service and swift referrals for appointments, diagnostics tests, acute medical admissions and answering any enquiries regarding availability and our services.

KEVII DIRECT

Operational achievements and challenges

Imaging and Diagnostics

During the course of 2023-24, we made extensive upgrades to our imaging platforms, including specialist software for our state-of-the-art CT scanner which permits calcium scoring. This is a specialist scan which grades calcification of the coronary arteries and can inform the need for intervention. We have upgraded our 3T MRI scanner to use advanced Artificial Intelligence algorithms to speed up and enhance the quality of scans, meaning we can scan more patients daily to an even higher standard.

In summer 2023, we launched a new RIS-PACS system to improve ordering of and access to scans. This is a web-based programme, which improved our resilience when we experienced a security incident in November 2023 and meant that we were able to maintain activity safely throughout the incident. The incident expedited the migration of many of our clinical and administrative systems from being server-based to cloud-based, including Compucare, our patient administration system. This means that they are now evergreen and constantly updated as new threats emerge.

Pathology supplier

One of the key successes in 2023 was the transfer of our pathology supplier in August 2024. This transition led to significant improvements in KPIs, particularly in turnaround times for results, as well as enhancements in our billing processes.

Integrated Health Solutions

In September 2024, Integrated Health Solutions (IHS) joined our organisation as part of our long-term strategy for procuring clinical consumables, consignment stock and loan kits. IHS will also play a vital role in supporting the standardisation of product lines.

Electrical upgrade

By December 2024, we completed the enabling works for the Hospital's electrical upgrade. This included the installation of a new substation at Emmanuel Kaye House (EKH) and the upgrade of the busbars, significantly improving our infrastructure. Busbars are conductors that collect and distribute electric power from incoming to outgoing feeders.

The Capital programme

Looking ahead to 2024-25, the capital programme includes amongst other priorities, allocation for replacing clinical equipment reaching the end of its life, ward renovations and ventilation system works.

Patient care and experience

The Hospital has significantly advanced its patient safety protocols by fully integrating the Patient Safety Incident Response Framework (PSIRF). This framework enables the Hospital to establish and sustain robust systems and processes for effectively responding to patient safety incidents, fostering a culture of continuous learning and improvement. The Hospital's PSIRF is now fully operational, further enhancing its commitment to patient safety.

Additionally, the recruitment of a Patient Safety Partner (PSP) has strengthened the organisation's governance and management framework, ensuring that patient safety remains at the forefront of all Hospital strategy. The Hospital is also a national private healthcare leader in recruiting a PSP within the Hospital's safety structure.

In partnership with Vantage technologies, the Hospital developed a digital web-based platform for managing the Hospital's clinical audit program, streamlining processes and improving data accessibility and audit efficiency. The new system supports clinicians in collecting audit data whilst mobile via iPads, receives automated audit compliance feedback and allows clinicians to take improvement actions via an inbuilt action plan process.

A dynamic 15-step clinical service assessment has been established and incorporated into the Hospital's quality improvement programme (see table on the following page). The services assessments are undertaken by an in-house team with blended experience and skills which also includes a patient representative. The assessment allows for the continuous improvement of our services from a patient experience perspective.

Following patient feedback, a patient food quality improvement project was undertaken to improve food variety, patient choice and menu design. These changes led to increased and sustained improved patient food satisfaction scores.

A new, comprehensive, patient-friendly Hospital guide has been introduced that simplifies the admission process by consolidating all necessary information into one streamlined document. Also, patients attending our outpatient department are now clearly informed of potential additional costs by incorporation of a detailed list of possible extra charges into the patient letters sent prior to appointments.

Quality Improvement Programme

	Quality improvement	Driver for improvement	Impact
1	Postal MRSA swabs can now be sent to patients who live away from the Hospital	Patients could not attend for MRSA screening	MRSA screening can be completed even for those patients who live too far away to attend for a swab
1	New handbook of procedures for the House Keeping Team who do not have access to computers while working	Staff could not access procedures easily	Positive feedback from the team who can access all the information they need to carry out their job in one place. Specifically, it has been very useful for new starters.
2	Outpatient letters are sent ahead of appointments to inform patients of the cost of treatments	Complaints	Reduction in complaints regarding cost of treatments.
3	New gowns introduced in imaging	Patient feedback	Gowns provide greater dignity for the patients and are available in larger sizes.
4	Introduced dignity shorts for patients having CT Pneumocolon	Patient feedback	Patient's privacy and dignity is protected during the procedure.
5	All new nursing staff to complete e-learning on site in the first week with IT support and PC access	E-learning not completed in allocated time at home	100% of new starters completed their mandatory e-learning within the first week.
6	New Patient Guide created	Complaints regarding the number of documents sent	Incorporating information from several sources reducing the number of single documents sent out to patients and reduction in complaints.
7	Review and updating of the Theatre Safety Checklist	National Guidance	Changes meet new national requirements and set out the checks more clearly.
8	Protected outpatient appointments to allow more patients instant access	Patient feedback	Appointments can be made available to patients at short notice.
9	Urology patients identified at least two weeks in advance to ensure urine samples are obtained	Urine infections not identified early enough ahead of surgery	Patients are now identified early from the booking forms and asked to attend for a urine test two weeks in advance of surgery reducing the risk of cancellation.
10	Introduce new system of written request slips and processes for patients going to theatre	Delays and issues with patients going to theatre	Patients are clearly identified and the theatre they are attending clarified and documented.

Patient feedback

The Hospital supports the use of patient feedback surveys, available in both paper and electronic formats, to thoroughly assess the quality of care and overall patient experience. These surveys offer patients a direct platform to share their experiences and provide valuable insights that help us continuously improve our services. Below are some examples of the positive feedback we've received from our patients.

Our staff

Our workforce stands as our most valuable asset, serving as the cornerstone of our continued success. We are dedicated to identifying and retaining top talent, ensuring a diverse and skilled workforce. Investment in their ongoing development is paramount to our organisational growth.

In line with our commitment to employee experience, we are advancing our HR practices. Our approach integrates performance management and developmental tools. By embracing new strategies, we will empower our employees to contribute effectively towards achieving our vision and strategic goals.

- **Inclusive Culture Initiatives:** Implement specific initiatives to foster diversity and inclusion within the workplace, including employee resource groups, diversity training and equitable policies and practices.
- **Comprehensive Wellbeing Programmes:** Further develop our wellbeing programme addressing mental health support, stress management, physical wellness and work-life balance initiatives.
- **Professional Development Opportunities:** Expand opportunities for career growth and skills development through apprenticeships, training, certification programs, mentorship and educational support.
- **Employee Recognition and Rewards:** Refine our employee reward and recognition programme to acknowledge outstanding performance, contributions and achievements.
- **Communication and Transparency:** Continue to foster open communication and transparency within the organisation, encouraging feedback and involving employees in decision-making processes.
- **Health and Safety Measures:** Prioritise the health and safety of employees by implementing rigorous health and safety protocols and providing necessary resources and training.
- **Flexible Benefits Packages:** Offer flexible benefits packages tailored to meet diverse employee needs, including healthcare coverage, retirement plans, paid time off and other perks.
- **Employee Feedback Mechanisms:** Continue to develop formal channels for collecting and acting upon employee feedback to continuously improve the employee and patient experience.

In May 2024 as part of the transformation phase, staff engagement sessions with groups of staff were arranged, and they continue to take place. These sessions have proved to be an excellent mechanism to engage staff in change and a platform for staff to share their suggestions and work together on new solutions. The feedback from staff has been that they are impressed with the transformation team's efforts and progress, which people are starting to see and notice. The sessions have yielded some excellent ideas, many of which have the potential to generate additional revenue for the organisation. This approach has helped employees feel more involved, encourages a sense of ownership and uses their ideas to support the organisation's growth.

Freedom to Speak Up

As well as encouraging our staff to share ideas or raise concerns via their line manager, we also have an active Freedom to Speak Up programme (FTSU). This is supported by a Lead Guardian, one further Guardian and four Champions, increased to six in 2024-25. During the year 2023-24, a total of 68 issues were raised via this programme, which is a 38% increase on 2022-23. This is consistent with the national trend reported by the National Guardian's Office, with healthcare staff using the Freedom to Speak Up as a route to raise concerns more frequently. Higher rates suggest that staff feel safe to raise issues and is seen as a good indicator of an open culture. The Hospital has done a great deal of work on fostering an open and transparent culture during 2023-24, with the launch of regular "town hall" meetings for all staff, delivered in a hybrid format, and more regular mailings and newsletters delivered via the all-staff Connect email.

Digital transformation

The Hospital is committed to providing the highest standards of patient care. To support this aim, we are continuing to invest in our digital journey: delivering excellent patient care using excellent digital services which are safe, secure and performant.

After the security incident in November 2023, we moved a substantial part of our digital application infra-structure to cloud based services. These services include migrating our Microsoft systems to the Microsoft Tenant including our email system, Exchange, our security, and management of all our edge computing. As well as moving our key Microsoft business tools to the cloud we have also moved two key systems to a Software as a Service (SaaS), including Compucare (our patient administration system (PAS)) and Biotronics/ OpenRad (our PACS and RIS system).

In the medium term, these cloud technologies will allow us to deliver operational and clinical services with agility and in response to clinical and operational demand. It will allow us to re-imagine what is possible and be better placed to reach out to the wider health space in the London area and beyond. Finally, this will improve IT service delivery, ensuring security patches and application updates are applied automatically under an "evergreen" regime. Cloud-based technologies will support business continuity, disaster recover.

It will provide consistent performance, and help support our green agenda while ensuring maximum uptime for our systems.

The Hospital's digital vision will support these key elements:

Patients

Further introduction of patient and clinical portals to facilitate:

- Patient-centred services enabling them to manage their own health;
- Personalised patient care around preferences and needs;
- Improved patient registration and data quality;
- Adoption of digital tools, such as "wearables" that provide real time data to clinicians; and enabling patients and carers to access, update and communicate with the clinical teams; and
- Real time location tracking (RTLS).

Clinicians

- Real time access to integrated patient information at point of care;
- Paper lite environment, where information is available through an electronic patient/ health record, orders are created and managed electronically, and communications are made and recorded electronically;
- The patient record is easily accessible, easy to use and supports their work; historic data is scanned and archived;
- Improved clinical pathways can be developed and easily deployed;
- eObservations (eOBS);
- eOrdering; and
- Computerised provider order entry (CPOE).

Operations

- Support clinical colleagues to develop improved clinical pathways and systems;
- Improve operational processes via new technologies, such as artificial intelligence, natural language processing and robotic process automation;
- Deliver improved agility to provide new services, both within the Hospital and with external partners;
- Improve consistency and effectiveness of service delivery, both clinically and operationally; and
- Deliver real time information and business intelligence to operational teams to enable speedy and informed decision making.

Staff

- Support staff in their day-to-day duties, communicating and collaborating across all departments and specialties;
- Enable staff to make use of modern technologies to access systems and information securely and safely in a consistent, efficient manner; and
- Staff's use of modern tools to access, update and manage information about themselves.

IT

- Create a modern, business-focused IT department delivering services to support our overall strategy and business imperatives;
- Strategically deploy cloud first solutions to enable better connectivity, accessibility, security and capacity;
- Enable delivery of projects and programmes to time and budget; and
- Proactively manage information governance and cyber security, using the best tools we are able to deploy, ensuring that all Hospital data and patient information is managed to the highest standards.

The Digital Transformation Programme has already delivered a stronger IT infrastructure and has put in place strong foundations for King Edward VII's Hospital going forward. We are following IT best practice to deliver IT service, IT governance and IT programmes, ensuring consistent, cost-effective delivery for our patients, clinical teams and staff.

Engagement with stakeholders

The Trustees take seriously their duty to promote the success of the Charity, taking into consideration the interests of key stakeholders, the long-term impact of decisions, the impact on the environment and community which are included in this annual report.

Engagement with key stakeholders includes patient satisfaction surveys; patient forums, such as patient experience and patient engagement; staff and patient representation at the Board Quality and Safety Committee, the annual employee survey; Freedom to Speak Up function reporting from ward to Board; the Executive Board; regular staff and consultant communications; the Medical Advisory Committee; relationship meetings with consultants, GPs, donors, veterans and associated organisations, embassies, private medical insurers, landlords, financiers, NHS Trusts, suppliers and major business customers; and membership of the Independent Healthcare Providers Network.

Further examples of engagement include:

The Quality and Safety Board Committee membership includes a staff representative who is the Lead Guardian for Freedom to Speak Up and the patient's voice is represented by a patient representative who is also a member of the patient experience group.

The Hospital regularly holds staff Town Hall meetings to allow staff to have a voice and engage in Hospital-wide initiatives, as well as the engagement sessions initiated as part of the Transformation programme and bespoke Focus Groups. Staff and consultants are further informed of business activities via the monthly newsletter and Connect email.

The Chairman, Trustees and members of the Executive Team actively meet with current consultant partners to ensure they are engaged with the Hospital's activities, actively seek potential consultants and pursue new business opportunities. They also actively engage with veterans and associated organisations to serve the Hospital's charitable purpose.

Sustainability

Sustainability for the Hospital is the consideration of environmental, social and governance (ESG) issues along the 'start to end' path of the procurement process, which also includes consideration of ESG in the delivery of our services, as well as incorporating this agenda throughout the business. This is an area of further development for the Hospital.

Over the next few years, the Hospital will be actively enhancing its ESG processes by prioritising suppliers committed to sustainable practices. Through our partnership with Integrated Health Solutions (IHS) we will focus on minimising waste, reducing packaging materials and lowering transport emissions by collaborating with providers dedicated to sustainability initiatives. Our ongoing plans for the refurbishment of the main Hospital estate include reducing carbon-based fuels and the utilisation of low energy consumption engineering and technology.

Plans for the future

The clinical and operational achievements section showcases the Hospital's ability to continue to evolve and adapt to the needs of people. The transformation work launched in response to the Hospital's financial position, has catapulted the Hospital to extend its reach into new areas evident from highlights within this report, which will be included in more detail in next year's annual report. Highlights of the achievements during the three-month period of transformation and since, include:

- The renegotiation of all private medical insurance (PMI) contracts to reflect central London norms of rates;
- New Bariatric service from 9 July 2024;
- Award of the Aviva Knees and Hips Network Service to the Hospital from 29 November 2024;
- Integrated Health Solutions (HIS) Materials Managed Service launched on 2 September 2024;
- KEVII Direct Service for GPs launched in August 2024;
- Attracting the right consultants for the Hospital;
- Building back consultant relationships;
- Building relationships with embassies;
- Working with the NHS where possible to alleviate the pressures on waiting lists;
- Exploring partnerships, joint ventures, subsidiaries;
- Estates, space and equipment optimisation;
- Imaging, Interventional Radiology (IR), Day Surgery Unit (DSU) space utilisation;
- Workforce initiatives; and
- Engaging with donors and supporters.

The thread throughout this annual review of King Edward VII's Hospital is about resetting and redefining the vision for the Hospital. A number of initiatives have been achieved and are underway to make King Edward VII's Hospital a hospital of choice for consultants who want to work and partner with us, for staff who want to join us and develop a career, and for insurers and other services who want to do engage with us on business opportunities.

We are continually grateful to our supporters without whom much of the estate's transformational work over the years could not have taken place. That work continues as we strive to keep up with maintenance and equipment replacement plans and refurbishing wards and areas of the Hospital to make it an attractive and comfortable experience for our patients and users.

The future strategy is being developed and will be an exciting chapter for the Hospital as we define the right strategic pillars.

Governance

4

Risk management

The overall responsibility for the identification, assessment and mitigation of major risks for the Hospital lies with the Board of Trustees. This responsibility is discharged through the Chief Executive Officer, the Executive Team and a designated Executive Risk Lead, supported by advice from the Hospital's Head of Governance, Head of Safety and Risk, Health and Safety Advisor, Health and Safety Committee, Microbiologist, Company Secretary and other Hospital Committees, and recommendations from inspection reports.

The Board Assurance Framework led by the Company Secretary working with Executive Leads, identifies the primary risks to the delivery of the strategic objectives.

The Audit, Risk and Assurance Committee reviews the Board Assurance Framework bi-annually and the Organisational Risk Register on a quarterly basis to satisfy itself that appropriate measures and systems are in place to minimise or eliminate the risks. The Committee's findings are reported to the Board of Trustees.

The three principal risks and uncertainties identified by the Board of Trustees during the financial year 2023-24 related to: financial performance; risk of a funding gap in Hospital redevelopment works; and risk of significant staff turnover or shortage impacting on patient and staff experience and Hospital reputation. For these risks and other risks overseen by the Board of Trustees, comprehensive actions are in place. The work of the transformation programme is expected to have a positive impact on these risks.

Health and safety

Building on our strong foundation of health and safety practices, the Hospital maintains safe processes through stringent monitoring carried out by the Fire Health and Safety Committee which is striving towards excellence through shared learning and continuous re-assessment.

To maintain best practice, we employ stringent monitoring of controls, as well as well-communicated incident learning, which includes external cases as applicable to the healthcare sector. Risk management is multi-fold, with inventory or departmental risk assessments monitored via Fire Health and Safety Committee meetings and a risk register, which is updated monthly, as well as site overarching risk assessments, which capture the overall risk. There continues to be a strong health and safety culture within the Hospital, which we maintain through worker consultation and involvement using various sources of communication. We have external specialist involvement in various aspects, such as fire and water safety.

To address specific areas such as fire safety, staff refresher training sessions for various roles within the fire response team are held monthly. Our processes are now well established, with trained staff in delegated roles throughout our sites and bi-annual fire drills to reinforce the evacuation plans. We continue with progress in creating more comprehensive and standardised risk assessments for Control of Substances Hazardous to Health (COSHH) management and reinforced mandatory training in all health and safety areas. Water safety management is closely monitored by the Water Safety Group (which is under the advisement of our external Consultant Microbiologists) via bi-monthly meetings, which address any positive water testing results, e.g. Legionella, as well as monitoring adherence to the Written Scheme of Control. The Electricity Safety Group also meets bi-monthly and monitors planned preventative maintenance, installation testing and resulting remedial actions.

Moving and handling training has been slow to achieve compliance, however this is being addressed by a newly trained internal staff member, who delivers monthly sessions. Specific moving and handling risk assessments are carried out for any higher risk tasks identified by Department Managers and are reviewed by the site Moving and Handling Lead.

The health and safety management system is audited both internally by our Fire, Health and Safety Representatives, as well as externally by consultants, and more specifically for fire and water safety by the relevant Authorising Engineer. These audit results show continual improvement through a reduction in number and risk rating of the resulting actions. This demonstrates the Hospital's high commitment to health and safety and our readiness to grow by instigating an unbiased review of our processes.

The Board and Committees

The Advisory Board

The Advisory Board meets annually and as required is chaired by Sir Richard Sykes, Trustee. The work of the Advisory Board in terms of its statutory role and the work required around fundraising and veterans' health has been separated to provide greater clarity and focus. The Hospital previously had a dedicated Trustee-led Board sub-committee for Fundraising and Veterans' Health as reported in 2021. Since then, a new fundraising strategy was approved by the Board of Trustees in which it was agreed to re-consider the governance arrangements for fundraising. In 2022-23 a Centre for Veterans' Health Advisory Board was created to raise the profile of our veterans' work and maximise engagement. The Centre for Veterans' Health Advisory Board met once throughout the year and is chaired by the former Surgeon General of the Armed Forces, Professor Martin Bricknell (also a member of the Advisory Board) and is comprised of individuals who bring complimentary skills to enable the Hospital to deliver sector-leading healthcare and support to as many veterans as possible.

Members:

- Sir Richard Sykes FRS FMedSci HonFREng (Chair)
- Dr Martin CM Bricknell CB OStJ
- Mr Andrew Graham
- Mrs Alison Parkhouse (from November 2024)
- Professor Dame Lesley Regan DBE (from March 2024)

Audit, Risk and Assurance Committee

The Audit, Risk and Assurance Committee advises the Board of Trustees on the appointment of the Auditor. It has delegated responsibility from the Board of Trustees to monitor risk analysis, risk management, corporate governance and all internal-related systems and controls. This Committee is also responsible for taking reasonable steps to ensure that the Charity is complying with all aspects of the law, relevant regulations and good practice. The composition of this Committee is determined by the Board of Trustees. The Committee met four times during 2023-24 and is chaired by Ms Fiona Driscoll MA, Trustee.

Members

- Ms Fiona Driscoll MA (Chair)
- Mr Paul Biddle FCA
- Ms Madelaine McTernan CB (from November 2024)
- Mr Sanjay Shah BA (Hons) FCA

Finance and Investment Committee

On behalf of the Board of Trustees, the Finance and Investment Committee undertakes the thorough review of financial policy and performance issues and risks, alongside reviewing budgets and business plans. It also has responsibility for the oversight of the Hospital investment portfolio and reserves. At the start of the financial year, the Finance and Investment Committee absorbed the duties of the Property and Projects Committee, and therefore has oversight and management of the key infrastructure development projects at the Hospital, including the estates redevelopment projects. Effective from September 2024, this Committee absorbed the work of the Transformation Committee, the essential work of which was completed at the end of August 2024.

The Committee met 12 times during 2023-24 and is chaired by Mr Paul Biddle FCA, Trustee.

Members

- Mr Paul Biddle FCA (Chair)
- Professor Roger Kirby MA MD FRCS (Urol)
- Sir Stuart Lipton (Chair for Property and Project matters)
- Mrs Alison Parkhouse (née Dean) (until November 2024)
- Mr Sanjay Shah BA (Hons) FCA (from November 2023)

Quality and Safety Committee

The Quality and Safety Committee obtains assurance that safe and high-quality care is being delivered across the Hospital; ensures robust clinical governance arrangements are in place; oversees strategies related to patient engagement; and oversees health and safety. It provides assurance to the Board of Trustees that appropriate arrangements are in place around clinical risk, infection prevention and control, and it provides oversight of employee engagement and the Hospital's Equality, Diversity and Inclusion Policy. The Committee acts in a positive and open manner and is a source of support and advice. The Committee met four times during 2023-24 and, up until February 2024, was chaired by Professor Dame Lesley Regan DBE, Trustee, superseded by Sir Richard Sykes, Trustee and Chairman of the Board.

Members

- Professor Dame Lesley Regan DBE (Chair) (until February 2024)
- Sir Richard Sykes (Chair) (from March 2024 until November 2024)
- Commodore Alison Hofman RRC KHNS MA MSc FCIPD QARNNS (Chair) (from November 2024)
- Rt Hon Professor the Lord Kakkar KG KBE PC FRCS FMedSci
- The Hon. Mrs Virginia Lovell JP, DL (until November 2023)
- Mrs Aline Miller (from November 2024)
- Mrs Alison Parkhouse (née Dean) (from November 2023 to November 2024)

Nominations and Remuneration Committee

The Nominations and Remuneration Committee makes recommendations to the Advisory Board on the process and appointments to the Board of Trustees, and recommendations to the Board of Trustees on the appointment of Advisory Board members. The Committee also makes recommendations to the Board of Trustees on the process and appointment of the Chief Executive and provides oversight on executive team recruitment and remuneration. The Committee also receives the annual gender pay gap report. The Committee met once during 2023-24 and is chaired by Sir Richard Sykes, Trustee and Chairman of the Board.

Members

- Sir Richard Sykes FRS FMedSci HonFREng (chair)
- Professor Roger Kirby MA MD FRCS (Urol)
- Sir Stuart Lipton

Transformation Committee

The Transformation Committee was established in May 2024. The objective was to improve the overall financial position of the Hospital whilst ensuring best clinical outcomes and experience for all stakeholders. The Committee met fortnightly for a period of three months and was chaired by Sir Richard Sykes, Trustee and Chairman of the Board. With the essential work completed, the duties of this Committee were absorbed by the Finance and Investment Committee from September 2024.

Members

- Sir Richard Sykes FRS FMedSci HonFREng (chair)
- Mr Paul Biddle FCA
- Ms Fiona Driscoll MA
- Mr Sanjay Shah BA (Hons) FCA

Executive Board

The Executive Board meets monthly and its members are the Senior Management Team. Having engaged with the Board in agreeing the strategic direction of the Hospital, its responsibilities are to review performance against, and take action to achieve, the Hospital's business plan and objectives and assess whether the structures and systems in place are working effectively and efficiently. The Executive Board also develops and implements a continuous improvement approach to its operational performance and management. It gathers assurance from across the Hospital through a number of governance processes to ensure appropriate oversight of the risks, appointments and developments at the Hospital. The Executive Board is chaired by the Chief Executive Officer.

Reference and administrative details

Principal Office

King Edward VII's Hospital, 5-10 Beaumont Street, Marylebone, London W1G 6AA

Auditors

Buzzacott LLP, 130 Wood Street, London EC2V 6DL

Bankers

National Westminster Bank PLC ,1 Cavendish Square, London W1A 4NU

Investment Managers

Sarasin & Partners LLP, 100 St Paul's Churchyard, London EC4M 8BU

Solicitors

Bevan Brittan LLP, 2 Fleet Place, London EC4M 7RF
DAC Beachcroft, 100 Fetter Lane, London EC2A 3LH
Macfarlanes LLP, 20 Cursitor Street, London EC4A 1LT
Bates Wells, 10 Queen Street Place, London EC4R 1BE

Financial Performance

Financial review

The consolidated statement of financial activities for the period is set out on page 43 of the financial statements. The consolidated accounts includes the financial results of the subsidiary and shows the minority interests in the group.

The outcome for the year is described fully in the Statement of Financial Activities (page 43).

Total income for the year totalled £47.36m (2023: £43.9m) of which £39.81m (2023: £37.59m) related to income generated from patient charges.

Donations income includes a major donation of £5.81m (2023: £5.02m) of which £1.71m (2023: £3.46m) has been set aside in restricted funds and will be utilised for the Hospital redevelopment.

Expenditure for the year amounted to £53.22m (2023: £52.83m) to give net expenditure before investment gains of £5.86m (2023: net expenditure before investment losses of £8.93m).

The financial statements include the impact on the assets and liabilities in respect to the Hospital's expo-sure to its defined benefit pension scheme. The position of the defined benefit pension scheme as at 31 March 2024 was a net asset of £1.84m (2023:net asset of £2.05m), however an adjustment has been made to cap the value of the asset at £nil (2023: £nil) in accordance with FRS 102.

The total investment portfolio decreased by £1.57m in the year (2023: decrease of £4.29m) after accounting for the impact of disposals. The revaluation of the investment portfolio resulted in an increase in funds of £0.02m (2023: decrease in funds of £0.64m).

Internal controls over all forms of commitment and expenditure continue to be refined to improve efficiency. Processes are in place to ensure that performance is monitored, and that appropriate management information is prepared and reviewed regularly by the Senior Management Team, the Finance and Investment Committee, the Audit, Risk and Assurance Committee and the Board of Trustees.

Reserves Policy

The Trustees continue to ensure that there are sufficient free reserves to provide some assurance against interruption to its charitable activities. The reserves at last year was £4.2 million and as at November 2024 £5.1m. These reserves are in place to ensure that the organisation is in a position to:

- provide adequate resources to fund exceptional costs and maintenance expenditure required in relation to the Hospital estate and to fund essential new medical equipment and technology in circumstances where there may be insufficient funds generated in the year.
- identify and enable new sources of income and/or reduce operating expenses in the event of an unexpected downturn in patient revenues;

The Hospital's free reserves (i.e. the General Funds) as of 31 March 2024 were in a deficit position of £0.27m (2023: surplus position of £4.12m).

Going concern

The Board of Trustees has approved the production of these financial statements on the basis of going concern. The Board of Trustees assessed the current and forward operational and financial plans and funding arrangements for the Hospital in respect of a period of at least one year from the date of approval of these financial statements to provide assurance of this basis of production. There continues to be strong support for the Hospital through our donors. This is in addition to the reserves that the Hospital carries to support the forward funding and development of the Hospital. The Hospital continues to nurture commercial partnerships with aligned organisations to extend services and deliver cost improvement opportunities.

Investment policy

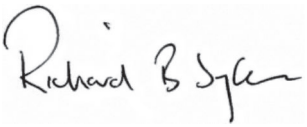
The Hospital's investment portfolio is managed on the Hospital's behalf by Sarasin, a third-party investment management firm. The investment strategy is agreed with Sarasin and the performance of the fund, its composition and the appropriateness of the investment strategy is reviewed at intervals with Sarasin by the Finance and Investment Committee. The composition of the portfolio between short, medium and long-term funds is reflective of the forward forecast of funding requirements of the Hospital.

The balance of the investment fund as at 31 March 2024 was £4.45m and it benefitted from an income of £0.1m in the year (2023: £6.02 million with £0.2m income).

Appointment of Auditors

The re-appointment of Buzzacott LLP as the Charity's auditor was agreed at the meeting of the Board of Trustees on 29 November 2023.

We are most grateful for the support of our Patron, HM The King, Her Late Majesty Queen Elizabeth II, our President, The Duke of Kent, the "Friends" of the Hospital, individual donors and many loyal Trusts and Foundations.



Sir Richard Sykes FRS FMedSci HonFREng
Trustee and Chairman of the Board, 27 November 2024

Independent auditor's report

Independent auditor's report to the trustees of King Edward VII's Hospital

Opinion

We have audited the accounts of King Edward VII's Hospital (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 March 2024 which comprise the group and parent charity statement of financial activities, balance sheets, statement of cash flows, the principal accounting policies and the notes to the accounts. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the accounts:

- give a true and fair view of the state of the group's and of the parent charity's affairs as at 31 March 2024 and of their incoming resources 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 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 accounts section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the accounts 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 accounts, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the accounts 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 and parent charity's ability to continue as a going concern for a period of at least twelve months from when the accounts 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, including the annual report and accounts, other than the accounts and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts or our knowledge obtained in the course of the audit or other-wise 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 accounts themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent charity and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

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

- the information given in the trustees' report is inconsistent in any material respect with the accounts; or
- sufficient accounting records have not been kept by the parent charity; or
- the parent charity accounts are not in agreement with the accounting records; 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 the accounts 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 accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the trustees are responsible for assessing the group's and the parent 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 group or the parent charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the accounts

We have been appointed as auditor under section 151 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 accounts 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 accounts.

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:

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

- the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we obtained an understanding of the legal and regulatory frameworks that are applicable to the Hospital and determined that the most significant frameworks which are directly relevant to specific assertions in the accounts are those that relate to the reporting framework (Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102)), the Charities Act 2011, those that relate to data protection (General Data Protection Regulation) and health and safety, and the regulatory framework for Hospitals (the Health and Social Act 2008 regulated by the Care Quality Commission); and

- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

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

- making enquiries of key 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 and reviewed journal entries to identify unusual transactions;
- tested the authorisation of expenditure, ensuring expenditure was approved in line with the Hospital's financial procedures;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

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

- agreeing financial statement disclosures to underlying supporting documentation;
- reviewing the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims.

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

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

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

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 the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

Date: 21 January 2025

Buzzacott LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Consolidated Financial Statements

Consolidated Statement of financial activities year ending 31 March 2024

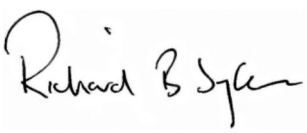
	Notes	Unrestricted funds 2024 £'000	Restricted funds 2024 £'000	Total 2024 £'000	Unrestricted funds 2023 £'000	Restricted funds 2023 £'000	Total 2023 £'000
Income from:							
Donations and legacies	1	**4,100**	**1,714**	**5,814**	1,563	3,460	5,023
Investment income and interest receivable	2	**115**	**-**	**115**	246	-	246
Charitable activities							
Patient charges	3	**39,811**	**-**	**39,811**	37,589	-	37,589
Other income	3	**1,620**	**-**	**1,620**	1,044	-	1,044
Total income		**45,646**	**1,714**	**47,360**	40,442	3,460	43,902
Expenditure on:							
Raising funds	4	**(828)**	**-**	**(828)**	(772)	-	(772)
Charitable activities							
Provision of patient services	5	**(51,785)**	**(454)**	**(52,239)**	(51,711)	(188)	(51,899)
Grants	7	**-**	**(154)**	**(154)**	-	(159)	(159)
Total expenditure		**(52,613)**	**(608)**	**(53,220)**	(52,483)	(347)	(52,830)
Net (expenditure) income before gains and losses on investments		**(6,966)**	**1,106**	**(5,860)**	**(12,041)**	3,113	(8,928)
Net investment gains (losses) on listed investments	11	**19**	**-**	**19**	(644)	-	(644)
Net (expenditure) income		**(6,947)**	**1,106**	**(5,841)**	(12,685)	3,113	(9,572)
Other recognised gains and losses							
Actuarial losses on defined benefit pension scheme	14	**(362)**	**-**	**(362)**	(250)	-	(250)
Transfers between funds	17	**3,460**	**(3,460)**	**-**	2,689	(2,689)	-
Net movement in funds		**(3,849)**	**(2,354)**	**(6,203)**	(10,246)	424	(9,822)
Surplus attributable to non-controlling interest		**300**	**-**	**300**	52	-	52
Deficit attributable to the Group		**(4,149)**	**(2,354)**	**(6,503)**	(10,298)	424	(9,874)
Reconciliation of funds:							
Balances at 1 April		**36,286**	**7,634**	**43,920**	46,584	7,210	53,794
Balances at 31 March		**32,137**	**5,280**	**37,417**	36,286	7,634	43,920

All the Hospital's activities reflected in the above two financial years were derived from continuing operations.
All recognised gains and losses are included in the above statement.

Balance sheet (Group) 31 March 2024

Balance sheet - Group	Notes	2024 £'000	2024 £'000	2023 £'000	2023 £'000
Fixed assets					
Tangible assets	10		**33,704**		34,360
Investments	11		**4,450**		6,017
			38,154		40,377
Current assets					
Stocks		**1,347**		1,632	
Debtors	12	**12,780**		7,588	
Cash at bank and in hand		**1,278**		3,372	
		15,405		12,592	
Creditors: amounts falling due within one year	13	**(12,000)**		(6,717)	
Net current assets			**3,405**		5,875
Creditors: amounts falling due > 1 year	13a		(3,296)		(1,733)
Total net assets excluding pension liability			**38,263**		44,519
Pension asset/(liability)	14		-		-
Total assets employed			**38,263**		44,519
The funds of the charity					
Unrestricted funds					
Designated funds	15	-		-	
Fixed assets fund	16	**32,409**		32,167	
General funds (free reserves)		**(273)**		4,119	
			32,136		36,286
Restricted funds	17				
Capital campaign fund		**3,105**		6,565	
Other restricted funds		**2,175**		1,069	
			5,280		7,634
Total funds			**37,416**		43,920
Non-controlling interest			847		599
Total equity			**38,263**		44,519

Approved by the Board of Trustees on 27 November 2024 and signed on its behalf by:



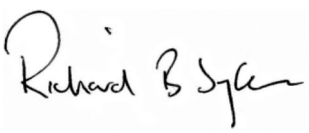
Chairman of the Board

Chief Executive

Balance sheet (Charity only) 31 March 2024

Balance sheet - Charity only	Notes	**2024 £'000**	**2024 £'000**	2023 £'000	2023 £'000
Fixed assets					
Tangible assets	10		**33,704**		34,360
Investments	11		**4,450**		6,017
Investment in subsidiary			**1,880**		1,879
			40,034		42,256
Current assets					
Stocks		**1,347**		1,632	
Debtors	12	**12,780**		7,588	
Cash at bank and in hand		**1,278**		3,372	
		15,405		12,592	
Creditors: amounts falling due within one year	13	**(14,607)**		(9,516)	
Net current assets			798		3,098
Creditors: amounts falling due > 1 year	13a		(3,296)		(1,733)
Total net assets excluding pension liability			37,536		43,621
Pension asset/(liability)	14		-		-
Total assets employed			**37,526**		**43,621**
The funds of the charity					
Unrestricted funds					
Designated funds	15	**-**		-	
Fixed assets fund	16	**32,409**		32,167	
General funds (free reserves)		**(153)**		3,820	
			32,256		35,987
Restricted funds	17				
Capital campaign fund		**3,105**		6,565	
Other restricted funds		**2,175**		1,069	
			5,280		7,634
Total funds			**37,416**		43,621
Non-controlling interest			**-**		-
Total equity			**37,536**		43,621

Approved by the Board of Trustees on 27 November 2024 and signed on its behalf by:



Chairman of the Board

Chief Executive

Consolidated cashflow statement 31 March 2024

	Notes	2024 £'000	2023 £'000
Net cash provided by (used in) operating activities	A	**(64)**	(2,380)
Net cash (used in) provided by investing activities	B	**(2,289)**	192
Net cash (used in) financing activities	C	**(457)**	-
(Decrease) in cash and cash equivalents		**(2,810)**	(2,188)
Cash and cash equivalents at 1 April		**4,123**	6,311
Cash and cash equivalents at 31 March		**1,313**	4,123

Notes to the statement of cash flows for the year ended 31 March 2024

A Reconciliation of net (expenditure) to net cash provided by (used in) operating activities

	2024 £'000	2023 £'000
Net (expenditure) income per statement of financial activities	**(5,842)**	**(9,572)**
Adjustments:		
Investment (gains) / losses	**(19)**	**644**
Defined benefit pension scheme adjustment	**362**	**250**
Depreciation charge	**3,611**	**3,654**
Other income	**-**	**203**
Investment income receivable	**(115)**	**(246)**
Increase / (Decrease) in stocks	**285**	**(50)**
(Increase) / Decrease in debtors	**(5,192)**	**987**
Increase in creditors	**6,846**	**1,750**
Net cash provided by (used in) operating activities	**(64)**	**(2,380)**

B Net cash (used in) provided by investing activities

	2024 £'000	2023 £'000
Payments to acquire tangible fixed assets	**(3,460)**	**(5,100)**
Receipts from disposals of investments	**1,700**	**3,900**
Movement in cash held as investments	**(716)**	**729**
Movement on revaluation of investments	**72**	**425**
Investment income received	**115**	**238**
	(2,289)	**192**

Consolidated cashflow statement 31 March 2024

C Net cash used in investing activities

	2024 £'000	2023 £'000
Payments to meet finance lease obligations	**(457)**	-

D Analysis of cash and cash equivalents

	2024 £'000	2023 £'000
Cash at bank and in hand	**1,278**	**3,372**
Cash held by investment managers	**35**	**751**
Total	**1,313**	**4,123**

E Analysis of changes in net debt

	At 1 April £'000	Cashflows £'000	Finance leases £'000	At 31 March £'000
Cash at bank	3,372	(2,094)	-	**1,278**
Cash held by investment managers	751	(716)	-	**35**
Finance lease obligations	(2,532)	(457)	1,695	**(1,294)**
Total	**1,591**	**(3,267)**	**1,695**	**19**

Principal accounting policies 31 March 2024

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

The following accounting policies have been applied consistently in dealing with the items which are considered material in relation to the Charity's financial statement.

Basis of preparation

These financial statements have been prepared for the year to 31 March 2024.

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

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (Charities SORP), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

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

Critical accounting estimates and area of judgement

Preparation of the financial statements requires the Board of Trustees and management to make significant judgements and estimates.

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

- estimating the useful economic life of tangible fixed assets for the purposes of calculating the depreciation charge;
- estimating the recoverability of debtors and determining any necessary provision for bad or doubtful debts;
- estimating any provision needed against slow moving or obsolete stock;
- estimating the value of income in respect to unbilled patients at the year-end date;
- estimating accrued expenditure;
- assessing the appropriateness of the underlying assumptions made by the actuary in the valuation of the defined benefit pension scheme.

Assessment of going concern

The Board of Trustees has assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The Board of Trustees has made this assessment in respect of a period of at least one year from the date of approval of these financial statements.

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There are significant pledged donations and other forms of funding to support the planned redevelopments in 2024-25, and in addition to this, the Hospital has put in place and is exploring further commercial partnership arrangements and opportunities.

The Board of Trustees has concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the Hospital to continue as a going concern. The Board of Trustees is of the opinion that the Hospital will have sufficient resources to meet its liabilities as they fall due.

Scope of the financial statements

The financial statements include the net assets and transactions of a linked charity, The Charity of Alexander Michael Levy which is held as a restricted fund (see note 17).

Exemptions under FRS 102

The Hospital has taken the exemption under section 3.3 of the SORP (1.12(b) of FRS 102) to not produce a cash flow statement for the institution in its separate financial statements and has taken advantage of the exemption within FRS 102 Section 33 to not disclose transactions with subsidiary.

Income recognition

Income is recognised in the period in which the Charity has entitlement to the income, the amount of income can be measured reliably and it is probable that the income will be received.

Income comprises donations, legacies, investment income, interest receivable and income from patient services provided as part of the operation of an independent acute Hospital.

Donations are recognised when the Charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for when the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the Charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the Charity and it is probable that those conditions will be fulfilled in the reporting period.

In accordance with the Charities SORP FRS 102, volunteer time

is not recognised. Legacies are included in the statement of financial activities when the Charity is entitled to the legacy, the executors have established that there are sufficient surplus assets in the estate to pay the legacy, and any conditions attached to the legacy are within the control of the Charity.

Entitlement is taken as the earlier of the date on which: the Charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor to the Charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the Charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the Charity or the Charity is aware of the granting of probate, but the criteria for income recognition have not been met, the legacy is treated as a contingent asset and disclosed if material. In the event that the gift is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title of the asset having been transferred to the Charity.

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Charity; this is normally upon notification of the interest paid or payable by the bank.

Income generated from patient services in the operation of an independent acute Hospital is capitalised to the extent that it is probable that the economic benefits will flow to the Charity and the revenue can be reliably measured. It is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Expenditure recognition

Liabilities are capitalised as expenditure as soon as there is a legal or constructive obligation committing the Charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis and inclusive of irrecoverable VAT. Expenditure comprises direct costs and indirect administrative costs. All expenses, including in-direct costs, are allocated to the applicable expenditure headings of raising funds, the provision of patient services and grants payable, as appropriate. Indirect or administrative costs represent indirect charitable expenditure. In order to carry out the primary purposes of the Charity, it is necessary to provide support in the form of personnel development, financial procedures, provision of office services and equipment and a suitable working environment.

Governance costs comprise the costs involving the public accountability of the Charity (including audit costs) and costs in respect to its compliance with regulation and good practice.

Indirect costs and governance costs are allocated in the main to the cost of providing patient services with a small amount of administrative expenditure allocated to raising funds. Such al-location is made on a pro rata basis.

Grants are made following a review of the details of each particular case and comprise single payments. Grants and donations are included in the statement of financial activities when approved for payment. Provision is made for grants and donations approved but unpaid at the period end.

All expenditure is stated inclusive of any irrecoverable VAT.

Tangible fixed assets

All assets costing more than £1,000 and having an estimated useful life of not less than two years are capitalised and depreciated.

Hospital properties and other tangible fixed assets are stated at cost less accumulated depreciation. Assets under construction are stated at cost and depreciated only once they become available for use.

Depreciation of equipment is calculated on a straight-line basis at rates between 15% and 25% per annum and estimated to write-off the cost of those assets over their estimated useful lives.

Depreciation is not provided on leasehold properties (excluding the new King Edward VII's Medical Centre) until the remaining period of the lease is less than eighty years. Thereafter depreciation is provided on a straight-line basis designed to write off the cost of structures over the remaining period of the lease.

The new King Edward VII's Medical Centre has a 30-year lease period and the components of construction, equipment and IT-related costs are depreciated in line with each class of asset. Building construction is depreciated over 25 years and other components such as equipment, fixtures and fittings and IT are depreciated between 10% and 25% per annum based on initial cost.

Expenditure on plant, fixtures and internal works within the buildings is depreciated at rates of between 4% and 10% per annum based on cost.

Investments

Listed investments are valued at market value as at the balance sheet date. Unrealised gains and losses arising on the revaluation of investments are credited or charged to the Statement of Financial Activities and are allocated to the appropriate Fund according to the "ownership" of the underlying assets.

The Charity does not acquire put options, derivatives, or other complex financial instruments.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value if acquired after the first day of the financial year. Unrealised gains and losses are

Principal accounting policies 31 March 2024

calculated as the difference between the fair value at the year end and their carrying value at that date.

Realised and unrealised investment gains (or losses) are credited (or debited) in the statement of financial activities in the year in which they arise.

Stocks

Stocks comprising pharmaceutical supplies and Hospital consumables are stated at the lower of cost and net realisable value.

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid.

Cash at bank and in hand

Cash at bank and in hand represents such financial statements and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

Creditors and provisions

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

Pension costs

The Hospital operates a defined benefit pension scheme for eligible employees, which was closed to new entrants in October 2000. The assets of the scheme are held and managed separately from those of the Hospital. Pension scheme assets are measured at fair value at each balance sheet date under FRS 102. Liabilities are measured on an actuarial basis using the projected unit method. The net of these two figures is recognised as an asset (capped at £nil) or liability on the balance sheet. Any change in the asset or liability between balance sheet dates is reflected in the statement of financial activities.

Fund structure

The unrestricted general funds comprise the monies which may be used towards meeting the charitable objectives of the Charity; for use at the discretion of the Board of Trustees.

The pension reserve represents the FRS 102 pension asset (capped at £nil) or liability on the Hospital's defined benefit pension scheme as calculated by the scheme's actuaries as at the balance sheet date.

The fixed assets fund represents the net book value of the Hospital's tangible fixed assets, excluding those assets financed by restricted funds.

The designated funds are monies set aside out of general funds and designated for specific purposes by the Trustees.

The restricted funds are monies raised for, and their use restricted to, a specific purpose, or donations subject to donor-imposed conditions.

Operating leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Financial instruments

Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised value except for investments which are held at fair value. Financial assets held at amortised cost comprise cash at bank and in hand, together with trade and other debtors. A specific provision is made for debts for which recoverability is in doubt. Cash at bank and in hand is defined as all cash held in instant access bank accounts and used as working capital. Financial liabilities held at amortised cost comprise all creditors except social security and other taxes and provisions. Assets and liabilities held in foreign currency are translated to GBP at the balance sheet at an appropriated year-end exchange rate.

Funds held as custodian trustee on behalf of others

The Charity trust holds certain funds as a custodian trustee for third parties. These funds are not owned by trust and are managed on behalf of others, often to meet specific needs as directed by the fund's stakeholders. As of 31 March 2024, the balance of these funds is £37.42m (2023: £43.92m), and these are maintained separately from the trust's own funds.

These custodial funds may include patient monies, legacies, or other restricted funds intended for specific purposes as defined by donors, patients, or legal requirement. They are recorded as assets within the trust's accounts but are offset by a corresponding liability, ensuring no impact on the trust's operational financial statements.

Notes to the financial statements 31 March 2024

1 Donations and legacies

	Unrestricted funds £'000	Restricted funds £'000	Total 2024 £'000
Legacies	273	-	**273**
Other donations			
Individuals	202	54	**256**
Thompson Family Charitable Trust	3,615	-	**3,615**
The Next Chapter Capital Appeal	-	1,328	**1,328**
Grant giving organisations	10	332	**342**
Total funds	**4,100**	**1,714**	**5,814**

	Unrestricted funds £'000	Restricted funds £'000	Total 2023 £'000
Legacies	814	311	1,125
Other donations			
Individuals	425	26	451
Thompson Family Charitable Trust	-	2,814	2,814
Grant giving organisations	324	309	633
Total funds	**1,563**	**3,460**	**5,023**

2 Investment income and interest receivable

	Unrestricted funds £'000	Restricted funds £'000	Total 2024 £'000
Income from listed investments:			
Sarasin Charity Authorised Investment Fund	115	-	**115**
Bank interest	-	-	**-**
Total funds	**115**	**-**	**115**

	Unrestricted funds £'000	Restricted funds £'000	Total 2023 £'000
Income from listed investments:			
Sarasin Charity Authorised Investment Fund	238	-	238
Bank interest	8	-	8
Total funds	**246**	**-**	**246**

Notes to the financial statements 31 March 2024

2a LUS@KEVII Limited

The Hospital owns 77.5% of the share capital of its subsidiary, LUS @ KEVII Limited, which was incorporated in England and Wales (company registration number 14242426), limited by guaranteed. Its principal activity is providing for the services of consultant urologists and certain management services to the patients at KEVII.

Separately audited accounts for the company are filed with the Registrar of Companies. The share capital of LUS@KEVII Ltd has a nominal value of £1.

A summary of its results is shown below:	**Unrestricted funds £'000**	**Restricted funds £'000**	**Total 2024 £'000**
Turnover	8,530	-	8,530
Operating expenses	(6,246)	-	(6,246)
Other administrative expenses	(951)	-	(951)
Profit for the year	**1,333**	**-**	**1,333**
Reserves brought forward	233		233
Reserves carried forward	**1,566**	**-**	**1,566**
Represented by:			
Current assets	12,849	-	12,849
Current liabilities	(8,857)	-	(8,857)
Net assets	**3,992**	**-**	**3,992**

	Unrestricted funds £'000	Restricted funds £'000	Total 2023 £'000
Turnover	1,893	-	1,893
Operating expenses	(835)	-	(835)
Other administrative expenses	(819)	-	(819)
Audit Fee	(6)	-	(6)
Profit for the year	**233**	**-**	**233**
Reserves brought forward	**-**	**-**	**-**
Reserves carried forward	**233**	**-**	**233**
Represented by:			
Fixed Assets	1,880	-	1,880
Current assets	2,439	-	2,439
Current liabilities	(1,660)	-	(1,660)
Net assets	**2,659**	**-**	**2,659**

3 Income from charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2024 £'000
Patient charges	39,811	-	**39,811**
Other income	1,620	-	**1,620**
Total funds	**41,431**	**-**	**41,431**

	Unrestricted funds £'000	Restricted funds £'000	Total 2023 £'000
Patient charges	37,589	-	37,589
Other income	1,044	-	1,044
Total funds	**38,633**	**-**	**38,633**

All income from charitable activities is unrestricted. Patient fees are stated net of the subsidies made to ex-service and serving military personnel or veterans in line with the Hospital's charitable objective. The benefit to this group of patients amounted to £32,000 for 40 patients (2023: £96,389 for 63 patients).

Other income includes consultant room revenue of £996,000 (2023: £964,000).

4 Raising funds

	Unrestricted funds £'000	Restricted funds £'000	Total 2024 £'000
Staff costs (note 6)	296	-	**296**
Other direct costs	383	-	**383**
Investment management fee rebate	(1)	-	**(1)**
Total direct costs	678	-	**678**
Allocated indirect costs (note 5)	150	-	**150**
Total funds	**828**	**-**	**828**

	Unrestricted funds £'000	Restricted funds £'000	Total 2023 £'000
Staff costs (note 6)	287	-	287
Other direct costs	324	-	324
Investment management fee rebate	(16)	-	(16)
Total direct costs	595	-	595
Allocated indirect costs (note 5)	177	-	177
Total funds	772	-	**772**

Notes to the financial statements 31 March 2024

5 Provision of patient services

Expenditure on the provision of patient services comprises expenses relating wholly or mainly to the delivery of medical and nursing care; it includes the costs of doctors, nurses and support staff, premises costs, supplies and bought services as follows:

	Unrestricted funds £'000	Restricted funds £'000	Total 2024 £'000
Surgical and pharmaceutical supplies	**14,657**	**-**	**14,657**
Provisions and domestic supplies	**992**	**-**	**992**
Staff costs (note 6)	**17,964**	**-**	**17,964**
Agency staff	**1,864**	**-**	**1,864**
Repairs, renewals and maintenance	**2,067**	**-**	**2,067**
Accommodation and administration expenses	**11,081**	**376**	**11,457**
Pain Management Programme	**-**	**78**	**78**
Depreciation and amortisation	**3,611**	**-**	**3,611**
Corporation tax - LUS @ KEVII Ltd	**61**	**-**	**61**
	52,297	**454**	**52,751**
Costs allocated to raising funds (note 4)	**(150)**	**-**	**(150)**
Defined benefit pension scheme FRS 102 adjustment (note 14)	**(362)**	**-**	**(362)**
Total funds	**51,785**	**454**	**52,239**

	Unrestricted funds £'000	Restricted funds £'000	Total 2023 £'000
Surgical and pharmaceutical supplies	14,764	-	14,764
Provisions and domestic supplies	929	-	929
Staff costs (note 6)	17,291	-	17,291
Agency staff	2,681	-	2,681
Repairs, renewals and maintenance	2,210	-	2,210
Accommodation and administration expenses	10,545	-	10,545
Pain Management Programme	-	188	188
Depreciation and amortisation	3,659	-	3,659
Corporation tax - Joint Venture	59		59
	52,138	188	52,326
Costs allocated to raising funds (note 4)	(177)	-	(177)
Defined benefit pension scheme FRS 102 adjustment (note 14)	(250)	-	(250)
Total funds	**51,711**	**188**	**51,899**

Restricted fund depreciation represents depreciation on assets financed by specific donations.
Included within administration expenses is auditor's remuneration of £30,600 (2023: £41,850) in respect of the audit of the statutory financial statements and fees payable to the auditor for other services including the audit of the pension scheme of £10,800 (2023: £8,900).

6 Staff costs

	2024 £'000	2023 £'000
Staff costs, excluding the costs of agency staff, comprise:		
Wages and salaries	15,854	15,217
Social security costs	1,670	1,637
Pension costs – defined benefit scheme (note 14)	247	256
Pension costs – group personal pension plans (note 14)	273	255
Pension costs – defined contribution pension plan (note 14)	215	213
	18,260	17,578
These costs are allocated as follows:		
Provision of patient services (note 5)	17,964	17,291
Expenditure on raising funds (note 4)	296	287
	18,260	17,578

Staff costs include restructuring costs of £19,119 in respect of 6 people (2023: £202,494,12 people). Salary costs include a holiday pay accrual Nil (2023: £50,523) which represents annual leave carried forward for up to five days, as permitted in the HR policy.

	2024 No. of staff	2023 No. of staff
The average number of full and part time permanent staff is split as follows:		
Clinical	**179**	189
Service support	**120**	127
Administration	**72**	83
	371	399

	2024 No. of staff	2023 No. of staff
The number of employees whose emoluments exceeded £60,000 including taxable benefits but excluding employer's pension and national insurance contributions was as follows:		
£60,001 - £70,000	**23**	15
£70,001 - £80,000	**9**	7
£80,001 - £90,000	**4**	8
£90,000 - £100,000	**5**	1
£100,001 - £110,000	**3**	2
£110,001 - £120,000	**3**	3
£130,001 - £140,000	**-**	1
£140,001 - £150,000	**1**	-
£150,001 - £160,000	**1**	1
£160,001 - £170,000	**2**	-
	51	38

No member of the Board of Trustees received remuneration for their services during either year or expenses reimbursed.

The key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis comprise the Board of Trustees and the Executive Committee detailed on page 8, 9 and 10 of this Annual Report and Financial Statements. The total remuneration (including taxable benefits and employer's pension and national insurance contributions) of the key management personnel for the year was £1,096,017 (2023: £1,232,780).

Notes to the financial statements 31 March 2024

7 Grants payable

	2024 £'000	2023 £'000
Outstanding commitments at 1 April	**9**	9
Awarded during the year	**154**	159
Paid during the year	**(154)**	(159)
Outstanding commitments at 31 March	**9**	9

Grants paid £154,340 during the year (2023: £159,028) represent amounts paid to ex-service and serving military personnel or veterans inpatients and outpatients during the period to assist with Hospital fees. Grants are made from a restricted fund of the charity (note 17).

Liabilities for grants represent the unpaid balance on grants awarded by the charity as at the balance sheet date. They relate to current activities funded by the charity to which it is firmly committed.

8 Indemnity insurance

During the period the Hospital renewed insurance to protect it from loss arising from any wrongful or dishonest act of any member of the Board of Trustees, officer or employee and to indemnify any member of the Board of Trustees, officer or employee against the consequence of any wrongful act on their part. The total cover provided by such insurance was £5 million (2023: £5 million) and the total premium paid in respect of such insurance was £11,200 (2023: £11,200).

9 Taxation

King Edward VII's Hospital is a registered charity and therefore is not liable to income tax or corporation tax on income or gains derived from its charitable activities, as they fall within the various exemptions available to registered charities.

The joint venture subsidiary LUS@KEVII is subject to corporation tax on profits and the charge levied for 2023-24 is £331,000 (2023: £59,000).

The Hospital is not able to reclaim all VAT suffered on expenditure due to the partial exemption rules. Irrecoverable VAT is included as part of the appropriate expenditure category.

The linked charity, The Charity of Alexander Michael Levy, is also not liable to income tax, corporation tax or capital gains tax on income or gains derived from its charitable activities.

10 Tangible fixed assets

Group and charity	Assets under construction £'000	Long leashold buildings £'000	Equipment fixtures and fittings £'000	**2024 Total £'000**
Cost				
As at 1 April 2023	4,547	28,435	31,986	**64,968**
Additions during the year	2,499	-	961	3,460
Disposals	-	-	(32)	(32)
Capital write-offs	(8)	-	(497)	(505)
As at 31 March 2024	**7,038**	**28,435**	**32,418**	**67,891**
Accumulated depreciation				
As at 1 April 2023	-	13,080	17,528	30,608
Charge for the year	-	821	2,790	3,611
On disposals	-	-	(32)	(32)
As at 31 March 2024	**-**	**13,901**	**20,286**	**34,187**
Net book values				
As at 31 March 2024	**7,038**	**14,534**	**12,132**	**33,704**
As at 31 March 2023	4,547	15,355	14,458	34,360

The Hospital holds property under long leasehold interest. In accordance with the Hospital's accounting policy, these assets are stated at cost less accumulated depreciation. At 31 March 2024, the net book value of the Hospital's long leasehold properties was £8.09m. This excludes the King Edward Medical Centre which is held under a 30-year lease. The leasehold property located at 56-60 Weymouth Street, London W1 would have been disposal at price consideration of £4.46m on 3rd July 2024.

The properties were formally valued with professional assistance as at 1 August 2021 by a registered valuer at Chalkhouse Chartered Surveyors in accordance with the Royal Institution of Chartered Surveyors (RICS) valuation professional standards. The long leasehold interests were valued at a sum of £82.35m. This valuation has not been reflected in these financial statements as the Hospital's accounting policy is for tangible fixed assets to be held at cost and depreciated over their useful lives.

Notes to the financial statements 31 March 2024

11 Charity Authorised Investment Funds

	2024 Group £'000	2024 Charity £'000	2023 Group £'000	2023 Charity £'000
Balance as at 1 April	6,017	6,017	10,307	10,307
Income earned (Note 2)	115	115	238	238
Realised gains in year	1,399	1,399	1,380	1,380
Unrealised (losses) in year	(1,380)	(1,380)	(2,024)	(2,024)
Investment management fee rebate (Note 4)	(1)	(1)	16	16
Cash withdrawals	(1,700)	(1,700)	(3,900)	(3,900)
Balance as at 31 March	4,450	4,450	6,017	6,017

Investments are managed on the Hospital's behalf by Sarasin, with performance and composition reviewed regularly by Trustees.

Listed investments held at 31 March 2024 comprised the following:

	2024 Group £'000	2024 Charity £'000	2023 Group £'000	2023 Charity £'000
Charity authorised investment funds	-	-	4,728	4,728
Diversified money market fund	4,415	4,415	538	538
	4,415	4,415	5,266	5,266
Cash held for reinvestment	35	35	751	751
Total funds	4,450	4,450	6,017	6,017

The charity authorised investment funds hold assets in the UK and overseas.

At 31 March 2024, the following individual holdings were deemed material in comparison with the market value of the listed portfolio held at that date:

	Book cost £'000	**Market value £'000**	**Percentage of total portfolio 2024 %**
ICS-Sterling Liquidity Fund - ACC (Short term portfolio)	4,328	4,416	99%
Sarasin Endowments Fund Class A Inc (Long term portfolio)	-	-	0%
Sarasin Income and Reserves Class A Acc (Medium term portfolio)	33	33	1%
	4,361	4,449	100%

	Book cost £'000	**Market value** £'000	**Percentage of total portfolio 2024** %
Sarasin Endowments Fund Class A Inc (Long term portfolio)	3,202	4,717	78.4%
ICS-Sterling Liquidity Fund - ACC (Short term portfolio)	1,283	1,289	21.4%
Sarasin Income and Reserves Class A Acc (Medium term portfolio)	65	11	0.2%
	4,550	6,017	100%

Notes to the financial statements 31 March 2024

12 Debtors

	Group 2024 £'000	Charity 2024 £'000	Group 2023 £'000	Charity 2023 £'000
Patient charges receivable	6,831	6,831	5,998	5,998
Accrued income	3,717	3,717	258	258
Prepayments	2,033	2,033	1,273	1,273
Other debtors	199	199	59	81
	12,780	**12,780**	7,588	7,610

13 Creditors: amounts falling due within one year

	Group 2024 £'000	Charity 2024 £'000	Group 2023 £'000	Charity 2023 £'000
Expense creditors	4,376	4,376	2,143	2,143
Accruals	5,153	5,153	3,070	3,070
Payments on account	442	442	483	483
Other creditors	1,613	1,495	561	563
Amounts due to related parties	-	2,725	-	2,797
Finance lease	416	416	460	460
	12,000	**14,607**	6,717	9,516

13a Creditors: amounts falling > 1 year

	Group 2024 £'000	Charity 2024 £'000	Group 2023 £'000	Charity 2023 £'000
Expense creditors	2,417	2,417	-	-
Finance lease	879	879	1,733	1,733
	3,296	**3,296**	1,733	1,733

The finance lease relates to the purchase of the major imaging equipment in the King Edward VII's Hospital Medical Centre.

Notes to the financial statements 31 March 2024

14 Pension commitments - Group

Throughout both 2024 and 2023, King Edward VII's Hospital operated an auto-enrolment pension scheme, a group personal pension plan and a defined benefit pension scheme. Details of the schemes are as follows:

	NOW	Aviva	Clerical Medical
	£'000	£'000	£'000
Employer contributions made in the year ended 31 March 2024	215	273	247
	%	%	%
Employer minimum contribution	3.0	6.0	25.4
Employee minimum contribution	5.0	4.0	8.0
	No. of staff	No. of staff	No. of staff
Active employee members of scheme as at 31 March 2024	241	74	4

Auto-enrolment pension scheme

Our main pension scheme is a defined contribution pension scheme operated by NOW pensions. Employer contributions payable for all schemes during the prior period were £215,000.

Group personal pension plan

Employees have the option of joining the Aviva group personal pension plan. Employer contributions payable during the prior period were £273,000.

Defined benefit pension scheme

The assets are held separately from those of the Hospital by Clerical Medical Investment Group Limited. The pension cost relating to the scheme is assessed in accordance with the advice of a qualified actuary using the attained age method.

The scheme was closed to new members with effect from 1 October 2000.

The latest triennial actuarial valuation of this scheme carried out by Mr Tom McDougall, a fellow of the Institute of Actuaries, was as at 1 October 2019. At the date of valuation, the scheme assets had a market value of £7.1m and the actuarial value of those assets represented 95% of the benefits that had accrued to members, after accounting for expected future increases in earnings.

The funding basis assumptions made by the actuary were agreed by the Board of Trustees and Pension Trustees. The assumptions having the most significant effect on the results of the valuation are that the investment return would be 2.0% per annum before retirement and that salaries will increase at a rate 1.7% per annum compound.

The deficit following the triennial valuation was £987,000. A recovery plan was agreed by the Board of Trustees which required annual recovery contributions of £218,004 for 3 years 8 months from 1 October 2020 to 30 May 2024. This equates to an additional £18,167 per month.

14 Pension commitments - Group (continued)

Defined benefit pension scheme(continued)

The normal contributions for the year to 31 March 2024 were £247,000 (2023: £256,000). The contributions made by the employer in the period to 31 March 2024 were at the rate of 25.4% (2023: 26.4%) of pensionable salaries less members contributions.

Members' contributions in the period were 8% of pensionable salary for members who wished to retain a normal retirement age of 65 or 10% for members who wished to retain a normal retirement age of 60 years. Death in service insurance premiums were payable in addition by the employer.

The following information required by FRS 102 is based upon the full actuarial valuation of the scheme updated to 31 March 2024 by the Hospital Pension Fund Managers, Mercers.

Under FRS 102 the fair value of the assets and the deficit in the scheme is as shown below:

	2024 £'000	2023 £'000
Fair value of scheme assets	**15,467**	16,528
Present value of scheme liabilities	**(13,630)**	(14,479)
Surplus in the scheme	**1,837**	2,049
Net pension asset	**1,837**	2,049

Under FRS 102, the net pension asset is capped at nil value on the balance sheet as any surplus disclosed may not be recoverable.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	Assets at 31 March 2024 £'000	**Proportion at 31 March 2024 %**	Assets at 31 March 2023 £'000	Proportion at 31 March 2023 %
Equities (including property)	**3,628**	**24%**	3,396	21%
Bonds	**1,846**	**12%**	1,561	9%
Insured pensions	**9,512**	**61%**	10,850	66%
Cash	**481**	**3%**	721	4%
Total	**15,467**	**100%**	16,528	100%

The major assumptions used by the actuary (in normal terms) were:

	2024 %	2023 %
Consumer Price Inflation (CPI)	**2.50%**	2.50%
Salary escalations	**3.50%**	3.50%
Pension increases:		
RPI subject to a maximum of 4%	**2.80%**	2.70%
RPI subject to a maximum of 5%	**3.00%**	3.00%
RPI subject to a maximum of 7%	**3.20%**	3.20%
Discount rate (pre and post retirement)	**4.90%**	4.90%

Notes to the financial statements 31 March 2024

14 Pension commitments - Group (continued)

Defined benefit pension scheme(continued)

Assuming retirement at age 65, the life expectancies in years are as follows:

	At 31 March 2024 Years	At 31 March 2024 Years
For a male aged 65 now	**21.7**	22.1
At 65 for a male member aged 45 now	**23.3**	23.8
For a female aged 65 now	**24.4**	24.1
At 65 for a female member aged 45 now	**26.2**	25.9

"FRS 102 specifies the projected unit method for the current service cost. The scheme is closed to new entrants, so the average age and hence the current service cost is likely to rise.

The scheme has a number of purchased annuities in respect of past retirements. To the extent that these fully match the associated liabilities they have been excluded from both the assets and the liabilities at each accounting date."

	2024 £'000	2023 £'000
Analysis of amount charged to statement of financial activities		
Current service cost (excluding insured death-in-service benefits)	**9**	28
Operating charge	**9**	28
Analysis of net return on pension scheme		
Interest income on pension scheme assets	**797**	523
Interest cost on scheme liabilities	**(691)**	(510)
Net finance income (charge)	**106**	13
Other recognised gains and losses		
Asset return less interest income	**(1,350)**	(2,409)
Experience gains/(losses) on benefit obiligations	**760**	(813)
Effect of assumptions changes on benefit obligation	**16**	4,645
Actuarial (losses) / gain	**(574)**	1,423
Reconciliation of actuarial gain on defined benefit pension scheme		
Actuarial (losses) / gain	**(574)**	1,423
Net defined benefit liability / (asset)	**212**	(1,673)
Actuarial (losses) gains on defined benefit pension scheme per SOFA	**(362)**	(250)

14 Pension commitments - Group (continued)

Defined benefit pension scheme(continued)

The movement in the deficit during the period is as follows (unless otherwise specified, the figures calculated are based on the assumptions as at the beginning of the period):

	2024 £'000	2023 £'000
Surplus (deficit) in scheme at 1 April	**2,049**	376
Movement in period:		
Current service cost	**(9)**	(28)
Contributions	**247**	265
Net finance income (charge)	**106**	13
Actuarial losses/ (gain)	**(574)**	1,423
Surplus in scheme at 31 March	**1,819**	2,049

Reconciliation of opening and closing balances of the present value of the scheme liabilities:

	2024 £'000	2023 £'000
Scheme liabilities at 1 April	**14,479**	18,597
Interest cost	**691**	510
Current service cost	**9**	28
Contributions by plan participants	**8**	10
Actuarial (gain)	**(776)**	(3,832)
Benefits paid	**(781)**	(834)
Scheme liabilities at 31 March	**13,630**	14,479

Reconciliation of opening and closing balances of the fair value of the scheme assets:

	2024 £'000	2023 £'000
Fair value of scheme assets at 1 April	**16,528**	18,973
Interest income	**797**	523
Asset (losses)	**(1,332)**	(2,409)
Contributions by employer	**247**	265
Contributions by plan participants	**8**	10
Benefits paid	**(781)**	(834)
Fair value of plan assets at 31 March	**15,467**	16,528

Notes to the financial statements 31 March 2024

15 Designated funds

The income funds of the charity included a designated fund which had been set aside out of unrestricted funds by the Trustees for the Hospital development project. At 31 March 2023, the designated funds have been transferred to general funds.

16 Fixed assets fund

Group	At 31 1 April 2023 £'000	Movement in year £'000	As at 31 March 2024 £'000
Fixed asset fund	32,167	242	32,409

Charity only	At 31 1 April 2023 £'000	Movement in year £'000	As at 31 March 2024 £'000
Fixed asset fund	31,735	432	32,167

The fixed assets fund represents the net book value of the Hospital's tangible fixed assets, excluding those represented by restricted funds. The tangible fixed assets are separated from the Hospital's general funds in recognition of the fact that the assets are used in the day-to-day work of the Hospital and are not, therefore, able to be realised in order to meet future contingencies or expenditure.

17 Restricted funds

Group	As at 1 April 2023 £'000	Income £'000	Expenditure £'000	Capital expenditure £'000	Transfers £'000	As at 31 March 2024 £'000
Capital Campaign fund	**6,565**	**-**	**-**	**(3,460)**	**-**	**3,105**
Next Chapter Appeal fund	**11**	**1,328**	**-**	**-**	**-**	**1,339**
Freemasons fund	**8**	**-**	**-**	**-**	**-**	**8**
Sister Agnes Benevolent fund	**377**	**386**	**(608)**	**-**	**-**	**155**
Alexander Michael Levy fund	**673**	**-**	**-**	**-**	**-**	**673**
	7,634	**1,714**	**(608)**	**(3,460)**	**-**	**5,280**

Charity only	As at 1 April 2023 £'000	Income £'000	Expenditure £'000	Capital expenditure £'000	Transfers £'000	As at 31 March 2024 £'000
Capital Campaign fund	6,565	-	-	(3,460)	-	**3,105**
Next Chapter Appeal fund	11	1,328	-	-	-	**1,339**
Freemasons fund	8	-	-	-	-	**8**
Sister Agnes Benevolent fund	377	386	(608)	-	-	**155**
Alexander Michael Levy fund	673	-	-	-	-	**673**
	7,634	**1,714**	**(608)**	**(3,460)**	**-**	**5,280**

17 Restricted funds (continued)

Group	As at 1 April 2022 £'000	Income £'000	Expenditure £'000	Capital expenditure £'000	Transfers £'000	As at 31 March 2023 £'000
120th Anniversary Appeal Fund	6,324	-	-	-	(6,324)	-
Capital Campaign Fund	(184)	3,114	-	(2,689)	6,324	6,565
Next Chapter Appeal Fund	-	11	-	-	-	11
Freemasons Fund	8	-	-	-	-	8
Sister Agnes Benevolent Fund	389	335	(347)	-	-	377
Alexander Michael Levy Fund	673	-	-	-	-	673
	7,210	3,460	(347)	(2,689)	-	**7,634**

The 120th Anniversary Appeal Fund launched by the Board of Trustees in 2017 represents a fund for the three-year development of the Hospital, comprising the main Hospital, The King Edward VII Medical Centre and diagnostic facilities. The balance of funds have been transferred to The Capital Campaign Fund which supports the Capital Redevelopment Fund that is the main fundraising Appeal for the next four financial years.

The Alexander Michael Levy Fund is a Linked Charity of the Hospital. The Charity of Alexander Michael Levy's constitution was amended in 2017, which extended the charity's objects and removes some restrictions on the beneficiary class, allowing surplus income and accumulated capital to be applied to the general purposes of King Edward VII's Hospital.

In 2019/20, the unrestricted funds of the Linked Charity were transferred to the unrestricted funds of the Hospital. The permanent endowment fund of the Linked Charity continues to be held as a restricted fund of the Hospital at 31 March 2023. Permanent endowment funds of the Linked Charity were £673,000 at 1 April 2022 and at 31 March 2023, which consisted solely of listed investments. There was no income and expenditure in the permanent endowment fund in 2023/24.

Notes to the financial statements 31 March 2024

18 Analysis of net assets between funds

Group	General funds £'000	Designated funds £'000	Pension reserve £'000	Fixed assets fund £'000	Restricted funds £'000	2024 Total £'000
Tangible fixed assets	-	-	-	33,704	-	**33,704**
Investments	-	-	-	-	4,450	**4,450**
Net current assets	2,990	-	-	(416)	830	**3,405**
Long term liabilities	(2,417)	-	-	(879)	-	**(3,296)**
	574	**-**	**-**	**32,409**	**5,280**	**38,263**

Charity only	General funds £'000	Designated funds £'000	Pension reserve £'000	Fixed assets fund £'000	Restricted funds £'000	2024 Total £'000
Tangible fixed assets	-	-	-	33,704	-	**33,704**
Investments	-	-	-	-	4,450	**4,450**
Investment in LUS@KEVII Ltd	1,880	-	-	-	-	**1,880**
Net current assets	384	-	-	(416)	830	**798**
Long term liabilities	(2,417)	-	-	(879)	-	**(3,296)**
	(153)	**-**	**-**	**32,409**	**5,280**	**37,536**

Group	General funds £'000	Designated funds £'000	Pension reserve £'000	Fixed assets fund £'000	Restricted funds £'000	2023 Total £'000
Tangible fixed assets	-	-	-	34,360	-	**34,360**
Investments	-	-	-	-	6,017	**6,017**
Net current assets	4,118	-	-	(460)	1,617	**5,275**
Long term lease liability	-	-	-	(1,733)	-	**(1,733)**
	4,118	**-**	**-**	**32,167**	**7,634**	**43,919**

Charity only	General funds £'000	Designated funds £'000	Pension reserve £'000	Fixed assets fund £'000	Restricted funds £'000	2023 Total £'000
Tangible fixed assets	-	-	-	34,360	-	**34,360**
Investments	-	-	-	-	6,017	**6,017**
Investment in LUS@KEVII Ltd	1,879	-	-	-	-	**1,879**
Net current assets	1,941	-	-	(460)	1,617	**3,098**
Long term liabilities	-	-	-	(1,733)	-	**(1,733)**
	3,820	**-**	**-**	**32,167**	**7,634**	**43,621**

19 Lease commitments

The Hospital's properties excluding the King Edward VII Medical Centre are held under leases with expiry dates in 2125. The total future rental to which the Hospital is committed as at 31 March 2024 under the terms of the various leases for the five-year period up to the next rent review is £1,509,000 (2023 - £3,019,000).

The King Edward VII Medical Centre is held under a 30-year lease which started at the end of 2021 and which expires in 2051. The annual charge is £1,667,000 and there are rent reviews every five years.

At 31 March 2024, the hospital has no commitments for future operating lease rental payments (2023 - £167,000).

20 Related party transactions

The role of Interim Chief Information Officer has been covered by a director of BCMB Consulting from 1 June 2021 until 21 July 2024. The Hospital paid BCMB Consulting £212,985 for this service and other IT contractors in 2023/24 (2023: £118,328).

There were no other related party transactions.

21 Events after the end of the reporting period

In accordance with the requirements of FRS 102, we report the following significant non-adjusting events that occurred after the reporting period ending 31 March 2024, but prior to the approval of the financial statements:

On 3 July 2024, the Hospital completed the sale of a property (Charterhouse) located at 56-60 Weymouth Street, London W1, for a consideration of £4.46 million. A payment of £3.95m was received on 4 July 2024 as part of this transaction.

Main Reception

Glossary of abbreviations

ABF	Army Benevolent Fund
C2-Ai	Copeland Clinical Ai (clinical analytics company)
CCTV	Video surveillance
CNS	Clinical Nurse Specialist
COSHH	Control of Substances Hazardous to Health
COVID-19	Coronavirus Disease 2019
CPD	Continued Professional Development
CQC	Care Quality Commission
CRM	Customer Relationship Management
CVH	Centre for Veterans' Health
DNA	Did Not Attend
DSU	Day Surgery Unit
ENT	Ear, Nose and Throat
FIT	Feedback for Improving Teamworking
FOH	Front of House
GDPR	General Data Protection Regulation
GP	General Practitioner
HOLEP	Holmium Laser Enucleation of the Prostate
HR	Human Resources
HIFU	High Intensity Focused Ultrasound
ICP	Integrated Care Plan
IT	Information Technology
KEVII	King Edward VII's Hospital
KMC	King Edward VII's Hospital Medical Centre
KPI	Key Performance Indicators
LGBTQIA+	Lesbian, Gay, Bisexual, Transgender, Queer, Intersex, Asexual
LYMPHA	Lymphatic Microsurgical Preventive Healing Approach
MDT	Multi-Disciplinary Team
MDT-FIT	MDT Feedback for Improving Teamworking

MMR	Monitoring Mismatch Repair
MRI	Magnetic Resonance Imaging
NHS	National Health Service
NICE	National Institute for Health and Care Excellence
OPD	Outpatient
PAS	Patient Administration System
PCR	Polymerase Chain Reaction
PEC	Patient Experience Committee
PECR	Privacy and Electronic Communications Regulations
PHIN	Private Healthcare Information Network
PMI	Private Medical Insurance
PMP	Pain Management Programme
PPC	Pay-Per-Click
PPG	Patient Participation Group
PROMs	Patient Reported Outcome Measures
PSIRF	Patient Safety Incident Response Framework
QEP	Quality, Efficiency, Productivity
QIP	Quality Improvement Programme
QR	Quick Response
SEO	Search Engine Optimisation
SLA	Service Level Agreement
SMS	Short Message Service
SOP	Standard Operating Procedure
SPY-PHI	SPY Portable Handheld Imaging technology
SQL	Structured Query Language
UKHSA	UK Health Security Agency
VIPs	Very Important People
WHO	World Health Organisation
Wi-Fi	Wireless Network

KING EDWARD VII's HOSPITAL

KING EDWARD VII's HOSPITAL

Marylebone London

Charity Registration Number 208944

KING EDWARD VII'S HOSPITAL (SISTER AGNES)

England & Wales - Charity number 208944

Accounts

King Edward VII's Hospital

Annual Report and Financial Statements

31 March 2023

KING EDWARD VII's HOSPITAL

Charity Registration Number 208944

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1 | Trustees' Annual Report

INTRODUCTION AND WELCOME FROM THE CHAIRMAN

King Edward VII's Hospital (Sister Agnes) has a proud history dating back over 120 years and enjoys an international reputation for offering the highest standards of care.

Chairman's statement

2022-23 represented a tumultuous year for King Edward VII's Hospital, with the passing of our beloved Patron, Her Majesty Queen Elizabeth II, on 8 September 2022. Her Majesty was closely involved with the Hospital for a remarkable 70 years, from 1952 when she graciously accepted the Patronage. We remember her unwavering and steadfast support with enormous gratitude and fondness.

We were sad to hear of the passing of Field Marshal The Lord Inge KG GCB PC DL who died on 22 July 2022. He served as Chairman of King Edward VII's Hospital from 2002 to early 2012 and then as Honorary Vice-President. We are very grateful for his long standing contributions to the Hospital.

As an independent charitable Hospital, our commitment to caring for Service personnel and veterans of the Armed Forces remains as strong today as it did when we were founded. During 2022-23 we cared for more veterans through our pain-management programmes than ever before, which was made possible by generous donations from our Friends and other supporters, for which we are extremely grateful.

We continue to build on our ethos of consistently delivering the highest standards of personalised patient-centred care in a safe and kind environment. In June 2022, the Care Quality Commission (CQC) carried out an unannounced inspection of the Hospital, focusing on our Surgical, Diagnostic Imaging and Outpatient services. Ratings across all key service areas were 'Good', while Surgery received an 'Outstanding' in the 'well-led' category. This is further evidence of the hard work and dedication displayed by all our staff at King Edward VII's Hospital.

Whilst pleased to have achieved a 'Good' CQC rating, the Hospital has a culture of learning and strives to learn from all feedback, whether good or very occasionally bad, while continuing its journey to 'Outstanding'. We have an active quality improvement programme which is overseen centrally, but owned and managed locally.

January 2023 marked the one-year anniversary of the opening of The King Edward VII's Medical Centre. This outpatient and diagnostic facility has become an integral part of our Hospital campus, providing modern and spacious consulting rooms and best-in-class imaging and diagnostic facilities. It is a space that consultants and nurses enjoy working in, but perhaps more importantly, patients enjoy visiting. It has allowed us to optimise our outpatient pathways and provides a vision for service delivery as we develop the main Hospital building into a clinical facility fit for the future.

We continue to attract and retain leading consultants, further raising the profile of the Hospital and aligning with our clinical strategy focused on our four "centres of excellence", which is covered further in this report. We continue to explore collaborative ways of working with our consultants, and this year have rolled out our first joint venture with the formation of a subsidiary with London Urology Specialists Ltd to form LUS@KEVII Ltd. This model of collaboration has been a long time in gestation, but should drive quality and activity. It is a blueprint for joint working with consultants, enabling them to remain as independent practitioners but committing to them in the longer term.

Our strategic decision in 2018 to focus on four "centres of excellence" included a commitment to invest in those areas. We are particularly proud of the many clinical innovations we have introduced this year. Within the urology service, we have introduced Lithotripsy, a noninvasive procedure for the treatment of kidney stones, and holmium laser enucleation of the prostate (HoLEP), a minimally invasive surgical intervention designed to alleviate lower urinary tract symptoms in men. In the Women's Health service, we have invested in SPY portable handheld imager (SPY-PHI) technology, which has multiple indications, including localising lymph nodes in gynaecological laparoscopic cancer surgery and testing the blood supply of skin flaps in breast reconstructive surgery. In terms of previous investments over the past five years, it was gratifying to mark the 1000th high intensity focused ultrasound (HIFU) procedure for prostate cancer performed at the Hospital, in February 2023.

We believe passionately in multi-disciplinary team-working (MDT) and have a number of highly functional MDTs, which include consultants and specialist nursing, radiology and other health professionals. This model has underpinned the provision of excellence in cancer care nationally, and indeed here at King Edward VII's Hospital, but we have gone further than this with our benign orthopaedic MDT focused on knee replacements. We have conducted an internal peer review of all of our MDTs using a process which goes beyond that required in cancer care nationally, looking not only at attendance and cases discussed but also behaviours to ensure they are a safe space for all participants to contribute.

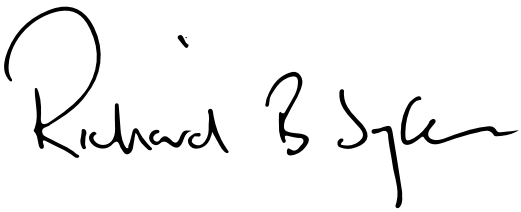
As a Hospital, we remain as committed to prioritising the well-being of our employees as we do for our patients – happy staff make for happy patients. We continue to strive to create a professional and caring environment. The implementation of our integrated Human Resources (HR) strategy focuses on traditional HR practices, alongside innovative performance and developmental tools, ensuring that our people help us to achieve our vision and strategic objectives. We have also refreshed our wellbeing strategy and have started implementing a revised approach to support employee wellbeing, including flexible working options, regular townhall meetings, apprenticeship schemes, wellness classes and virtual reality training modules to name a few.

We can only truly excel when we fully engage with diversity in all its forms in both our staff and our patients. In recognition of our commitment to becoming a more inclusive and diverse organisation, we were thrilled to win the Laing Buisson Independent Hospital Award, the citation commending our Rainbow Pledge and plans for Pride in Care accreditation in 2023. This voluntary scheme gives colleagues a visible way to show that the Hospital offers inclusive and non-judgmental care for patients, their families, carers and colleagues, who identify as LGBTQIA+. We are proud that one in three employees have signed the pledge this year and wear their badge with pride.

The Hospital continues to increase and promote patient participation and engagement through the Patient Experience Committee (PEC) and Patient Participation Group (PPG). The PEC is highly engaged and provides feedback on a number of initiatives, including quality improvement projects and patient information brochures. It also receives regular updates on our patient satisfaction surveys and complaints activity, which feeds into continuous improvements in care. We are grateful for the selflessness of our patient representatives, giving their time freely to support these important initiatives.

King Edward VII's Hospital operates in a unique fundraising environment: a commercial entity delivering world-renowned healthcare and five-star service, with a charitable status. The Hospital's main fundraising priorities are two-fold: first, to continue to run and cultivate healthcare-related activities for veterans via investment in the Centre for Veterans' Health; and second, to invest in the infrastructure and redevelopment of the Hospital's campus, equipment and technology to continue to provide sector-leading healthcare to all our patients. This year we launched our 'Next Chapter' fundraising appeal, to raise funding for refurbishment of the main Hospital buildings.

Our commitment to delivering quality care to our patients and veterans has never been stronger and I am confident that, whilst we recognise the challenges that face us all, we also see opportunities for building a sustainable model to enable the future success of the Hospital, and that our Trustees continue to look to the future with confidence. Clearly a high-functioning Hospital leadership team is essential to delivering this vision, and I would like to convey my gratitude to the leadership team and all our staff for the commitment, dedication and energy they display year after year. Without them, King Edward VII's Hospital would not enjoy the reputation we have earned as a centre of excellence for private healthcare.



Sir Richard Sykes
Trustee and Chair of the Board

22 January 2024

REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31 MARCH 2023

The Trustees are pleased to present their report, together with the financial statements of the Charity, for the year ending 31 March 2023.

The annual report and financial statements have been prepared in accordance with the accounting policies set out on pages 47-52 of the attached financial statements and comply with applicable law and the requirements of the Accounting and Reporting by Charities; Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The Trustees confirm that they have complied with section 17 of the Charities Act 2011 to have due regard to the Charity Commission's guidance (both general and supplementary in relation to public benefit).

Reference and administrative details

Principal Office
King Edward VII's Hospital
5-10 Beaumont Street, Marylebone, London, W1G 6AA

Auditors
Buzzacott LLP
130 Wood Street, London, EC2V 6DL

Bankers
National Westminster Bank PLC
1 Cavendish Square, London, W1A 4NU

Investment Managers
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100 St Paul's Churchyard, London, EC4M 8BU

Solicitors
Bevan Brittan LLP
2 Fleet Place, London, EC4M 7RF

DAC Beachcroft
100 Fetter Lane, London, EC2A 3LH

Macfarlanes LLP
20 Cursitor Street, London, EC4A 1LT

Patron, President and Board of Trustees

Patron

Her Late Majesty Queen Elizabeth II

President

His Royal Highness The Duke of Kent KG GCMG GCVO CD ADC(P)

Honorary Vice-President

The Late Field Marshal The Rt. Hon. Lord Inge KG GCB DL

The Trustees, who served during the year, and since the year end, are as follows:

Sir Richard Sykes FRS FMedSci HonFREng (chairman)
Mr Paul Biddle FCA
Ms Fiona Driscoll MA
The Rt. Hon. Professor Lord Ajay Kakkar KBE PC FRCS
Professor Roger Kirby MA MD FRCS (Urol)
Sir Stuart Lipton
The Hon. Mrs Virginia Lovell JP, DL (until November 2023)
Mrs Alison Parkhouse (nee Dean)
Professor Dame Lesley Regan DBE
Mr Sanjay Shah BA (Hons) FCA (from November 2022)

Advisory board

Sir Richard Sykes FRS FMedSci HonFREng (chair)
Dr Martin CM Bricknell CB OStJ
Mr Andrew Graham

Board committees (membership)

Audit, Risk & Assurance Committee

Ms Fiona Driscoll MA (chair)
Mr Paul Biddle FCA
Mr Sanjay Shah BA (Hons) FCA (from November 2022)

Finance & Investment Committee

Mr Paul Biddle FCA (chair)
Mrs Alison Parkhouse (nee Dean) (until November 2023)
Mr Sanjay Shah BA (Hons) FCA (from November 2023)

Board committees (membership) *(continued)*

Quality and Safety Committee
Professor Dame Lesley Regan DBE (chair)
Professor Lord Ajay Kakkar KBE PC FRCS
The Hon. Mrs Virginia Lovell JP, DL (until November 2023)
Mrs Alison Parkhouse (nee Dean) (from November 2023)

Property and Projects Committee
Sir Stuart Lipton (chair)
Professor Roger Kirby MA MD FRCS (Urol)

Nominations Committee
Sir Richard Sykes FRS FMedSci HonFREng (chair)
Professor Roger Kirby MA MD FRCS (Urol)
Sir Stuart Lipton

Executive team

The Executives during the year and since the year end are as follows:

Chief Executive
Lindsey Condron Andrews (to September 2022)
Professor Justin Vale (interim from September 2022 and substantive from February 2023)

Finance and Commercial Director
Patrick Butterworth (to April 2023)

Chief Financial Officer
Fiona Barber (interim from March 2023 and substantive from October 2023)

Medical Director
Professor Justin Vale (to July 2023)
Siân Allen (from August 2023)

Director of Nursing
Emmett Steed-Mundin

Director of Operations
Kate Farrow (to February 2023)
Rebecca Sumner (from March 2023)

Executive team *(continued)*

Director of Clinical Strategy
Mr Alan Farthing (to March 2023)

Director of Philanthropy, Fundraising & Veterans' Health (plus Brand from November 2022 and Director of Strategy and Philanthropy from March 2023)
Alex Le Vey

Director of HR and L&D
Neil King

Director of Estates and Major Projects
Eamon Malone (to September 2023)

Interim Chief Information Officer
Owen Brady

VISION, MISSION, OBJECTIVES AND VALUES

The Hospital's vision is "to be the leading private Hospital in the UK and to support an increased number of veterans through our charitable work".

In doing so, its mission is "to consistently deliver the highest standards of personalised patient-centred care, in a safe and kind environment, through our exceptional and empowered teams. We will do this whilst continuing to deliver our charitable works within the veteran community."

Objectives

The objectives of the Hospital are:

- to operate an acute hospital;
- to provide the highest standards of patient care; and
- to provide treatment at preferential rates to Service patients, serving or retired, and their spouses.

When setting the objectives and planning the work of the Charity for the year, the Board of Trustees has given careful consideration to the Charity Commission's general guidance on public benefit.

Values

We were proud that our employee survey in 2022 showed that 96% of our employees know and can articulate our values. From this strong foundation we have continued to embed them throughout the patient and employee experience. We are proud to have awarded 60 employee awards from 300 plus nominations for exemplifying our values in their work, as judged by members of the leadership team, peers and patient representatives.

Operational activity

Despite the persistent challenges posed by the COVID-19 pandemic, the Hospital successfully achieved a 15% increase in outpatient and diagnostic interactions during 2022-23 compared to the previous year. This commendable growth resulted in the Hospital serving nearly 63,000 outpatients and admitting over 5,200 patients.

Throughout this challenging period the Hospital has consistently maintained its focus on future-oriented initiatives and successfully identified innovative approaches to drive its strategic objectives forward.

It is important to acknowledge that international activity within the private healthcare sector has been significantly impacted by the ongoing global health crisis. However, there is a positive outlook for the upcoming year with a projected increase of 25% in international activity. This anticipated growth is expected to bring the sector back to the pre-pandemic levels witnessed in 2019.

Clinical highlights

Over the past 12 months, the Hospital has successfully expanded its range of medical services by introducing various cutting-edge treatments. As mentioned in the Chairman's statement, noteworthy advancements include the implementation of Lithotripsy and the adoption of holmium laser enucleation of the prostate (HoLEP). The Hospital's strategic investments in the SPY portable handheld imaging technology (SPY- PHI) has facilitated procedures in gynaecological cancer surgery and reconstructive plastic surgery. It has allowed us to introduce innovative surgery in breast cancer with a programme for a lymphatic microsurgical preventive healing approach (LYMPHA), a novel surgical technique that offers a viable alternative to conventional lymph node removal methods, mitigating the risk of lymphoedema.

In January 2023, the Hospital introduced a specialised Clinical Psychology service aimed at providing comprehensive support to patients. In addition, the Clinical Psychologist actively collaborates with our Clinical Nurse Specialist (CNS) team, facilitating the development and implementation of a series of training sessions. These sessions are designed to equip individuals involved in intricate care pathways with the necessary skills and knowledge to effectively navigate and manage complex cases.

Multi-disciplinary working

The MDT Peer Review Programme is now in its second year of the peer review programme in line with NHS England Cancer measures. This is a three-year project: Year 1 included a self-assessment of the measures, annual report and MDT-FIT (Feedback for Improving Teamworking). The MDT-FIT does not form part of the NHS standard but is a useful tool in ensuring that the MDT has good leadership. Year 2 includes the data set above with the addition of an internal peer review by an MDT Chair from another cancer discipline; and in Year 3 we will invite an external provider to peer-review each MDT.

The MDT is now monitoring Mismatch repair (MMR) as per the National Institute for Health and Care Excellence (NICE) recommendations. The MMR genetic profile tests for Lynch syndrome, a genetic predisposition toward colorectal or gynaecologist cancer. The audit establishes that an MMR genetic test has been performed on all eligible colorectal cancer specimens. The results are presented at the quarterly Cancer Board.

Patient engagement

The Hospital's Patient Experience Strategy enables patients to direct us through their feedback, involvement and engagement, to provide care that is not only person-centered and clinically outstanding, but also offers a holistic approach to patient wellbeing and experience whilst in our care. The strategy is based on four key objectives which include:

- **Improve the patient experience** – The patient journey should be straight forward, professional and personable.
- **Improve patient and carer engagement** – Listen to what matters to the patients, families and carers.
- **Strengthen use of patient feedback** – Use patient and carer feedback (good and bad) meaningfully to identify opportunities for quality improvement.
- **Improve information provided to our patients** – Provide clear accessible information in different formats.

We always encourage patient participation and representation through the Patient Experience Committee (PEC), Patient Participation Group (PPG) and a number of Hospital committee meetings, which ensure that the patients' voice forms part of all decisions regarding care and the operations of the Hospital. The PPG is attended by patient representatives who review patient information leaflets, share their insight and feedback from a patient perspective on Hospital patient experience improvement activities, and receive an overview of learning from investigated complaints and outcomes from patient surveys.

Quality improvement programme

In June 2022, the CQC undertook an unannounced inspection of the Hospital site focusing on our Surgical, Diagnostic Imaging and Outpatient services. The Hospital was pleased to retain its 'Good' overall CQC rating and to also achieve an 'Outstanding' rating for 'well-led' within Surgery.

Service ratings following June 2022 inspection

	Safe	Effective	Caring	Responsive	Well-led	OVERALL
Diagnostic Imaging	Good	Inspected but not rated	Good	Good	Good	Good
Surgery	Good	Good	Good	Good	Outstanding	Good
Outpatients	Good	Inspected but not rated	Good	Good	Good	Good
OVERALL	Good	Good	Good	Good	Good	Good

The Hospital is in a positive position to continue its journey of improvement to achieve an overall 'Outstanding' rating at the next inspection and has completed a range of the quality improvement actions suggested within an externally commissioned 'Quality Thinking' audit report. The Hospital continued to develop its quality improvement culture, with staff delivering a range of local department and Hospital-wide quality improvement plans (QIPs) during 2022-23. These QIPs include:

	Quality Improvement Plans	Impact
1	MRI training video created and available on the intranet	Ensure staff have completed mandatory training to have access to the MRI area
2	Improved information for patients regarding charges for Ophthalmology procedures	Patients better informed and reduction in complaints
3	Improved induction programme for new starters	New starters better informed
4	Improve food choice on menus	Revised patient menus to include wider choice of food on one menu and direct patients to other available menus
5	Improve pain management for patients	Introduce a new pain management chart resulting in improved documentation and regular pain checks on patients
6	Reduced number of single documents in theatre to improve safety (staff found it difficult to work with multiple pieces of paper, also flagged by Quality Thinking audit)	Combined World Health Organisation (WHO) checklist into Theatre Care Plan
7	New process for recording 'did not attend' (DNA) patients in outpatients, leading to better safeguarding oversight	New process created where DNA patients followed up if DNA occurs twice
8	Integrated care plan (ICP) for cataract surgery combining all documents into one booklet	Simplifies the documentation and ensures all documents are available for the procedure in one place
9	ICP for long stay patients	Combines most documents for the patient pathway in one booklet
10	New patient record folders introduced	To keep all clinical documentation in an ordered folder and ensure standardised patient documentation (single use)
11	Risk assessment booklets introduced	Combine all risk assessments in one booklet, including Very Important People (VIPs) to improve compliance with completion
12	Intentional rounding re-introduced on the wards	Improved communication with patients and reduction in complaints
13	Self-pay payment capture	Imaging and breast administrative staff have been trained to raise invoices and take payment enabling patients to pay on the day – reducing complaints about charges
14	Accessibility audit	Following an audit by an external provider, a number of actions arose in order to ensure the outpatient and diagnostic facility was accessible and inclusive. This has included: frosting on the external doors, automatic sensor bins in the accessible toilets, additional hooks at various heights and a range of chairs at different levels

	Quality Improvement Plans	Impact
15	Redesign of imaging request form	Simplifying request forms into one and ensuring mandatory data fields are captured
16	Relocation of pre-operative assessment to the outpatient and diagnostic centre	Offering patients the opportunity to have walk-in bloods and screening. Improving access and patient experience
17	Promotion of healthy lifestyle	Information leaflets available within the clinics directing patients where to access information related to a healthy lifestyle
18	Installation of refuge chairs in the main Hospital stairway	To support patients with physiotherapy rehabilitation and improving patient safety

Financial position

In financial terms, 2022-23 was a challenging year in terms of trading conditions, including the additional costs of the new outpatient facility and the inflationary pressure of costs, together with high energy costs.

Staffing costs this year have also adversely impacted our financial results. Recruitment and retention of high quality clinical staff remains a challenge in part due to the new entrants in the London market, this resulted in high levels of temporary agency staff due to the level of vacancies.

Recruitment costs were high, as staff turnover spiked, and further agency staffing costs were required to support the on-boarding and embedding of new starters. Against the challenge of clinical staffing, the Hospital completed a thorough review of staffing levels across the business and completed two rounds of voluntary redundancies as it resized the workforce to drive efficiency and to meet the requirements of the business.

Overheads costs were severely impacted by the increase in energy prices following the start of the Ukrainian conflict.

In response to the cost challenges faced, we continued development and implementation of a cost optimisation and profit improvement programme, which is embedded in the budget plan for 2023-24. The plan includes a review of the Hospital's procurement function to drive better pricing and improved stock management. The plan also includes further reviews of staffing across the business.

Strategic developments

The Healthcare market continues to be highly competitive, particularly in Central London with new entrants and large hospital groups with an existing presence significantly increasing supply. The pace of change continues to be fast, with no signs of slowing.

Some private hospitals are continuing to offer consultants an employment model that can be viewed positively by some consultants and is designed to disrupt existing providers. It is clear

though that many consultants still value the practicing privileges model in operation at King Edward VII's Hospital and elsewhere.

New models of working, such as joint ventures, between consultants and healthcare providers are emerging as a way to further enhance the practicing privileges model. King Edward VII's Hospital is at the forefront of these developments. With a number of new leading consultants joining us throughout the year, it is clear that our model and the ethos of our Hospital continue to be an attractive proposition. Securing and retaining the highest quality consultants adds to the esteemed reputation and profile of the Hospital.

Patients are becoming far more informed and empowered when it comes to their healthcare choices as the NHS continues to face unprecedented challenges and the private healthcare sector becomes more transparent about publishing data and outcomes. The Hospital has placed renewed emphasis on making access to it as simple and easy as possible, in order to position it as the natural Hospital of choice for patients considering private healthcare. Significant additional work in this area has been planned and will be delivered in the next financial year.

The Hospital's structure, focused on four major clinical specialisms (musculoskeletal health, women's health, urology and digestive health), has provided both established and new consultants with the assurance that the Hospital has a clear focus and will support them to reach their own aspirations.

This strategy, along with our primary focus on delivering outstanding, truly patient-centred care has strongly shaped and informed our approach to consultant recruitment.

King Edward VII's Hospital is renowned for its high quality nursing care. Patients rightfully expect our nursing standards to be sector leading and we have remained committed throughout the year to maintaining nurse-to-patient ratios that can enable us to meet that expectation. We are pleased to receive consistently high patient feedback on our nursing care.

The Hospital remains committed to its ethos of consistently delivering the highest standards of personalised patient-centred care, in a safe, compassionate and truly caring environment. We continue to take forward our clinical strategy to be an elective secondary care Hospital focused on four clinical specialties, supported by a number of clinical support services.

Our Estates Redevelopment Masterplan is being further refined as we adapt to the ever changing demands of developing the estate to be a premium private healthcare facility that is able to serve our patients over the coming decades. We are extremely grateful for the ongoing support of The Thompson Family Charitable Trust and a number of other generous benefactors as we seek to raise the funds to complete this redevelopment. The Masterplan will serve to transform the entire main Hospital building, streamlining clinical operations and further improving the overall patient experience, whilst laying foundations for the Hospital to seamlessly adopt new and emerging technologies over the coming years. The Hospital launched its 'Next Chapter' fundraising appeal in April 2022 to raise the philanthropic donations required to deliver the works and fundraising efforts continue.

Our workforce is the most valuable asset we have, and our continued success depends upon it. The implementation of our integrated HR strategy focuses not only on traditional HR practices, but encompasses innovative performance and developmental tools ensuring that our people help us to achieve our vision and strategic objectives. This strategy has led to demonstrable impact across the Hospital, with staff retention and engagement both higher than in previous years.

Since the inauguration of our new outpatient and diagnostic facility in January 2022, we achieved a 15% increase in overall activity: recording 63,000 appointments during the 2022- 23 period. Additionally, as part of our strategic efforts to streamline outpatient services, we have centralised pre-operative assessment within the facility. This consolidation has further optimised delivery of outpatient care. Moreover, the Hospital has taken significant strides in expanding its service portfolio by commissioning a cutting-edge ophthalmic laser and acquiring state-of-the-art mole mapping equipment. These additions underscore our commitment to staying at the forefront of medical advancements while delivering exceptional care to our patients.

Future redevelopment

The Hospital has a Strategic Redevelopment Masterplan which documents the redevelopment requirements of the estate over the next three to five years. This is a significant and exciting redevelopment programme for the Hospital as we aim to create a Hospital that will be fit for purpose for the coming decades. The programme includes multiple phases to ensure the Hospital functions safely throughout the entire range of works.

We are currently in the process of upgrading the Hospital's electrical engineering infrastructure, which is essential to our future plans, including refurbishment of the patient bedrooms and nursing areas across all three floors, with upgrades to the Wi-Fi and CCTV systems.

The next stage of the phased plan will include replacing the old theatre air handling systems on the roof, including separating the air handling unit for theatre and recovery. In due course the entire roof will be replaced and a new heating and cooling strategy implemented, which will utilise air source heat pumps on the roof. This will provide networked and efficient heating and cooling for patient bedrooms and ultimately all clinical and support areas. The new system completely removes the need for burning of oil or gas on site and is therefore leading the way in sustainable energy for hospitals.

Marketing highlights

The Marketing team continued to build the brand reputation and awareness throughout the year, with a focus on brand-led digital campaigns and advertising. Alongside this, we enjoyed a strong year on the press desk, achieving national pick-ups in over 25 press titles, with an approximate reach of over 900 million.

During 2022-23, several significant initiatives were undertaken by the marketing team, designed to optimise our activity and ensure accurate tracking of leads and conversions, these included:

- **Website procedures:** An audit of all web procedure content was conducted focusing on updated pricing, search engine optimisation (SEO), friendly wording and code matching. New procedures were added with guidance from the Business Development team on priorities.

- **Website and form submission overhaul:** A thorough audit and update of form submissions were carried out with a focus on cleaning up specialties to streamline contact centre reporting and enhance efficiency.

- **Contact centre support:** The marketing team provided support to the contact centre ensuring smooth operations and effective communication with patients during the decision-making process.

- **Tracking system overhaul:** The tracking system for Google Analytics was completely overhauled to enable dynamic phone call tracking and gather comprehensive data on engagements across the website. The team also implemented an extensive tracking overhaul, allowing for comprehensive tracking of phone calls and engagement across the website, including file downloads, click-to-email actions, Doctify (an independent healthcare and patient experience review platform) links and social referrals. Drop-off rates on uncompleted submissions were monitored to improve conversion rates.

- **Lead source gathering:** A lead source report was created to capture patient feedback on how they heard about King Edward VII's Hospital. This initiative aimed to improve marketing attribution and better understand the effectiveness of various marketing channels.

- **General Data Protection Regulation (GDPR) compliance audit:** An audit was conducted across the Customer Relationship Management (CRM) system and intranet to ensure GDPR compliance. Old users were removed and access to documents was restricted for unauthorised personnel.

- **Pay-Per-Click (PPC) campaign streamlining:** Underperforming PPC campaigns were investigated and streamlined, optimising the marketing budget and improving overall campaign performance.

Alongside the day-to-day responsibilities of supporting the communications for the Hospital, other marketing highlights for the year included:

- **Video project planning and launch:** Phase one of our Data Driven Video Content Strategy Project was completed. The team planned, filmed and edited over 165 videos, launching the first phase before May 2023. The objective of this initiative is to provide enhanced clarity and explain elements of the patient pathway. The short explainer videos feature some of our leading consultants and heads of clinical service. The videos are being rolled out across all our digital platforms and are being tracked for engagement and conversion.

- **Health hub article creation:** There was a focus on creating targeted content for the Health Hub area of the website. This is designed to provide potential patients with valuable content and drive organic traffic to the website, establishing King Edward VII's Hospital as a trusted source of healthcare information.

- **Health check packages:** During the period we collaborated with the Business Development team to create and launch 10 new Health Check packages, replacing the original Assessment packages. These have been extensively promoted and are enjoying steady numbers of bookings.

- **Diagnostic imaging campaign:** The team created diagnostic imaging packs and launched a campaign to promote these services aiming to increase awareness and referrer engagement.

- **Event support:** The marketing team provided support for specialty networking events held in October and November 2022, ensuring smooth co-ordination and effective marketing presence.

- **Consultant KMC event:** In January 2023, the team organised and participated in the Consultant KMC event and provided materials for all departments at the event, ensuring comprehensive coverage and effective communication.

The Hospital's contact centre, established in Autumn 2020 continues to go from strength to strength. The team manage the patient's engagement with the Hospital from enquiry to appointment, providing a single point of contact. Enquiry leads are generated through our website, social media, Google PPC, brand awareness campaigns and social advertising.

Patients continue to report their experience with us on Doctify, and by the end of the year we had over 2,700 reviews with an overall Patient Trust Rating of 4.83/5.

One recent Doctify review read:

> **"It was like visiting a 5* hotel if not better. The service was immediate. All the staff were engaging, friendly, polite, professional and went above and beyond. I was extremely impressed."**
>
> *Feedback from a hip surgery patient in June 2022 via Doctify.*

Our social media engagement continues to grow with overall audience numbers increasing by an average of 40% across all platforms. Our Linked-in audience grew from 7,000 to 11,000 followers with 38,000 engagements during this year alone.

HOSPITAL ACTIVITIES, PEOPLE, CLINICAL GOVERNANCE AND FUNDRAISING

The Hospital is committed to providing an excellent patient experience. Good clinical standards, reflected in the CQC rating of 'Good', are aligned with good clinical governance and clinical audit arrangements. Our fundraising enables us to provide grants and our Pain Management Programme to veterans.

Hospital activities

The Hospital offers patients a wide range of treatments across both medical and surgical specialties, along with critical care facilities, and has four operating theatres and 56 inpatient rooms all with en-suite bathrooms. It's critical care facilities enable the Hospital to carry out highly complex procedures and treat patients with complex needs.

The Hospital provides a wide range of elective and non-elective services for inpatient and day case care supported by a range of activities, including:

- acute services
- genetics testing
- doctors' consultation services
- rehabilitation services
- surgical cancer treatment
- diagnostic and screening services
- long-term condition services
- Veterans' Pain Management Centre

Operational improvements

We have continued to focus on productivity and efficiency, and this has included a greater control over processes and procedures, both operationally and financially. By embracing clear methodology in a number of areas, we have made significant improvements as a result of our quality and efficiency programmes across the Hospital, as evidenced in our CQC report.

Our theatre utilisation for our two laminar flow theatres continues to remain consistently above 75%; our breast imaging has grown by 11%.

There has been a major focus on theatres and the standardisation of equipment, specifically for musculoskeletal services, which has resulted in ongoing increases in savings and efficiency.

With the opening of the Day Surgery Unit (DSU) and diagnostic outpatient units, we have been able to offer new services and expand existing ones.

Developing and recognising our people

At King Edward VII's Hospital we are as committed to prioritising the well-being of our employees as we do for patients. While we acknowledge that we are not perfect, we continuously strive to create a professional and caring environment. An overview of our efforts during 2022-23 is set out below using our seven pillars (see Figure 1) of well-being which has contributed to a 13% reduction in employee turnover:

Health (physical, safety and mental health):

- Our mental health first aiders, employee assistance programme and new private medical mental health pathway ensure proactive support for colleagues' psychological well-being.
- We foster a culture of shared knowledge and insights by providing access to expertise from our 400+ consultants, encouraging our team to prioritise their health, including subsidised diagnostics.
- We offer comprehensive health insurance plans, access to healthcare resources, free GP check-ups and physiotherapy – all to support employees' ongoing well-being.

Good work (environment, line management, autonomy, pay and reward):

- We invest in our line managers to nurture their teams with the same level of care we provide to our patients, ensuring the highest quality experience for everyone.
- Over 80% of our workforce enjoys flexible working options, giving them the autonomy to balance work and personal commitments.
- A comprehensive review of our pay and reward offers was conducted to ensure competitive compensation and attract/retain talented employees.

Living our values (values-based leadership, inclusion and diversity):

- Our Edward's Awards celebrate colleagues who exemplify our values, promoting a values-based leadership approach.
- Our commitment to diversity was recognised through winning the Independent Hospital Award, highlighting our Rainbow Pledge and plans for Pride in Care accreditation in 2023.
- We have established a wellness garden and prayer room to provide spaces that support our employees' diverse needs.

Community (employee voice, consultation, dialogue, positive relationships and teamwork):

- We value the input of our employees and act upon their feedback, as evidenced by actions taken based on results from our employee survey.
- Townhall meetings and increased opportunities for meaningful dialogue enable employees at all levels of the Hospital to share their thoughts and foster positive relationships.
- Through consultation and open dialogue, we successfully managed workforce adaptations without resorting to compulsory redundancies in 2022.

Personal growth (career development, performance management and lifelong learning):

- We have doubled the number of apprenticeships and introduced an in-house programme to support career development in healthcare.
- By leveraging virtual reality technology, we are enhancing employees' learning experiences and providing innovative training opportunities.
- Our lunch and learn, alongside our in-house training programme facilitate continuous learning and personal growth.

Good lifestyle choices (promoting healthy living and access to well-being classes):

- We encourage healthy living by offering discounted gym memberships, wellness classes and in-house complementary therapies.
- Our dedicated Head Chef and kitchen team ensures that each shift includes a balanced meal, with vegan and vegetarian options available, free of charge for all employees.
- Health initiatives, such as bowel cancer awareness and subsidised testing, further promote proactive well-being.

Financial well-being (fair pay and benefits, retirement planning and employee financial support):

- Enhanced redundancy packages were offered, accompanied by additional support for colleagues transitioning to other opportunities outside the Hospital.
- Care navigators assist employees with caring responsibilities, ensuring they receive the necessary support.
- We regularly review and provide a comprehensive benefits package, including retirement plans, health insurance, paid time off and flexible spending accounts, to promote financial security.

As we reflect on the past year, we remain committed to enhancing our employees' well-being. Their dedication drives our ongoing efforts to create an environment where everyone thrives, and we will continue to learn, adapt and improve together.

Figure 1. HR Strategy Seven Pillars

Fair pay and benefits, retirement planning, and employee financial support

Promoting healthy living and access to well-being classes

Career development, performance mangement and lifelong learning

Physical, safety and mental health

Environment, line management, autonomy, pay and reward

Values-based leadership, inclusion and diversity

Employee voice, consultation, dialogue, positive relationships, and teamwork

Clinical governance and performance

The Hospital has an embedded clinical governance framework that provides oversight and assurance on the safety, quality and effectiveness of care and services provided. A 'ward to board' approach supports a culture of openness and transparency throughout the organisation. The Hospital has a good reporting culture, with an incident reporting and learning process and a complaints management process in line with national standards, as well as a comprehensive clinical audit program. In 2022 we commenced a project due for completion within 2023-24 to establish a Patient Safety Incident Response Framework (PSIRF), which will introduce an approach to developing and maintaining effective systems and processes for responding to patient safety incidents for the purpose of learning and improving patient safety. The framework advocates a co-ordinated and data-driven approach to patient safety incident response that prioritises compassionate engagement with those affected by patient safety incidents.

Our commitment to openness, learning and listening to staff is supported through the establishment of our two Freedom to Speak Up Guardians and five Freedom to Speak Up Champions, who provide a clear pathway for staff to speak up and raise safety concerns.

Our Quality Improvement Programme is fully established and empowers staff to identify where change is needed and work through cycles of improvement for the benefit of patients, staff and services.

The Hospital receives quarterly reports from Copeland Clinical Ai (C2-Ai) that consistently show patients at the Hospital have better survival rates and less complications when compared to similar patient profiles and institutions. C2-Ai systems help Hospitals and health systems worldwide demonstrably reduce avoidable harm, mortality and cost. The data can provide an early warning of any developing adverse trends, allowing early review and intervention if required.

We have has successfully implemented Amplitude, a digital Patient Reported Outcome Measures (PROMs) platform to assess the quality of care to our patients using digital pre- and post- operative surveys. The platform has also allowed the Hospital to export PROMs data externally to the Private Healthcare Information Network (PHIN).

The Hospital has also embedded a new risk management platform called Vantage, which supports the Hospital in reporting and managing incidents, complaints, risks and actions plans. In 2023-24 the Hospital will be deploying Vantage modules to manage all clinical documentation and patient leaflets, quality improvement project management and contract monitoring.

How we fundraise

The Hospital is registered with the Fundraising Regulator and works in compliance with the Code of Fundraising Practice. All our research and marketing activities are in-line with the guidelines set out in the GDPR and the Privacy and Electronic Communications Regulations (PECR) and meet best practice standards. Our activities are audited against the Code of Fundraising Practice each May. The Hospital received no complaints in relation to its fundraising activities over the course of the year.

King Edward VII's Hospital operates in a unique fundraising environment: a commercial entity delivering world-renowned healthcare and five-star service, with charitable status. The Hospital's main fundraising priorities are two-fold: first, to continue to run and grow healthcare-related activities for veterans via investment in the Centre for Veterans' Health; and second, to invest in the infrastructure and redevelopment of the Hospital's campus, equipment and technology to continue to provide sector-leading healthcare to all our patients.

The Hospital solicits donations from its supporters and conducts desk-based research into charitable trusts and foundations, as well as corporates, to identify opportunities to apply for grants or develop partnerships to support our work with veterans and our capital redevelopment plans. Many supporters have left generous legacies to the Hospital, which have formed a significant part of our voluntary income. We plan to significantly grow our voluntary income over the next three years.

This year we launched our 'Next Chapter' fundraising appeal to raise funding for refurbishment of the main Hospital buildings and the new fundraising brochure was distributed to 2000 Friends of the Hospital.

Our commitment to caring for Service personnel and veterans of the Armed Forces remains as strong today as it did in 1899. We are proud to offer all members of the Armed Forces community, as well as their spouses, civil partners and widows, the highest quality of care via our Centre for Veterans' Health.

The Centre for Veterans' Health's main achievements during the financial year were:

The Pain Management Programme

Rated twice as outstanding by the CQC, our flagship programme, the Pain Management Programme (PMP), provides practical strategies to help veterans improve the quality of their lives alongside their pain. Strategies include helping veterans gain a greater understanding of pain, managing physical activity and mood, and reviewing pain-related medications in order to improve confidence in the day-to-day management of their pain. During 2022-23:

- 7 virtual PMPs were delivered
- 76 veterans were assessed
- 47 veterans completed PMPs
- A new academic article documenting the success of the PMP will be published in 2023-24.

100% means-tested grants

The Centre for Veterans' Health means-tested grants programme provides 100% grants to uninsured Service or ex-Service Personnel (including reserves), enabling them to access the Hospital completely free of charge. Many consultants agree to undertake these procedures on a pro bono basis. During 2022-23:

- 12 grants were provided
- The largest grant was for £41,000
- £120,000 allocated by the Hospital
- £80,000 generously donated by a charitable trust

20% discount

All Service or ex-Service Personnel (including reserves) without medical insurance, are entitled to a 20% discount on their Hospital bill. This is regardless of rank or length of service. It also extends to their spouses/civil partners and includes widowers and widows. During 2022-23:

- 46 admissions related to 36 different patients
- An additional 58 individuals benefitted from 100 non-admitted interactions (consultations, diagnostics, etc.)
- The total amount contributed by the Hospital for these patients was £89,503.44

Pilot hearing loss and tinnitus service

The Hospital piloted a new consultant led pro bono telephone consultation service to support veterans with hearing loss and tinnitus. During 2022-23:

- 11 veterans were supported
- 90% found the service definitely useful
- 90% had sufficient consultation time
- 100% found the explanations easy to understand
- 100% were extremely likely or likely to recommend our consultant to other veterans

We published case studies and thought pieces to highlight the Hospital's work with veterans. We also promoted an interview with the pain management team to national and defence titles, summarising the Hospital's work in 2021.

We are the grateful beneficiary of the Annual Lord Mayor's Big Curry Lunch. In partnership with the Army Benevolent Fund (ABF) Soldiers Charity, the Lord Mayor's Big Curry Lunch supported 16 veterans to join the PMP throughout the financial year.

We also received grants and donations from a number of other charitable trusts and foundations, including the Armed Forces Covenant Trust Fund and the Veterans' Foundation, as well as a number of generous donations from families and individuals.

Capital projects

During the year, the Hospital particularly benefitted from significant donations, including: £3 million from The Thompson Family Charitable Trust (with a total pledge of £12 million), and £250,000 from The Band Trust, which has enabled King Edward VII's Hospital to take forward its extensive refurbishment programme of the main Hospital.

Looking ahead

Going forward, there are two main fundraising priorities for the Hospital: fundraising for the refurbishment of the main Hospital building, and doubling the number of veterans we supported via the Centre for Veterans' Health in 2021 over the next three years.

A new fundraising strategy is being implemented to achieve these priorities. It will see us build on our success to date to unlock additional opportunities and voluntary income from as wide a range of sources as possible.

We have established The Centre for Veterans' Health Advisory Board, which provides honorary leadership of the Centre for Veterans' Health to raise its profile and levels of engagement within the veteran community and circles of wealth and influence in order to maximise impact and fundraising potential. Board members are responsible for supporting the Hospital in driving the Centre for Veterans' Health growth strategy.

HOSPITAL STRATEGY

The Hospital strives to continually improve both services to our patients and facilities for our consultant body and provide free or subsidised medical treatment for veterans and their families.

The Hospital and its charitable works are built on 120 years of heritage. The future of King Edward VII's Hospital will continue to connect to its past, but with a clear strategic focus on what we wish to achieve. Our mantra has always been outstanding patient-centred care in a kind and safe environment, and this perception of ourselves is supported by recent research conducted for us by an external brand specialist consultant. The specialist interviewed staff, our consultants and patients, and the recurring themes were integrity, compassion and trust. These are firm foundations on which to establish a renewed sense of purpose, better articulating our unique proposition, as we refresh our clinical strategy this year. We want to become the trusted place to go for patients accessing private healthcare for the first time.

When we last refreshed our Hospital strategy in 2018, we took the decision to focus our efforts on four patient-centred services, each led by a Clinical Director. The Clinical Directors are specialists within their fields and support the strategic aims and business objectives of the Hospital, and more importantly, provide clinical leadership, which is vital for driving innovation and quality at every level.

Our four clinical areas of focus are: **musculoskeletal health**, **women's health**, **urology** and **digestive health**. Structuring our clinical services in this way has translated into easy communication across the Hospital about what our focus is and will continue to be. It has provided both established and new consultants with the assurance that the Hospital has a clear sense of direction and will support them to reach their own aspirations. This has enabled us to embed quality MDTs across multiple specialties, increase revenue and deliver outstanding, focused patient care.

As we refresh our strategy later this year, consideration will be given to starting a new centre of excellence – primary care. There is unquestionably an unmet need for easy access to high quality general practice and we will look to expand our high quality general practice offering.

Our Estates Redevelopment Masterplan spanning several years, included the opening of the Day Surgery Unit in 2021 and the King Edward VII's Medical Centre in January 2022. During 2022-23, extensive work has taken place on plant to support redevelopment of the main Hospital site. We are grateful to The Thompson Family Charitable Trust for supporting this project, and indeed all our donors who are contributing to the redevelopment programme, including The Band Trust. Ultimately, the Masterplan will transform the main Hospital building into a clinical facility fit for the next 30 years or more.

Digital transformation

The Hospital is committed to providing the highest standards of patient care. To support this aim, we are continuing our digital journey: delivering excellent patient care in a safe environment through excellent digital services.

To support our ambition to be the leading private Hospital in the UK, we are investing in our IT and digital infrastructure to provide a strong platform on which to deliver digital transformation for all our patients, clinical staff and operational teams. At the time of writing this report, this programme has been stepped up following an IT security incident in early November 2023, which was promptly detected and terminated, but unfortunately resulted in the exfiltration of a small amount of data. We have accelerated a move to cloud-based technologies, which will improve security, access and performance. In the longer term, these cloud technologies will allow us to deliver operational and clinical services quickly, improving how they are delivered and ensuring how systems are updated. Cloud technologies will support business continuity, deliver consistent performance and ensure maximum uptime.

The Hospital's digital vision will support these key elements within the Hospital:

Patients:

- Introduction of a patient portal to facilitate:
  - patient-centred services enabling them to manage their own health;
  - personalised patient care around preferences and needs;
  - improved patient registration and data quality.
- Adoption of digital tools, such as "wearables" that provide real time data to clinicians; and
- Enabling patients and carers to access, update and communicate with the clinical teams.

Clinicians:

- Real time access to integrated patient information at point of care;
- 'Paper lite' environment, where information is available through an electronic patient/health record, orders are created and managed electronically and communications are made and recorded electronically;
- The patient record is easily accessible, easy to use and supports their work;
- Historic data is scanned and archived; and
- Improved clinical pathways can be developed and easily deployed.

Operations:

- Support clinical colleagues to develop improved clinical pathways and systems;
- Improve operational processes via new technologies, such as artificial intelligence, natural language processing and robotic process automation;
- Deliver improved agility to provide new services, both within the Hospital and with external partners;
- Improve consistency and effectiveness of service delivery, both clinically and operationally; and
- Deliver real time information and business intelligence to operational teams to enable speedy and informed decision making.

Staff:

- Support staff in their day-to-day duties, communicating and collaborating across all departments and specialties;
- Enable staff to make use of modern technologies to access systems and information securely and safely in a consistent, efficient manner; and
- Use modern tools to access, update and manage information about themselves.

IT:

- Create a modern business-focused IT department delivering services to support our overall strategy and business imperatives;
- Deploy cloud first solutions to enable better connectivity, accessibility, security and capacity;
- Support rapid process and business change delivery speed and agility in all aspects of service delivery;
- Enable delivery of projects and programmes to time and budget;
- Maintain a formalised project methodology to ensure quality, focus and correct prioritisation;
- Ensure capacity and capability to support the digital vision and strategy of the Hospital;
- Review and adopt cloud technologies where appropriate;
- Adopt best practice service management to support the business, including incident management, capacity management, asset management and planning, fully supporting the patient, clinical staff and partners and other stakeholders; and
- Information governance and cyber security are proactively managed ensuring that all Hospital data and patient information is managed to the highest standards.

The Digital Transformation Programme is delivering a stronger IT infrastructure and putting in place the foundations for a sustainable IT solution for King Edward VII's Hospital. In addition, the introduction of cloud technologies will support our goals to provide flexibility and agility across the Hospital's IT infrastructure. The programme is also updating the application landscape, ensuring that it is fully understood and supported, while securing best value from our IT suppliers. The IT team is working with IT best practice to deliver IT service, IT governance and IT programmes, ensuring consistent, cost-effective delivery for our patients, clinical teams and staff.

STRUCTURE AND CORPORATE GOVERNANCE

The Board of Trustees has legal responsibility and accountability for the leadership and governance of the Hospital.

Governing document: Royal Charter

King Edward VII's Hospital (Sister Agnes) is a registered Charity (No. 208944) founded in 1899 and constituted by Royal Charter to operate an acute Hospital where serving and retired officers of the Services and their spouses can be treated at preferential rates. The Hospital also treats members of the public regardless of any connection with the Services.

With the support of the Privy Council and the Charity Commission, both the range of beneficiaries and the governance of the Hospital have been updated from time to time to meet changing circumstances. The most recent change was in 2017. Standing Financial Instructions alongside the Royal Charter, regulate the way in which the proceedings and business of the Hospital are conducted, ensuring high standards of corporate and personal conduct. The full complement of governance documents includes the Schedule of Reserved and Delegated Powers and Scheme of Delegated Financial Authority.

As required by the Royal Charter, an Advisory Board is in place to support the Board of Trustees. Its role is to provide support, advice and guidance to the Board of Trustees and Executive Team, particularly in relation to the development, effectiveness and success of the charitable and independent healthcare provider element of the organisation.

The Board of Trustees

The Board of Trustees has legal responsibility and accountability for the leadership and governance of the Hospital and their responsibilities are detailed in the Scheme of Reserved and Delegated Authority. Meetings of the Board of Trustees are held quarterly and attended by the Executive Team who provide information, data and assurance on their areas of responsibility in the organisation.

The Trustees are unpaid and upon election undergo a formal briefing and induction with the Chair of the Board, the Chief Executive and members of the Hospital's Senior Management Team and take part in a detailed tour of the Hospital which gives each Trustee the opportunity to meet and talk to staff.

Trustees are recruited and elected to the Board by the Advisory Board, in line with the Hospital's Governing Document (Royal Charter) and best practice. During the process, consideration is given to their experience, the skills required, the contribution they will bring, and the Hospital's Equality and Diversity Policy. Each Trustee is provided with a copy of the booklet produced by the Charity Commission explaining the duties and responsibilities of a Trustee.

Upon election and on an annual basis, the Trustees undergo a Fit and Proper Persons Test to comply with CQC Regulation 5, Fit and Proper Persons: Directors and Charity Commission guidance, including the Finance Act 2010.

Responsibilities of the Board of Trustees

The Trustees are responsible for preparing the Trustees' report and accounts 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 accounts for each financial year which give a true and fair view of the state of affairs of the Hospital and of the income and expenditure of the Hospital for that period. In preparing these accounts, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102);
- judgments and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Hospital will continue in operation.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Hospital and enable them to ensure that the accounts comply with the Charities Act 2011, applicable Hospital (Accounts and Reports) Regulations and the provisions of the Hospital's Royal Charter. They are also responsible for safeguarding the assets of the Hospital 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 Hospital and financial information included on the Hospital's website. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

Key risks

The overall responsibility for the identification, assessment and mitigation of major risks to which the Hospital is exposed lies with the Board of Trustees. This responsibility is discharged through the Chief Executive, the Senior Management Team and a designated Executive Risk Lead (Director of Nursing), supported with advice from the Hospital's Head of Governance, Head of Safety and Risk, Health and Safety Advisor, Health and Safety committee, Microbiologist, Company Secretary and other Hospital Committees and recommendations from inspection reports.

The Board Assurance Framework led by the Company Secretary working with Executive Leads identifies the primary risks to delivery of the strategic objectives.

The Audit, Risk and Assurance Committee reviews the Board Assurance Framework bi-annually and the Organisational Risk Register on a quarterly basis to satisfy itself that appropriate measures and

systems are in place to minimise or eliminate the risks. The Committee's findings are reported to the Board of Trustees.

The four principal risks and uncertainties identified by the Board of Trustees during the financial year 2022-23 related to: financial performance; maintaining positive patient and staff experience whilst undertaking redevelopment works; reduction in services delivered due to workforce constraints; and fundraising for the redevelopment works. For all these risks, comprehensive actions are in place.

- Although the risks will remain high in 2023-24, actions are on track in respect of financial performance, redevelopment and fundraising, and there is a high level of confidence around these.

- Patient and staff experience feature as part of the risk from redevelopment works and discussions continue to curb the disruption that may be caused to patients and staff.

- Work has continued and continues in 2023-24 to address areas of risk around recruitment and retention, training and development and workforce planning – the reduction in turnover is a key indicator of improvement.

Health and safety

Building on our strong foundation of health and safety practices, the Hospital maintains safe processes through stringent monitoring carried out by the Fire Health and Safety Committee which is striving towards excellence through shared learning and continuous re-assessment.

To maintain best practice, we have external specialist involvement in various aspects such as Fire and Water Safety. Our fire safety processes are now well established with trained staff in delegated roles throughout our sites and bi-annual fire drills to reinforce the evacuation plans. The external Fire Safety Audit (November 2022) resulted in a positive report, with few administrative and communication recommendations. We continue with improvements in Control of Substances Hazardous to Health (COSHH) management and moving and handling controls through more comprehensive risk assessment and scrutiny of existing controls. Water safety management is closely monitored by the Water Safety Group which addresses water testing results under advisement of our external Consultant Microbiologists.

An overall system audit continues annually by Quadriga Health and Safety consultants. This allows an unbiased review of our Health and Safety management system which facilitates learning, improvement and growth. This audit report has shown a marked improvement in compliance from 79% in 2021 to 94% in 2022, and progress against the action plan is reported to the Quality and Safety Committee (previously to the Property and Projects Committee). The next audit will not only give an overall estimation of performance, but aims to delve deeper into processes not previously focused on.

Governance structure

The Advisory Board

The Advisory Board meets annually and as required and is chaired by Sir Richard Sykes FRS FMedSci HonFREng, Trustee and Chairman. The work of the Advisory Board in terms of its statutory role and the work required around fundraising and veterans' health has been separated to provide greater clarity and focus. The Hospital previously had a dedicated Trustee-led Board sub-committee for Fundraising and Veterans' Health as reported in 2021. Since then, a new fundraising strategy was approved by the Board of Trustees in which it was agreed to re-consider the governance arrangements for fundraising.

In 2022-23 we created a Centre for Veterans' Health Advisory Board to raise the profile of our veterans' work and maximise engagement. The Centre for Veterans' Health Advisory Board met once throughout the year and is chaired by the former Surgeon General of the Armed Forces, Dr Martin Bricknell (also a member of the Advisory Board) and is comprised of individuals who bring complimentary skills to enable the Hospital to deliver sector-leading healthcare and support to as many veterans as possible.

Audit, Risk and Assurance Committee

The Audit, Risk and Assurance Committee advises the Board of Trustees on the appointment of the Auditor. It has delegated responsibility from the Board of Trustees to monitor risk analysis, risk management, corporate governance and all internal-related systems and controls. This committee is also responsible for taking reasonable steps to ensure that the Charity is complying with all aspects of the law, relevant regulations and good practice. The composition of this committee is determined by the Board of Trustees. The Committee met three times during 2022-23 and is chaired by Ms Fiona Driscoll MA, Trustee.

Finance and Investment Committee

On behalf of the Board of Trustees, the Finance and Investment Committee undertakes the thorough review of financial policy, performance issues and risks, alongside reviewing budgets and business plans. It also has responsibility for the oversight of the Hospital investment portfolio and reserves. The Committee met 12 times during 2022-23 and is chaired by Mr Paul Biddle FCA, Trustee.

Quality and Safety Committee

The Quality and Safety Committee obtains assurance that safe and high quality care is being delivered across the Hospital; ensures robust clinical governance arrangements are in place; and oversees strategies related to patient engagement. It provides assurance to the Board of Trustees that appropriate arrangements are in place around clinical risk, infection prevention and control, and it provides oversight of employee engagement and the Hospital's Equality and Diversity Policy. The reports to the Committee during the year included updates regarding COVID-19 and changes in controls, infection control strategy and quality accounts. The Committee acts in a positive and open manner and is a source of support and advice. The Committee met four times during 2022-23 and is chaired by Professor Dame Lesley Regan DBE, Trustee.

Property and Projects Committee

The Property and Projects Committee has delegated responsibility for the oversight and management of the key infrastructure development projects at the Hospital, including the re-development programme, and has an oversight role on behalf of the Board for health and safety. The Committee met four times during 2022-23, chaired by Sir Stuart Lipton, and in May 2023 the Committee was combined with the Finance and Investment Committee.

Nominations and Remuneration Committee

The Nominations and Remuneration Committee makes recommendations to the Advisory Board on the process and appointments to the Board of Trustees, and recommendations to the Board of Trustees on the appointment of Advisory Board members. The Committee also makes recommendations to the Board of Trustees on the process and appointment of the Chief Executive and provides oversight on executive team recruitment and remuneration. The Committee also receives the annual gender pay gap report. The Committee met three times during 2022-23 and is chaired by Sir Richard Sykes FRS FMedSci HonFREng, Trustee and Chairman.

Executive Committee

The Executive Committee meets monthly and its members are the Senior Management Team. Having engaged with the Board in agreeing the strategic direction of the Hospital, its responsibilities are to review performance against, and take action to achieve, the Hospital's business plan and objectives and assess whether the structures and systems in place are working effectively and efficiently. The Executive Committee also develops and implements a continuous improvement approach to its operational performance and management. It gathers assurance from across the Hospital through a number of governance processes to ensure appropriate oversight of the risks, appointments and developments at the Hospital.

CORPORATE SOCIAL RESPONSIBILITY

As an organisation, it is our duty to our staff, patients, community, Charity and the environment to have initiatives in place that we are held to account to deliver and which support the sustainability of the organisation. Key areas of focus for the Hospital going forward are reducing our carbon footprint, supporting the well-being of our staff, continuing to drive innovation and the reduction of waste, and supporting our charitable aims.

Initiatives across the Hospital in relation to corporate social responsibility are outlined below and the Hospital has made good progress in reducing energy consumption, improving segregation of waste, reducing plastic packaging and increasing the number of apprentices:

Corporate Social Responsibility (CSR)

We have a duty to our staff, patients, community, charity and the environment to ensure initiatives are in place which support the sustainability of this hospital, and that we are held to account for the delivery of those initiatives.

The key areas of our CSR focus for the Hospital going forward are; reducing our carbon footprint, supporting the well-being of our staff, continuing to drive innovation, the reduction of waste, and supporting our charitable aims.

Employees

- Continue on our pathway to pay employees the London Living Wage in 2023
- Provide an evolving range of wellbeing benefits across, health, mental health, financial and social wellbeing including six monthly employee surveys
- Progress our EDI Journey and create a workplace where people from across the spectrum of diversity feel included and represented
- Revise and substantially expand our learning and development approach and career development pathways.

Measure our success through...

- Six monthly employee Surveys
- Development of Employee Experience KPI's
- Improved Patient feedback
- Reduction of employee Turnover
- Reducing absence rates
- Bi-annual Salary Benchmarking and maintaining salaries above market median and London Living Wage.

Charity

- Double the number of veterans we support and become known as THE country's Hospital for veterans
- Develop new veteran specific services to meet the health needs of veterans
- Become an employer of choice for veterans and reservists
- Provide opportunities for colleagues across the Hospital to support and help further our work with veterans

KING EDWARD VII's HOSPITAL

Reduce Waste

- Segregate waste into separate streams for re-use, re-use and recycling
- Promote recovery of waste by utilising service
- Procuring supplies with low packaging options

Reducing consumption of power

- Utilisation of low energy consumption engineering and technology
- Promote efficient occupation monitoring to reduce unoccupied consumption

Reduce emissions

- Avoid consumption of carbon based fuels on site
- Explore alternative generator fuel technology
- Promote deployment of Heat pump technology where possible

Promote recycling

- Purchase recycled materials where options permit
- Encourage supply chain recycling use where possible

Promote redevelopment

- Redevelop buildings where possible with minimum alteration to meet clinical demand
- Design for optimum flexibility and 'long life-low energy-loose fit'

Reduce replacement of components and materials

- Utilisation of long life components
- Maintain facilities in good condition to reduce replacement requirement

Use sustainable source of energy

- Purchase electrical power from sustainable sources
- Consider deployment of battery technology to optimise use of sustainable sources

Reduce carbon footprint

- Encourage public transport
- Deploy electrical charging points for patients and staff
- Encourage walking and cycling for staff
- Encourage staff to become environmental champions/warriors
- Meat free Monday menu for all staff

Other options to consider

- Employment of apprentices
- Retraining for staff to develop into career path roles
- Become a leader organisation in promoting sustainable values

KEY MANAGEMENT PERSONNEL AND SETTING OF SALARIES

The Trustees and Executive Committee are considered to be key management personnel. All Executive Committee member salaries are reviewed annually with effect from April, in line with the Hospital-wide review. The Trustees and Advisory Board members do not receive a salary. In April 2023 we implemented the London Living Wage for our valued employees to ensure we can attract and retain staff in this period of high inflation and energy costs.

FINANCIAL PERFORMANCE

The outcome for the year is set out fully in the Statement of Financial Activities (page 43)

Reserves policy

The Trustees continue to ensure that there are sufficient free reserves to provide some assurance against interruption to its charitable activities. The reserves policy was set at a minimum level of £5 million in 2021 with a target to increase the reserves to £10 million. However, due to the challenging operating environment, it was necessary to draw down against reserves in the year, resulting in a balance of £4.2 million at year end.

These reserves are in place to ensure that the organisation is in a position to:

- identify and enable new sources of income and/or reduce operating expenses in the event of an unexpected downturn in patient revenues;
- manage the development costs and operational cost impact of delivery of the Estates Development Strategy, including the embedding of the new facilities delivered in 2021-22: the Day Surgery Unit and the King Edward VII's Medical Centre;
- provide adequate resources to fund exceptional costs and maintenance expenditure required in relation to the Hospital estate and to fund essential new medical equipment and technology in circumstances where there may be insufficient funds generated in the year.

The Hospital's free reserves (i.e. the General Funds) at 31 March 2023 were £4.2 million (£5.9 million in 2021-22) which includes a transfer from designated reserves for Hospital redevelopment (designated reserves £8.9 million in 2021-22).

Going concern

The Board of Trustees has approved the production of these financial statements on the basis of going concern. The Board of Trustees assessed the current and forward operational and financial plans and funding arrangements for the Hospital in respect of a period of at least one year from the date of approval of these financial statements to provide assurance of this basis of production.

There continues to be strong support for the Hospital through our donors. This is in addition to the reserves that the Hospital carries to support the forward funding and development of the Hospital. In addition to this, the Hospital continues to nurture commercial partnerships with aligned organisations to extend services and deliver cost improvement opportunities.

Investment policy

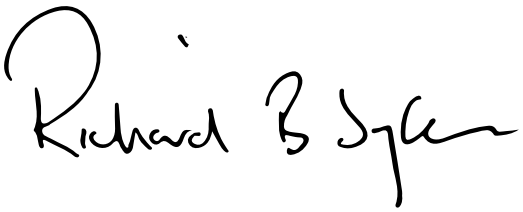
The Hospital's investment portfolio is managed on the Hospital's behalf by Sarasin, a third party investment management firm. The investment strategy is agreed with Sarasin and the performance of the fund, its composition and the appropriateness of the investment strategy is reviewed at intervals with Sarasin by the Finance and Investment Committee.

The composition of the portfolio between short, medium and long-term funds is reflective of the forward forecast of funding requirements of the Hospital.

The balance of the investment fund as at 31 March 2023 was £6.0 million and it benefitted from an income of £0.2 million in the year (31 March 2022: £10.3 million with £0.3 million income).

The re-appointment of Buzzacott LLP as the Charity's auditor was agreed at the meeting of the Board of Trustees on 29 November 2023.

We are most grateful for the support of our Patron, Her Late Majesty Queen Elizabeth II, our President, The Duke of Kent, the "Friends" of the Hospital, individual donors and many loyal Trusts and Foundations.



Sir Richard Sykes
Trustee and Chair of the Board

22 January 2024

2 | Independent Auditor's Report to the Board of Trustees of King Edward VII's Hospital

Opinion

We have audited the accounts of King Edward VII's Hospital (the 'parent charity') and its joint venture (the 'group') for the year ended 31 March 2023 which comprise the group and parent charity statement of financial activities, balance sheets, statement of cash flows, the principal accounting policies and the notes to the accounts. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the accounts:

- give a true and fair view of the state of the group's and of the parent charity's affairs as at 31 March 2023 and of their 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 Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the accounts section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the accounts 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 accounts, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the accounts 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 and parent charity's ability to continue as a going concern for a period of at least twelve months from when the accounts 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 trustees are responsible for the other information. The other information comprises the information included in the annual report and accounts, other than the accounts and our auditor's report thereon. Our opinion on the accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts or our knowledge obtained in 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 there is a material misstatement in the accounts 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the trustees' annual report is inconsistent in any material respect with the accounts; or
- sufficient accounting records have not been kept by the parent charity; or
- the parent charity accounts 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 the accounts 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 accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the trustees are responsible for assessing the group's and the parent 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 group or the parent charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the accounts

Our objectives are to obtain reasonable assurance about whether the accounts 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 accounts.

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:

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

- the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we obtained an understanding of the legal and regulatory frameworks that are applicable to the Hospital and determined that the most significant frameworks which are directly relevant to specific assertions in the accounts are those that relate to the reporting framework (Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102)), the Charities Act 2011, those that relate to data protection (General Data Protection Regulation) and health and safety, and the regulatory framework for Hospitals (the Health and Social Act 2008 regulated by the Care Quality Commission); and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

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

- making enquiries of key management as to where they considered there was susceptibility to fraud and 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 and reviewed journal entries to identify unusual transactions;
- tested the authorisation of expenditure, ensuring expenditure was approved in line with the Hospital's financial procedures;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

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

- agreeing financial statement disclosures to underlying supporting documentation;
- reviewing the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims.

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

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

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at 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 charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and with regulations made under section 154 of that Act. 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 the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

30 January 2024

Buzzacott LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

3 Consolidated Financial Statements

Statement of financial activities year ending 31 March 2023

	Notes	Unrestricted funds £'000	Restricted funds £'000	Total 2023 £'000	Unrestricted funds £'000	Restricted funds £'000	Total 2022 £'000
Income from:							
Donations and legacies	1	**1,563**	**3,460**	**5,023**	648	4,458	5,106
Investment income and interest receivable	2	**246**	**-**	**246**	309	-	309
Charitable activities							
Patient charges	3	**37,589**	**-**	**37,589**	34,242	-	34,242
Other income	3	**1,044**	**-**	**1,044**	703	-	703
Net interest in results of joint venture	2a	**-**	**181**	**181**	-	-	-
Total income		**40,442**	**3,641**	**44,083**	35,902	4,458	40,360
Expenditure on:							
Raising funds	4	**(772)**	**-**	**(772)**	(371)	-	(371)
Charitable activities							
Provision of patient services	5	**(51,711)**	**(188)**	**(51,899)**	(43,379)	(317)	(43,696)
Grants	7	**-**	**(159)**	**(159)**	-	(136)	(136)
Total expenditure		**(52,483)**	**(347)**	**(52,830)**	(43,750)	(453)	(44,203)
Net (expenditure) income before gains and losses on investments		**(12,041)**	**3,294**	**(8,747)**	(7,848)	4,005	(3,843)
Net investment (losses) gains on listed investments	11	**(644)**	**-**	**(644)**	402	-	402
Net (expenditure) income		**(12,685)**	**3,294**	**(9,391)**	(7,446)	4,005	(3,441)
Other recognised gains and losses							
Actuarial (losses) gains on defined benefit pension scheme	14	**(250)**	**-**	**(250)**	597	-	597
Transfers between funds	17	**2,689**	**(2,689)**	**-**	7,485	(7,485)	-
Net movement in funds		**(10,246)**	**605**	**(9,641)**	636	(3,480)	(2,844)
Reconciliation of funds:							
Balances at 1 April		**46,584**	**7,210**	**53,794**	45,948	10,690	56,638
Balances at 31 March		**36,338**	**7,815**	**44,153**	46,584	7,210	53,794

All the Hospital's activities reflected in the above two financial years were derived from continuing operations. All recognised gains and losses are included in the above statement.

Balance sheet (Group) 31 March 2023

	Notes	2023 £'000	2023 £'000	2022 £'000	2022 £'000
Fixed assets					
Tangible assets	10		**34,360**		34,267
Investments	11		**6,017**		10,307
Joint venture			**181**		-
			40,558		44,574
Current assets					
Stock		**1,632**		1,582	
Debtors	12	**7,588**		8,597	
Cash at bank and in hand		**3,372**		6,289	
		12,592		16,468	
Creditors: amounts falling due within one year	13	**(7,264)**		(5,172)	
Net current assets			**5,328**		11,296
Creditors: amounts falling due > 1 year	13a		**(1,733)**		(2,075)
Total net assets excluding pension liability			**44,153**		53,794
Pension asset/(liability)	14		**-**		-
Total net assets including pension liability			**44,153**		53,794
The funds of the charity:					
Unrestricted funds					
Designated funds	15	-		8,932	
Fixed assets fund	16	32,167		31,735	
General funds (free reserves)		4,171		5,917	
			36,338		46,584
Restricted funds	17				
Capital campaign fund		6,565		6,324	
Other restricted funds		1,250		886	
			7,815		7,210
Total funds			**44,153**		53,794

Approved by the Board of Trustees on 22 January 2024 and signed on its behalf by:

Chairman of the Board

Chief Executive

Balance sheet (Charity only) 31 March 2023

	Notes	2023 £'000	2023 £'000	2022 £'000	2022 £'000
Fixed assets					
Tangible assets	10		**34,360**		34,267
Investments	11		**6,017**		10,307
Investment in related parties			**1,879**		-
			42,256		44,574
Current assets					
Stock		**1,632**		1,582	
Debtors	12	**7,610**		8,597	
Cash at bank and in hand		**3,372**		6,289	
		12,614		16,468	
Creditors: amounts falling due within one year	13	**(9,516)**		(5,172)	
Net current assets			**3,098**		11,296
Creditors: amounts falling due > 1 year	13a		**(1,733)**		(2,075)
Total net assets excluding pension liability			**43,621**		53,794
Pension asset/(liability)	14		**-**		-
Total net assets including pension liability			**43,621**		53,794
The funds of the charity:					
Unrestricted funds					
Designated funds	15	-		8,932	
Fixed assets fund	16	32,167		31,735	
General funds (free reserves)		3,820		5,917	
			35,987		46,584
Restricted funds	17				
Capital campaign fund		6,565		6,324	
Other restricted funds		1,069		886	
			7,634		7,210
Total funds			**43,621**		53,794

Approved by the Board of Trustees on 22 January 2024 and signed on its behalf by:

Chairman of the Board

Chief Executive

Consolidated cashflow statement 31 March 2023

	Notes	2023 £'000	2022 £'000
Net cash (used in) provided by operating activities	A	**(2,380)**	974
Net cash provided by (used in) investing activities	B	**192**	(1,620)
(Decrease) in cash and cash equivalents		**(2,188)**	(646)
Cash and cash equivalents at 1 April		**6,311**	6,957
Cash and cash equivalents at 31 March		**4,123**	6,311

Notes to the statement of cash flows for the year ended 31 March 2023

A Reconciliation of net (expenditure) to net cash provided by operating activities

	2023 £'000	2022 £'000
Net (expenditure) income per statement of financial activities	**(9,391)**	(3,441)
Adjustments:		
Investment losses (gains)	**644**	(402)
Defined benefit pension scheme adjustment	**250**	202
Depreciation charge	**3,654**	2,288
Investment income receivable	**(246)**	(309)
(Increase) in stocks	**(50)**	(154)
Decrease in debtors	**1,009**	1,094
Increase in creditors	**1,750**	1,696
Net cash (used in) provided by operating activities	**(2,380)**	974

B Net cash provided by (used in) investing activities

	2023 £'000	2022 £'000
Payments to acquire tangible fixed assets	**(5,100)**	(11,540)
Receipts from disposals of investments	**3,900**	10,451
Movement in cash held as investments	**729**	(102)
Movement on revaluation of investments	**425**	(738)
Investment income received	**238**	309
	192	(1,620)

C Analysis of cash and cash equivalents

	2023 £'000	2022 £'000
Cash at bank and in hand	**3,372**	6,289
Cash held by investment managers	**751**	22
Total	**4,123**	6,311

D Analysis of changes in net debt

	At 1 April £'000	Cashflows £'000	Finance leases £'000	At 31 March £'000
Cash at bank	6,289	(2,917)	-	**3,372**
Cash held by investment managers	22	729	-	**751**
Finance lease obligations	(2,532)	339	-	**(2,193)**
Total	**3,779**	**(1,849)**	-	**1,930**

4 | Principal accounting policies

31 March 2023

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

Basis of preparation
These financial statements have been prepared for the year to 31 March 2023.

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

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (Charities SORP), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

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

In the consolidated accounts, the joint venture agreement with LUS@KEVII Ltd has been accounted for using the equity method. The net gain from the joint venture is recorded in net income. On the balance sheet, the net carrying value of the investment in the joint venture is shown in investments, and as it is held primarily to further the purposes of the charity, it is treated as a component of restricted funds.

In the Charity's own accounts, a joint venture investment is included in its accounts as an investment at cost (the value of any funds transferred at the inception of the joint venture entity) less impairment (the cost model) or, if the fair value of the charity's interest can be measured reliably, the charity may opt to measure its interest at fair value.

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

Principal accounting policies 31 March 2023

Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the Board of Trustees and management to make significant judgements and estimates.

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

- estimating the useful economic life of tangible fixed assets for the purposes of calculating the depreciation charge;
- estimating the recoverability of debtors and determining any necessary provision for bad or doubtful debts;
- estimating any provision needed against slow moving or obsolete stock;
- estimating the value of income in respect to unbilled patients at the year-end date;
- estimating accrued expenditure;
- assessing the appropriateness of the underlying assumptions made by the actuary in the valuation of the defined benefit pension scheme;
- estimating future income and expenditure flows for the purpose of assessing going concern (see below).

Assessment of going concern

The Board of Trustees has assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The Board of Trustees has made this assessment in respect of a period of at least one year from the date of approval of these financial statements.

There are significant pledged donations and other forms of funding to support the planned redevelopments in 2023-24, and in addition to this, the Hospital has put in place and is exploring further commercial partnership arrangements and opportunities.

The Board of Trustees has concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the Charity to continue as a going concern. The Board of Trustees is of the opinion that the Charity will have sufficient resources to meet its liabilities as they fall due.

Scope of the financial statements
The financial statements include the net assets and transactions of a linked charity, The Charity of Alexander Michael Levy which is held as a restricted fund (see note 17).

Income recognition
Income is recognised in the period in which the Charity has entitlement to the income, the amount of income can be measured reliably and it is probable that the income will be received.

Income comprises donations, legacies, investment income, interest receivable and income from patient services provided as part of the operation of an independent acute Hospital.

Donations are recognised when the Charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for when the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the Charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the Charity and it is probable that those conditions will be fulfilled in the reporting period.

In accordance with the Charities SORP FRS 102, volunteer time is not recognised. Legacies are included in the statement of financial activities when the Charity is entitled to the legacy, the executors have established that there are sufficient surplus assets in the estate to pay the legacy, and any conditions attached to the legacy are within the control of the Charity.

Entitlement is taken as the earlier of the date on which: the Charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor to the Charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the Charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the Charity or the Charity is aware of the granting of probate, but the criteria for income recognition have not been met, the legacy is treated as a contingent asset and disclosed if material. In the event that the gift is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title of the asset having been transferred to the Charity.

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Charity; this is normally upon notification of the interest paid or payable by the bank.

Income generated from patient services in the operation of an independent acute Hospital is recognised to the extent that it is probable that the economic benefits will flow to the Charity and the revenue can be reliably measured. It is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the Charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis and inclusive of irrecoverable VAT. Expenditure comprises direct costs and indirect administrative costs. All expenses, including indirect costs, are allocated to the applicable expenditure headings of raising funds, the provision of patient services and grants payable, as appropriate. Indirect or administrative costs represent indirect charitable expenditure. In order to carry out the primary purposes of the Charity, it is necessary to provide support in the form of personnel development, financial procedures, provision of office services and equipment and a suitable working environment.

Governance costs comprise the costs involving the public accountability of the Charity (including audit costs) and costs in respect to its compliance with regulation and good practice.

Indirect costs and governance costs are allocated in the main to the cost of providing patient services with a small amount of administrative expenditure allocated to raising funds. Such allocation is made on a pro rata basis.

Grants are made following a review of the details of each particular case and comprise single payments. Grants and donations are included in the statement of financial activities when approved for payment. Provision is made for grants and donations approved but unpaid at the period end.

All expenditure is stated inclusive of any irrecoverable VAT.

Principal accounting policies 31 March 2023

Tangible fixed assets
All assets costing more than £1,000 and having an estimated useful life of not less than two years are capitalised and depreciated.

Hospital properties and other tangible fixed assets are stated at cost less accumulated depreciation. Assets under construction are stated at cost and depreciated only once they become available for use.

Depreciation of equipment is calculated on a straight-line basis at rates between 15% and 25% per annum, and estimated to write-off the cost of those assets over their estimated useful lives.

Depreciation is not provided on leasehold properties (excluding the new King Edward VII's Medical Centre) until the remaining period of the lease is less than eighty years. Thereafter depreciation is provided on a straight-line basis designed to write off the cost of structures over the remaining period of the lease.

The new King Edward VII's Medical Centre has a 30-year lease period and the components of construction, equipment and IT-related costs are depreciated in line with each class of asset. Building construction is depreciated over 25 years and other components such as equipment, fixtures and fittings and IT are depreciated between 10% and 25% per annum based on initial cost.

Expenditure on plant, fixtures and internal works within the buildings is depreciated at rates of between 4% and 10% per annum based on cost.

Investments
Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

The Charity does not acquire put options, derivatives or other complex financial instruments.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date.

Realised and unrealised investment gains (or losses) are credited (or debited) in the statement of financial activities in the year in which they arise.

Stocks
Stocks comprising pharmaceutical supplies and Hospital consumables are stated at the lower of cost and net realisable value.

Principal accounting policies 31 March 2023

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid.

Cash at bank and in hand

Cash at bank and in hand represents such financial statements and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

Creditors and provisions

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

Pensions

The Hospital operates a defined benefit pension scheme for eligible employees, which was closed to new entrants in October 2000. The assets of the scheme are held and managed separately from those of the Hospital. Pension scheme assets are measured at fair value at each balance sheet date under FRS 102. Liabilities are measured on an actuarial basis using the projected unit method. The net of these two figures is recognised as an asset (capped at £nil) or liability on the balance sheet. Any change in the asset or liability between balance sheet dates is reflected in the statement of financial activities.

Fund structure

The unrestricted general funds comprise the monies which may be used towards meeting the charitable objectives of the Charity, for use at the discretion of the Board of Trustees.

The pension reserve represents the FRS 102 pension asset (capped at £nil) or liability on the Hospital's defined benefit pension scheme as calculated by the scheme's actuaries as at the balance sheet date.

The fixed assets fund represents the net book value of the Hospital's tangible fixed assets, excluding those assets financed by restricted funds.

The designated funds are monies set aside out of general funds and designated for specific purposes by the Trustees.

The restricted funds are monies raised for, and their use restricted to, a specific purpose, or donations subject to donor imposed conditions.

Leased assets

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight-line basis over the term of the lease.

5 Notes to the Financial Statements

31 March 2023

1 Donations and legacies

	Unrestricted funds £'000	Restricted funds £'000	Total 2023 £'000
Legacies	814	311	**1,125**
Other donations			
Individuals	425	26	**451**
Thompson Family Charitable Trust	-	2,814	**2,814**
Grant giving organisations	324	309	**633**
Total funds	**1,563**	**3,460**	**5,023**

	Unrestricted funds £'000	Restricted funds £'000	Total 2022 £'000
Legacies	180	-	180
Other donations			
Individuals	228	101	329
Kantor Charitable Foundation	-	3,000	3,000
Thompson Family Charitable Trust	-	971	971
Grant giving organisations	240	386	626
Total funds	648	4,458	5,106

2 Investment income and interest receivable

	Unrestricted funds £'000	Restricted funds £'000	Total 2023 £'000
Income from listed investments:			
Sarasin Charity Authorised Investment Fund	238	-	**238**
Bank interest	8	-	**8**
Total funds	**246**	**-**	**246**

	Unrestricted funds £'000	Restricted funds £'000	Total 2022 £'000
Income from listed investments:			
Sarasin Charity Authorised Investment Fund	309	-	309
Bank interest	-	-	-
Total funds	309	-	309

2a Interest in results of Joint Venture

On 18 July 2022, King Edward VII's Hospital formed a new entity called LUS@KEVII Ltd, which started trading on 1 January 2023. On 1 January 2023, LUS Limited acquired 22.5% of the shares in LUS@KEVII Ltd for consideration of £546,000. The remaining 77.5% of the shares in LUS@KEVII Ltd are held by the Charity.

The results for the Hospital's share of this venture is summarised in the table below.

	Unrestricted funds £'000	Restricted funds £'000	Total 2023 £'000
Turnover	-	1,383	1,383
Admin expenses	-	(1,202)	(1,202)
Retained profit for the year	**-**	**181**	**181**
Net assets b/f	-	-	-
Net assets c/f	**-**	**181**	**181**
Being:			
Fixed Assets	-	-	-
Current assets	-	288	288
Current liabilities	-	(107)	(107)
Net assets	**-**	**181**	**181**

3 Income from charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2023 £'000
Patient charges	37,589	-	**37,589**
Other income	1,044	-	**1,044**
Total funds	**38,633**	-	**38,633**

	Unrestricted funds £'000	Restricted funds £'000	Total 2022 £'000
Patient charges	34,242	-	34,242
Other income	703	-	703
Total funds	34,945	-	34,945

All income from charitable activities is unrestricted. Patient fees are stated net of the subsidies made to ex-service and serving military personnel or veterans in line with the Hospital's charitable objective. The benefit to this group of patients amounted to £96,389 for 63 patients (2022: £82,878 for 69 patients)

Other income includes consultant room revenue of £964,000 (2022: £619,000). For 2023, there was no income for rental of staff accommodation (2022: £75,000).

4 Raising funds

	Unrestricted funds £'000	Restricted funds £'000	Total 2023 £'000
Staff costs (note 6)	287	-	**287**
Other direct costs	324	-	**324**
Investment management fee rebate	(16)	-	**(16)**
Total direct costs	**595**	**-**	**595**
Allocated indirect costs (note 5)	177	**-**	**177**
Total funds	**772**	**-**	**772**

	Unrestricted funds £'000	Restricted funds £'000	Total 2022 £'000
Staff costs (note 6)	202	**-**	202
Other direct costs	84	**-**	84
Investment management fee rebate	(27)	**-**	(27)
Total direct costs	259	-	259
Allocated indirect costs (note 5)	112	**-**	112
Total funds	371	-	371

5 Provision of patient services

Expenditure on the provision of patient services comprises expenses relating wholly or mainly to the delivery of medical and nursing care; it includes the costs of doctors, nurses and support staff, premises costs, supplies and bought services as follows:

	Unrestricted funds £'000	Restricted funds £'000	Total 2023 £'000
Surgical and pharmaceutical supplies	14,764	-	**14,764**
Provisions and domestic supplies	929	-	**929**
Staff costs (note 6)	17,291	-	**17,291**
Agency staff	2,681	-	**2,681**
Repairs, renewals and maintenance	2,210	-	**2,210**
Accommodation and administration expenses	10,545	-	**10,545**
Pain Management Programme	-	188	**188**
Depreciation and amortisation	3,659	-	**3,659**
Corporation tax - Joint Venture	59		**59**
	52,138	**188**	**52,326**
Costs allocated to raising funds (note 4)	(177)	-	(177)
Defined benefit pension scheme FRS 102 adjustment (note 14)	(250)	-	**(250)**
Total funds	**51,711**	**188**	**51,899**

	Unrestricted funds £'000	Restricted funds £'000	Total 2022 £'000
Surgical and pharmaceutical supplies	13,339	-	13,339
Provisions and domestic supplies	721	-	721
Staff costs (note 6)	15,203	-	15,203
Agency staff	2,380	-	2,380
Repairs, renewals and maintenance	1,720	-	1,720
Accommodation and administration expenses	8,101	-	8,101
Pain Management Programme	-	258	258
Depreciation and amortisation	2,229	59	2,288
	43,693	317	44,010
Costs allocated to raising funds (note 4)	(112)	-	(112)
Defined benefit pension scheme FRS 102 adjustment (note 14)	(202)	-	(202)
Total funds	43,379	317	43,696

Restricted fund depreciation represents depreciation on assets financed by specific donations. Included within administration expenses is the auditor's remuneration of £41,850 (2022: £40,000) in respect of the audit of the statutory financial statements and fees payable to the auditor for other services, including the audit of the pension scheme £8,900 (2022: £8,550).

6 Staff costs

	2023 £'000	2022 £'000
Staff costs, excluding the costs of agency staff, comprise:		
Wages and salaries	15,217	13,333
Social security costs	1,637	1,410
Pension costs – defined benefit scheme (note 14)	256	263
Pension costs – group personal pension plans (note 14)	255	221
Pension costs – defined contribution pension plan (note 14)	213	178
	17,578	15,405
These costs are allocated as follows:		
Provision of patient services (note 5)	17,291	15,203
Expenditure on raising funds (note 4)	287	202
	17,578	15,405

Salary costs include restructuring costs of £202,494 in respect of 12 people (2022: £37,297, 5 people). Salary costs include a holiday pay accrual of £50,523 (2022: £57,817) which represents annual leave carried forward for up to five days, as permitted in the HR policy.

	2023 No. of staff	2022 No. of staff
The average number of full and part time permanent staff is split as follows:		
Clinical	**189**	179
Service support	**127**	122
Administration	**83**	72
	399	373

	2023 No. of staff	2022 No. of staff
The number of employees whose emoluments exceeded £60,000 including taxable benefits but excluding employer's pension and national insurance contributions was as follows:		
£60,001 - £70,000	**15**	11
£70,001 - £80,000	**7**	6
£80,001 - £90,000	**8**	4
£90,000 - £100,000	**1**	-
£100,001 - £110,000	**2**	2
£110,001 - £120,000	**3**	-
£120,001 - £130,000	**-**	1
£130,001 - £140,000	**1**	-
£150,001 - £180,000	**1**	-
£180,001 - £190,000	**-**	1
	38	25

No member of the Board of Trustees received remuneration for their services or had their expenses reimbursed during either year.

6 Staff costs *(continued)*

The key management personnel of the Charity in charge of directing and controlling, running and operating the Charity on a day-to-day basis comprise the Board of Trustees and the Executive Committee detailed on page 8, 9 and 10 of this Annual Report and Financial Statements. The total remuneration (including taxable benefits and employer's pension and national insurance contributions) of the key management personnel for the year was £1,232,780 (2022: £1,290,200).

7 Grants payable

	2023 £'000	2022 £'000
Outstanding commitments at 1 April	9	23
Awarded during the year	159	122
Paid during the year	(159)	(136)
Outstanding commitments at 31 March	9	9

Grants paid during the year of £159,028 (2022: £136,271) represent amounts paid to ex-Service and serving military personnel or veterans, inpatients and outpatients, during the period to assist with Hospital fees. Grants are made from a restricted fund of the Charity (note 17).

Liabilities for grants represent the unpaid balance on grants awarded by the Charity as at the balance sheet date. They relate to current activities funded by the Charity to which it is firmly committed.

8 Indemnity insurance

During the period the Hospital renewed insurance to protect it from loss arising from any wrongful or dishonest act by any member of the Board of Trustees, officer or employee and to indemnify any member of the Board of Trustees, officer or employee against the consequence of any wrongful act on their part. The total cover provided by such insurance was £5 million (2022: £5 million) and the total premium paid in respect of such insurance was £11,200 (2022: £11,200).

9 Taxation

King Edward VII's Hospital is a registered Charity and therefore is not liable to income tax or corporation tax on income or gains derived from its charitable activities, as they fall within the various exemptions available to registered charities.

The joint venture subsidiary LUS@KEVII is subject to corporation tax on profits and the charge levied for 2022-23 is £59,000.

The Hospital is not able to reclaim all VAT suffered on expenditure due to the partial exemption rules. Irrecoverable VAT is included as part of the appropriate expenditure category.

9 Taxation *(continued)*

The linked charity, The Charity of Alexander Michael Levy, is also not liable to income tax, corporation tax or capital gains tax on income or gains derived from its charitable activities.

10 Tangible fixed assets

Group	Assets under construction	Long leasehold buildings	Equipment, fixtures and fittings	2023 Total
	£'000	£'000	£'000	£'000
Cost				
As at 1 April 2022	2,525	28,725	29,971	**61,221**
Additions during the year	3,107	-	1,993	**5,100**
Transfers	(67)	-	67	-
Insurance reimbursement and adjustments to accruals	-	(290)	(39)	**(329)**
Disposals	-	-	(6)	**(6)**
Capital write-offs	(1,018)	-	-	**(1,018)**
As at 31 March 2023	**4,547**	**28,435**	**31,986**	**64,968**
Accumulated depreciation				
As at 1 April 2022	-	12,231	14,723	**26,954**
Charge for the year	-	849	2,805	**3,654**
On disposals	-	-	-	**-**
As at 31 March 2023	**-**	**13,080**	**17,528**	**30,608**
Net book values				
As at 31 March 2023	**4,547**	**15,355**	**14,458**	**34,360**
As at 31 March 2022	2,525	16,494	15,248	34,267

The Hospital holds property under long leasehold interest. In accordance with the Hospital's accounting policy, these assets are stated at cost less accumulated depreciation. At 31 March 2023, the net book value of the Hospital's long leasehold properties was £8.91 million. This excludes the King Edward Medical Centre which is held under a 30-year lease.

The properties were formally valued with professional assistance as at 1 August 2021 by a registered valuer at Chalkhouse Chartered Surveyors in accordance with the Royal Institution of Chartered Surveyors (RICS) valuation professional standards. The long leasehold interests were valued at a sum of £82.35 million. This valuation has not been reflected in these financial statements as the Hospital's accounting policy is for tangible fixed assets to be held at cost and depreciated over their useful lives.

11 Investments

Group	Total 2023 £'000	Total 2022 £'000
Balance as at 1 April	10,307	20,019
Income earned (Note 2)	238	309
Realised gains in year	1,380	1,142
Unrealised (losses) in year	(2,024)	(739)
Investment management fee rebate (Note 4)	16	27
Cash withdrawals	(3,900)	(10,451)
Balance as at 31 March	**6,017**	10,307

Investments are managed on the Hospital's behalf by Sarasin, with performance and composition reviewed regularly by Trustees.

Listed investments held at 31 March 2023 comprised the following:

	2023 £'000	2022 £'000
Charity authorised investment funds	4,728	9,932
Diversified money market fund	538	353
	5,266	10,285
Cash held for reinvestment	751	22
Total funds	**6,017**	10,307

The Charity authorised investment funds hold assets in the UK and overseas.

At 31 March 2023, the following individual holdings were deemed material in comparison with the market value of the listed portfolio held at that date:

	Book cost	Market value	Percentage of total portfolio 2023
	£'000	£'000	%
Sarasin Endowments Fund Class A Inc (Long-term portfolio)	3,202	4,717	78.4%
ICS-Sterling Liquidity Fund - ACC (Short-term portfolio)	1,283	1,289	21.4%
Sarasin Income and Reserves Class A Acc (Medium-term portfolio)	65	11	0.2%
	4,550	**6,017**	**100%**

	Book cost	Market value	Percentage of total portfolio 2022
	£'000	£'000	%
Sarasin Endowments Fund Class A Inc (Long-term portfolio)	6,310	9,926	96.3%
ICS-Sterling Liquidity Fund - ACC (Short-term portfolio)	367	370	3.6%
Sarasin Income and Reserves Class A Acc (Medium-term portfolio)	62	11	0.1%
	6,739	10,307	100%

12 Debtors

	Group 2023 £'000	Charity only 2023 £'000	Group 2022 £'000	Charity only 2022 £'000
Patient charges receivable	5,998	5,998	5,119	5,119
Accrued income	258	258	2,042	2,042
Prepayments	1,273	1,273	1,404	1,404
Other debtors	59	81	32	32
	7,588	**7,610**	8,597	8,597

13 Creditors: amounts falling due within one year

	Group 2023 £'000	Charity only 2023 £'000	Group 2022 £'000	Charity only 2022 £'000
Expense creditors	2,143	2,143	1,067	1,067
Accruals	3,070	3,070	2,758	2,758
Payments on account	483	483	134	134
Other creditors	1,108	563	756	756
Amounts due to related parties	-	2,797	-	-
Finance lease	460	460	457	457
	7,264	**9,516**	5,172	5,172

13a Creditors: amounts falling > 1 year

	Group 2023 £'000	Charity only 2023 £'000	Group 2022 £'000	Charity only 2022 £'000
Finance lease	1,733	1,733	2,075	2,075
	1,733	**1,733**	2,075	2,075

The finance lease relates to the purchase of the major imaging equipment in the King Edward VII's Medical Centre.

14 Pension commitments – Group

Throughout both 2023 and 2022, King Edward VII's Hospital operated an auto-enrolment pension scheme, a group personal pension plan and a defined benefit pension scheme. Details of the schemes are as follows:

	NOW	Aviva	Clerical Medical
	£'000	**£'000**	**£'000**
Employer contributions made in the year ended 31 March 2023	**213**	**255**	**256**
	%	**%**	**%**
Employer minimum contribution	**3.0**	**5.0**	**26.4**
Employee minimum contribution	**4.5**	**3.0**	**8.0**
	No. of staff	**No. of staff**	**No. of staff**
Active employee members of scheme as at 31 March 2023	**191**	**68**	**5**

14 Pension commitments – Group *(continued)*

Auto-enrolment pension scheme
Our main pension scheme is a defined contribution pension scheme operated by NOW pensions. Employer contributions payable for all schemes during the prior period were £213,000.

Group personal pension plan
Employees have the option of joining the Aviva group personal pension plan. Employer contributions payable during the prior period were £255,000,

Defined benefit pension scheme
The assets are held separately from those of the Hospital by Clerical Medical Investment Group Limited. The pension cost relating to the scheme is assessed in accordance with the advice of a qualified actuary using the attained age method.

The scheme was closed to new members with effect from 1 October 2000.

The latest triennial actuarial valuation of this scheme carried out by Mr Tom McDougall, a fellow of the Institute of Actuaries, was as at 1 October 2019. At the date of valuation, the scheme assets had a market value of £7.1 million and the actuarial value of those assets represented 95% of the benefits that had accrued to members, after accounting for expected future increases in earnings.

The funding basis assumptions made by the actuary were agreed by the Board of Trustees and Pension Trustees. The assumptions having the most significant effect on the results of the valuation are that the investment return would be 2.0% per annum before retirement and that salaries will increase at a rate 1.7% per annum compound.

The deficit following the triennial valuation was £987,000. A recovery plan was agreed by the Board of Trustees which required annual recovery contributions of £218,004 for 3 years 8 months from 1 October 2020 to 30 May 2024. This equates to an additional £18,167 per month.

The normal contributions for the year to 31 March 2023 were £256,000 (2022: £263,000). The contributions made by the employer in the period to 31 March 2023 were at the rate of 26.4% (2022: 29.6%) of pensionable salaries less members contributions.

Members' contributions in the period were 8% of pensionable salary for members who wished to retain a normal retirement age of 65, or 10% for members who wished to retain a normal retirement age of 60 years. Death in service insurance premiums were payable in addition by the employer.

14 Pension commitments – Group *(continued)*

Defined benefit pension scheme *(continued)*

The following information required by FRS 102 is based upon the full actuarial valuation of the scheme updated to 31 March 2023 by the Hospital Pension Fund Managers, Mercers.

Under FRS 102 the fair value of the assets and the deficit in the scheme is as shown below:

	2023 £'000	2022 £'000
Fair value of scheme assets	**16,528**	18,973
Present value of scheme liabilities	**(14,479)**	(18,597)
Surplus in the scheme	**2,049**	376
Net pension asset	**2,049**	376

Under FRS 102, the net pension asset is capped at nil value on the balance sheet as any surplus disclosed may not be recoverable.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	Assets at 31 March 2023 £'000	Proportion at 31 March 2023 %	Assets at 31 March 2022 £'000	Proportion at 31 March 2022 %
Equities (including property)	**3,396**	**21%**	3,694	19%
Bonds	**1,561**	**9%**	1,216	6%
Insured pensions	**10,850**	**66%**	13,513	71%
Cash	**721**	**4%**	550	4%
Total	**16,528**	**100%**	18,973	100%

The major assumptions used by the actuary (in normal terms) were:

	2023 %	2022 %
Consumer Price Inflation (CPI)	**2.50%**	2.90%
Salary escalations	**3.50%**	3.90%
Pension increases:		
RPI subject to a maximum of 4%	**2.70%**	3.20%
RPI subject to a maximum of 5%	**3.00%**	3.50%
RPI subject to a maximum of 7%	**3.20%**	3.80%
Discount rate (pre and post retirement)	**4.90%**	2.80%

14 Pension commitments – Group *(continued)*

Defined benefit pension scheme *(continued)*

The following information required by FRS 102 is based upon the full actuarial valuation of the scheme updated to 31 March 2023 by the Hospital Pension Fund Managers, Mercers.

Assuming retirement at age 65, the life expectancies in years are as follows:

	At 31 March 2023 Years	At 31 March 2022 Years
For a male aged 65 now	**22.1**	22.0
At 65 for a male member aged 45 now	**23.8**	23.7
For a female aged 65 now	**24.1**	24.0
At 65 for a female member aged 45 now	**25.9**	25.8

FRS 102 specifies the projected unit method for the current service cost. The scheme is closed to new entrants, so the average age and hence the current service cost is likely to rise.

The scheme has a number of purchased annuities in respect of past retirements. To the extent that these fully match the associated liabilities they have been excluded from both the assets and the liabilities at each accounting date.

	2023 £'000	2022 £'000
Analysis of amount charged to statement of financial activities		
Current service cost (excluding insured death-in-service benefits)	**28**	31
Operating charge	**28**	31
Analysis of net return on pension scheme		
Interest income on pension scheme assets	**523**	385
Interest cost on scheme liabilities	**(510)**	(399)
Net finance income (charge)	**13**	(14)
Other recognised gains and losses		
Asset return less interest income	**(2,409)**	(357)
Experience (losses)/gains on benefit obiligations	**(813)**	203
Effect of assumptions changes on benefit obligation	**4,645**	1,127
Actuarial gains	**1,423**	973
Reconciliation of actuarial gain on defined benefit pension scheme		
Actuarial gain	**1,423**	973
Net defined benefit liability (asset)	**(1,673)**	(376)
Actuarial (losses) gains on defined benefit pension scheme per SOFA	**(250)**	597

14 Pension commitments – Group *(continued)*

Defined benefit pension scheme *(continued)*

The movement in the deficit during the period is as follows (unless otherwise specified, the figures calculated are based on the assumptions as at the beginning of the period):

	2023 £'000	2022 £'000
Surplus (deficit) in scheme at 1 April	**376**	(799)
Movement in period:		
Current service cost	**(28)**	(31)
Contributions	**265**	247
Net finance income (charge)	**13**	(14)
Actuarial gains	**1,423**	973
Surplus in scheme at 31 March	**2,049**	376

Reconciliation of opening and closing balances of the present value of the scheme liabilities:

	2023 £'000	2022 £'000
Scheme liabilities at 1 April	**18,597**	20,378
Interest cost	**510**	399
Current service cost	**28**	31
Contributions by plan participants	**10**	10
Actuarial (gain)	**(3,832)**	(1,330)
Benefits paid	**(834)**	(891)
Scheme liabilities at 31 March	**14,479**	18,597

Reconciliation of opening and closing balances of the fair value of the scheme assets:

	2023 £'000	2022 £'000
Fair value of scheme assets at 1 April	**18,973**	19,579
Interest income	**523**	385
Asset (losses)	**(2,409)**	(357)
Contributions by employer	**265**	247
Contributions by plan participants	**10**	10
Benefits paid	**(834)**	(891)
Fair value of plan assets at 31 March	**16,528**	18,973

15 Designated funds

The income funds of the charity included a designated fund which had been set aside out of unrestricted funds by the Trustees for the Hospital development project. At 31 March 2023, the designated funds have been transferred to general funds (2022: £8,932,000).

16 Fixed assets fund

Group	As at 1 April 2022 £'000	Movement in year £'000	As at 31 March 2023 £'000
Fixed asset fund	31,735	432	32,167

	As at 1 April 2021 £'000	Movement in year £'000	As at 31 March 2022 £'000
Fixed asset fund	25,017	6,718	31,735

The fixed assets fund represents the net book value of the Hospital's tangible fixed assets, excluding those represented by restricted funds. The tangible fixed assets are separated from the Hospital's general funds in recognition of the fact that the assets are used in the day-to-day work of the Hospital and are not, therefore, able to be realised in order to meet future contingencies or expenditure.

17 Restricted funds

Group	As at 1 April 2022 £'000	Income £'000	Expenditure £'000	Capital expenditure £'000	Transfers £'000	As at 31 March 2023 £'000
120th Anniversary Appeal fund	6,324	-	-	-	(6,324)	-
Capital Campaign fund	(184)	3,114	-	(2,689)	6,324	**6,565**
Next Chapter Appeal fund	-	11	-	-	-	**11**
Freemasons fund	8	-	-	-	-	**8**
Joint Venture fund	-	181	-	-	-	**181**
Sister Agnes Benevolent fund	389	335	(347)	-	-	**377**
Alexander Michael Levy fund	673	-	-	-	-	**673**
	7,210	**3,641**	**(347)**	**(2,689)**	**-**	**7,815**

Charity only	As at 1 April 2022 £'000	Income £'000	Expenditure £'000	Capital expenditure £'000	Transfers £'000	As at 31 March 2023 £'000
120th Anniversary Appeal fund	6,324	-	-	-	(6,324)	-
Capital Campaign fund	(184)	3,114	-	(2,689)	6,324	**6,565**
Next Chapter Appeal fund	-	11	-	-	-	**11**
Freemasons fund	8	-	-	-	-	**8**
Sister Agnes Benevolent fund	389	335	(347)	-	-	**377**
Alexander Michael Levy fund	673	-	-	-	-	**673**
	7,210	**3,460**	**(347)**	**(2,689)**	**-**	**7,634**

17 Restricted funds *(continued)*

Group	As at 1 April 2021	Income	Expenditure	Capital expenditure	Transfers	As at 31 March 2022
	£'000	£'000	£'000	£'000	£'000	£'000
120th Anniversary Appeal Fund	10,674	233	-	(25)	(4,558)	6,324
King Edward VII Medical Centre Fund	(1,194)	3,000	(59)	(6,305)	4,558	-
Capital Campaign Fund	-	971	-	(1,155)	-	(184)
Freemasons Fund	8	-	-	-	-	8
Sister Agnes Benevolent Fund	529	254	(394)	-	-	389
Alexander Michael Levy Fund	673	-	-	-	-	673
	10,690	4,458	(453)	(7,485)	-	7,210

The 120th Anniversary Appeal Fund launched by the Board of Trustees in 2017 represents a fund for the three-year development of the Hospital, comprising the main Hospital, The King Edward VII's Medical Centre and diagnostic facilities. The balance of funds have been transferred to The Capital Campaign Fund, which supports the Capital Redevelopment Fund, which is the main fundraising appeal for the next four financial years.

The Joint Venture is a restricted fund relating to profit from the formation of a subsidiary with London Urology Specialists Ltd to form LUS@KEVII Ltd.

The Sister Agnes Benevolent Fund represents net monies available to provide future grants to ex-Service and serving military personnel or veteran patients to assist with payment of Hospital fees, and fund go towards the delivery of the Pain Management Programme.

The Charity of Alexander Michael Levy's constitution was amended in 2017. It extended the charity's objects and removed some restrictions on the beneficiary class, allowing surplus income and accumulated capital to be applied to the general purposes of King Edward VII's Hospital.

In 2019-20, the unrestricted funds of the Linked Charity were transferred to the unrestricted funds of the Hospital. The permanent endowment fund of the Linked Charity continues to be held as a restricted fund of the Hospital at 31 March 2023. Permanent endowment funds of the Linked Charity were £673,000 at 1 April 2022 and at 31 March 2023, which consisted solely of listed investments. There was no income and expenditure in the permanent endowment fund in 2022-23.

18 Analysis of net assets between funds

Group	General funds	Designated funds	Pension reserve	Fixed assets fund	Restricted funds	2023 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Tangible fixed assets	-	-	-	34,360	-	**34,360**
Investments	-	-	-	-	6,017	**6,017**
Joint venture	-	-	-	-	181	**181**
Net current assets	4,171	-	-	(460)	1,617	**5,328**
Long term lease liability	-	-	-	(1,733)	-	**(1,733)**
	4,171	**-**	**-**	**32,167**	**7,815**	**44,153**

Charity only	General funds	Designated funds	Pension reserve	Fixed assets fund	Restricted funds	2023 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Tangible fixed assets	-	-	-	34,360	-	**34,360**
Investments	-	-	-	-	6,017	**6,017**
Investment in related parties	1,879	-	-	-	-	**1,879**
Net current assets	1,941	-	-	(460)	1,617	**3,098**
Long term lease liability	-	-	-	(1,733)	-	**(1,733)**
	3,820	**-**	**-**	**32,167**	**7,634**	**43,621**

Group	General funds	Designated funds	Pension reserve	Fixed assets fund	Restricted funds	2022 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Tangible fixed assets	-	-	-	34,267	-	34,267
Investments	-	3,097	-	-	7,210	10,307
Net current assets	5,917	5,835	-	(457)	-	11,296
Long term lease liability	-	-	-	(2,075)		(2,075)
Pension liability						-
	5,917	8,932	-	31,735	7,210	53,794

19 Lease commitments

The Hospital's properties excluding the King Edward VII Medical Centre are held under leases with expiry dates in 2125. The total future rental to which the Hospital is committed as at 31 March 2023 under the terms of the various leases for the five year period up to the next rent review is £3,019,000 (2022 – £4,529,000).

The King Edward VII Medical Centre is held under a 30 year lease which started at the end of 2021 and which expires in 2051. The annual charge is £1,667,000 and there are rent reviews every 5 years. At 31 March 2023, the hospital has no commitments for future operating lease rental payments (2022 – £167,000).

20 Related party transactions

The role of Interim Chief Information Officer has been covered by a director of BCMB Consulting from 1 June 2021. The Hospital paid BCMB Consulting £118,328 for this service and other IT contractors in 2022/23 (2022: £41,500). There were no other related party transactions.

6 | Glossary of Abbreviations

ABF	Army Benevolent Fund
C2-Ai	Copeland Clinical Ai (clinical analytics company)
CCTV	Video surveillance
CNS	Clinical Nurse Specialist
COSHH	Control of Substances Hazardous to Health
COVID-19	Coronavirus Disease 2019
CPD	Continued Professional Development
CQC	Care Quality Commission
CRM	Customer Relationship Management
CVH	Centre for Veterans' Health
DNA	Did Not Attend
DSU	Day Surgery Unit
ENT	Ear, Nose and Throat
FIT	Feedback for Improving Teamworking
FOH	Front of House
GDPR	General Data Protection Regulation
GP	General Practitioner
HOLEP	Holmium Laser Enucleation of the Prostate
HR	Human Resources
HIFU	High Intensity Focused Ultrasound
ICP	Integrated Care Plan
IT	Information Technology
KEVII	King Edward VII's Hospital
KMC	King Edward VII's Hospital Medical Centre
KPI	Key Performance Indicators
LGBTQIA+	Lesbian, Gay, Bisexual, Transgender, Queer, Intersex, Asexual
LYMPHA	Lymphatic Microsurgical Preventive Healing Approach
MDT	Multi-Disciplinary Team
MDT-FIT	MDT Feedback for Improving Teamworking
MMR	Monitoring Mismatch Repair
MRI	Magnetic Resonance Imaging
NHS	National Health Service
NICE	National Institute for Health and Care Excellence

OPD	Outpatient
PAS	Patient Administration System
PCR	Polymerase Chain Reaction
PEC	Patient Experience Committee
PECR	Privacy and Electronic Communications Regulations
PHIN	Private Healthcare Information Network
PMI	Private Medical Insurance
PMP	Pain Management Programme
PPC	Pay-Per-Click
PPG	Patient Participation Group
PROMs	Patient Reported Outcome Measures
PSIRF	Patient Safety Incident Response Framework
QEP	Quality, Efficiency, Productivity
QIP	Quality Improvement Programme
QR	Quick Response
SEO	Search Engine Optimisation
SLA	Service Level Agreement
SMS	Short Message Service
SOP	Standard Operating Procedure
SPY-PHI	SPY Portable Handheld Imaging technology
SQL	Structured Query Language
UKHSA	UK Health Security Agency
VIPs	Very Important People
WHO	World Health Organisation
Wi-Fi	Wireless Network

KING EDWARD VII's
HOSPITAL

kingedwardvii.co.uk

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Registered Charity No. 208944

KING EDWARD VII'S HOSPITAL (SISTER AGNES)

England & Wales - Charity number 208944

Accounts

King Edward VII's Hospital

Annual Report and Financial Statements

31 March 2022

KING EDWARD VII's HOSPITAL

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1 Trustees' Annual Report

INTRODUCTION AND WELCOME FROM THE CHAIRMAN

King Edward VII's Hospital (Sister Agnes) has a proud history dating back over 120 years and enjoys an international reputation for offering the highest standards of care.

Chairman's statement

Firstly, I would like to convey my gratitude to the leadership team and all our staff for the commitment, dedication and energy they display year on year. Without them King Edward VII's Hospital would not be the centre of excellence for healthcare it is today.

As an independent charitable hospital, our commitment to caring for service personnel and veterans of the Armed Forces remains as strong today as it did when we were founded. We continue to build on our ethos of consistently delivering the highest standards of personalised, patient-centred care, in a safe and kind environment. We remain focused on taking forward our clinical strategy to be an elective secondary care hospital focused on our four patient-centred services, supported by a number of clinical support services. We continue to further refine this strategy to meet business needs and emerging opportunities.

From the early part of 2021, COVID-19 has presented the Hospital with significant challenges. Despite these difficulties, we have continued to focus on the future, laying the groundwork that will drive the Hospital's strategic objectives forward and support our four pillars of clinical excellence: musculoskeletal health, women's health, urology and digestive health.

As part of our on-going re-development programme, January 2022 saw the opening of our new outpatient and state-of-the-art diagnostic facility, King Edward VII's Hospital Medical Centre (KMC). Since its opening the centre has received extremely positive feedback from both patients and consultants. The opening of this centre has allowed us to expand our capacity and, as a result, we were able to welcome a total of 54,500 outpatients to the Hospital in the last 12 months.

The Day Surgery Unit was completed in early September 2021 and has been successfully brought into full commission by our theatre teams. Early reports from clinical consultants were very positive and the addition of this theatre has increased our operating capacity by 25%. The next phase of redevelopment work includes the refurbishment of the patient bedrooms across all three floors. A mock-up of a finished patient bedroom has been completed to allow for detailed feedback and understanding of the design options and quality standards to be achieved.

We continue to attract and retain leading consultants, further raising the profile of the Hospital, and ensuring strong relationships with key customer groups, which is critical to our growth plan. We are focused on enhancing our consultant mix, to align with our service model, and recognising both individuals and groups, who are committed to King Edward VII's Hospital.

We continue to encourage innovation and the development of collaborative ways of working, all underpinned by our values and ethos.

Our model of care brings together highly specialised, multi-disciplinary teams which include consultants, specialist nursing, radiology and other health professionals and the most up-to-date technology and facilities, not only because we think this is best for our patients, but because we firmly believe this is the future of providing excellence in healthcare.

Our workforce is the most valuable asset we have and our continued success depends upon it. The implementation of our integrated Human Resources (HR) strategy will not only focus on traditional HR practices, but will also encompass new performance and developmental tools, ensuring that our people help us to achieve our vision and strategic objectives. We have also refreshed our wellbeing strategy and have started implementing a revised approach to support employee wellbeing.

We can only truly excel when we fully engage with diversity in all its forms, in both our staff and our patients. Our aim is to recognise and embrace all differences, whether visible or hidden and for us all to work in a way that is inclusive.

To support our commitment and our journey to becoming a more inclusive and diverse organisation, we launched the KEVII Rainbow Badge Pledge in 2021. This voluntary scheme gives colleagues a visible way to show that the Hospital offers inclusive and non-judgmental care for patients, their families, carers and colleagues, who identify as LGBTQIA+. We are proud that one in three employees have signed the pledge this year and wear their badge with pride.

I am particularly proud of the many clinical innovations we have managed to implement this year. These include the introduction of the leading service for reflux in the UK and a dedicated genetics testing and counselling service. We are the first hospital in the country to introduce minimally invasive RefluxStop™ and remain the only independent London hospital offering the procedure. As a result, we are seeing not only patients from the UK, but from Europe and beyond seeking this treatment. In January 2022, the Hospital launched a dedicated genetics testing and counselling service, with its first pathway testing for inherited genes relating to breast cancer. Two significant elements of this service are the offer of testing to newly diagnosed patients and the built-in counselling available from one of the core team.

Technological development remains a priority for the Hospital and as such, we continue to invest in technology, including a cloud-based telecommunications system, which integrates with our own internal customer relationship management (CRM) system, enabling our team in the contact centre to provide a smooth and efficient patient journey. This introduction has helped streamline our inbound enquiries and customer service calls, ensuring all calls are automatically routed to the most appropriate team member and that all callers receive a consistently high quality service. This has led to increased patient and consultant satisfaction in the service and a 150% increase in outpatient bookings at our facilities.

The pandemic has sped up digital health services and innovation for the Hospital. Greater utilisation of telemedicine for example, has been successfully rolled out, providing benefits for COVID-safety and convenience.

Our Veterans' Pain Management Programme remains online and the feedback from veterans that have been able to attend the programmes remotely has been extremely positive. We have been able to deliver more programmes over the last 12 months, helping more veterans. This approach will continue with the provision of both in-person and virtual clinics in the future.

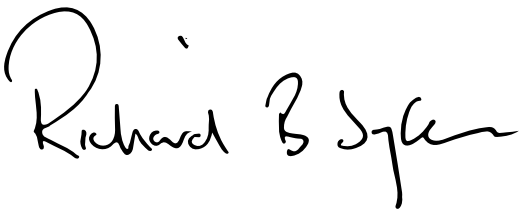
The effects of the pandemic had a negative impact on international activity across the entire private sector but in early 2022 we saw the slow return of international work, as travel recommenced and restrictions eased. In response to this upturn, the Hospital has strengthened its International Team to support engagement with embassies and is working with concierge companies to support maximising referral channels.

King Edward VII's Hospital operates in a unique fundraising environment: a commercial entity delivering world-renowned healthcare and five-star service, with charitable status. The Hospital's main fundraising priorities are two-fold: first, to continue to run and grow healthcare-related activities for veterans via investment in the Centre for Veterans' Health; and second, to invest in the infrastructure and redevelopment of the Hospital's campus, equipment and technology to continue to provide sector-leading healthcare to all our patients.

Work has taken place this year to review the performance and efficiency of our fundraising operation to establish its potential for growth in supporting and developing our Veterans' Programme and in realising opportunities to support our redevelopment and refurbishment programmes through the creation of a Capital Appeal which we will take forward in 2022-23. We have also continued with the further development of our legacy campaign.

Whilst pleased to have achieved a 'Good' Care Quality Commission (CQC) rating in our recent inspection in June 2022, the Hospital continues on its journey to outstanding, with a continuous focus on improvement in all we do.

Our commitment to delivering quality care to our patients and veterans has never been stronger and I am confident that, whilst we recognise the challenges that face us all, we also see growing opportunities for building a sustainable model to enable the future success of the Hospital, and that our Trustees continue to look to the future with confidence.



Sir Richard Sykes

Trustee and Chair of the Board

20 October 2022

REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31 MARCH 2022

The Trustees are pleased to present their report, together with the financial statements of the Charity, for the year ending 31 March 2022.

The annual report and financial statements have been prepared in accordance with the accounting policies set out on pages 45 to 48 of the attached financial statements and comply with applicable law and the requirements of the Accounting and Reporting by Charities; Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The Trustees confirm that they have complied with section 17 of the Charities Act 2011 to have due regards to the Charity Commission's guidance (both general and supplementary in relation to public benefit).

Reference and Administrative Details

Principal Office:
King Edward VII's Hospital
5-10 Beaumont Street, Marylebone, London, W1G 6AA

Auditors
Buzzacott LLP
130 Wood Street, London, EC2V 6DL

Bankers
National Westminster Bank PLC
1 Cavendish Square, London, W1A 4NU

Investment Managers
Sarasin & Partners LLP
100 St Paul's Churchyard, London, EC4M 8BU

Solicitors
Bevan Brittan LLP
2 Fleet Place, London, EC4M 7RF

DAC Beachcroft
100 Fetter Lane, London, EC2A 3LH

Macfarlanes LLP
20 Cursitor Street, London, EC4A 1LT

Patron, President and Board of Trustees

Patron
Her Late Majesty Queen Elizabeth II

President
His Royal Highness The Duke of Kent KG GCMG GCVO ADC(P)

Honorary Vice-President
Field Marshal The Rt. Hon. Lord Inge KG GCB DL

Life Governor
Dr V. Moshe Kantor PhD (until March 2022)

The Trustees, who served during the year, and since the year end, are as follows:
Sir Richard Sykes FRS FMedSci HonFREng (chairman)
Mr Paul Biddle FCA
Ms Fiona Driscoll MA
The Rt. Hon. Professor Lord Ajay Kakkar BSc PhD FRCS
Dr V. Moshe Kantor PhD (until March 2022)
Professor Roger Kirby MA MD FRCS (Urol)
Sir Stuart Lipton
The Hon. Mrs Virginia Lovell JP, DL
Mrs Alison Parkhouse (nee Dean)
Professor Dame Lesley Regan DBE
Mr Simon Weil (until July 2022)

Advisory Board

Sir Richard Sykes FRS FMedSci HonFREng (chair)
Professor Martin Bricknell CB PhD FFPH
Mr Andrew Graham

Board committees

Audit, Risk & Assurance Committee
Ms Fiona Driscoll MA (chair)
Mr Simon Weil (until July 2022)
Mr Paul Biddle FCA

Finance & Investment Committee
Mr Paul Biddle FCA (chair)
Mrs Alison Parkhouse (nee Dean)

Board committees *(continued)*

Quality & Safety Committee
Professor Dame Lesley Regan DBE (chair)
Professor Lord Ajay Kakkar BSc PhD FRCS
The Hon. Mrs Virginia Lovell JP, DL

Property & Projects Committee
Sir Stuart Lipton (chair)
Professor Roger Kirby MA MD FRCS (Urol)

Fundraising & Veterans' Committee
Professor Roger Kirby MA MD FRCS (Urol) (chair)
The Hon. Mrs Virginia Lovell JP, DL

Nominations Committee
Sir Richard Sykes FRS FMedSci HonFREng (chair)
Professor Roger Kirby MA MD FRCS (Urol)
Sir Stuart Lipton

Executive Team

Chief Executive
Lindsey Condron Andrews

Finance Director
Rod Morgan (until March 2022)

Finance and Commercial Director
Patrick Butterworth (Commercial Director since September 2021, Finance and Commercial Director from March 2022)

Medical Director
Professor Justin Vale

Director of Nursing
Tonya Kloppers (until January 2022)
Emmett Steed-Mundin (from January 2022)

Director of Operations
Kate Farrow

Director of Governance
Dr Jenny Davidson (until August 2021)

Executive Team *(continued)*

Director of Clinical Strategy
Mr Alan Farthing

Director of Fundraising & Veterans' Health
Tim Brawn (until August 2021)
Sian Bartram (Interim Director of Philanthropy from August 2021 to January 2022)
Alex Le Vey (Director of Philanthropy from January 2022)

Director of HR and L&D
Becky Hine (until October 2021)
Neil King (from November 2021)

Director of Estates and Major Projects
Eamon Malone (Interim from July 2021, substantive from January 2022)

Interim Chief Information Officer
Owen Brady (from July 2021)

VISION, MISSION, OBJECTIVES AND VALUES

The Hospital's vision is "to be the leading private Hospital in the UK and to support an increased number of veterans through our charitable work".

In doing so, its mission is "to consistently deliver the highest standards of personalised patient-centred care, in a safe and kind environment, through our exceptional and empowered teams. We will do this whilst continuing to deliver our charitable works within the veteran community."

Objectives

The objectives of the Hospital are:

- to operate an acute hospital;
- to provide the highest standards of patient care; and
- to provide treatment at preferential rates to service patients, serving or retired, and their spouses.

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

Achievements and Highlights

The Hospital's achievements against these objectives are as follows:

Our ongoing commitment to delivering collaborative, innovative, personalised care to our patients has driven us to build up a high concentration of expertise and related resources in four key areas of medicine: musculoskeletal health, women's health, urology and digestive health.

Our model of care brings together highly specialised, multi-disciplinary teams which include consultants, specialist nursing, radiology and other health professionals and the most up-to-date technology and facilities, not only because we think this is best for our patients, but because we firmly believe this is the future of private healthcare.

Using innovation and technology to achieve success

To improve our patient experience, support our consultant colleagues and help facilitate a smoother outpatient and inpatient booking process, we have invested in technology, including a cloud-based telecommunications system, which integrates with our own internal CRM system, enabling our team in the contact centre to be able to provide a streamlined and efficient patient journey.

The technology has helped streamline our inbound enquiries and customer service calls, ensuring all calls are automatically routed to the most appropriate team member and that all callers receive a consistently high service. This has led to increased patient and consultant satisfaction in the service and a 150% increase in outpatient bookings at our facilities.

Service has been uninterrupted when staff have had to isolate due to COVID-19, as the technology allows calls to be answered anywhere.

The software allows us to report on live call performance, from total calls answered and missed, to the speed of answer, total talk time and also the call performance of other departments across the Hospital. This information allows us to diagnose issues quickly and continuously improve our patient experience at key touch points throughout the Hospital.

Operational impact of COVID-19

The Hospital suffered a significant increase in the number of cancellations, and especially late notice cancellations, due to the pandemic during 2021-22 with an increase in cancellations by more than 100% at points during the year. This was on top of an already reduced level of activity as a consequence of the pandemic.

Staff sickness/isolation peaked in December 2021 with 10% of staff off work. This reduced in early 2022 to between 2% and 5% of staff off work at any one time. All staff continued daily testing in line with UK Health Security Agency (UKHSA) advice, National Health Service (NHS) guidance and local risk assessment. This was reviewed frequently.

Despite these ongoing challenges our staff continued to work tirelessly during this time to maintain delivery of services and to care for patients.

The Hospital remained a green hospital site with strict screening and isolation for all elective patients in place. we were able to take amber patients that were asymptomatic unplanned admissions using fast track (PCR) testing. They were held in single room isolation until the result was received.

The Regulations that made COVID-19 vaccination a condition of deployment in health and social care were revoked in March 2022, removing the legal requirement for health and social care staff to be doubled vaccinated. Prior to this the Hospital had been preparing for implementation and a decision was taken to continue to promote and encourage all staff to take up the vaccine and relevant booster.

Operational activity

Despite the challenges COVID-19 continued to present, the Hospital remained focussed on the future and managed to find new, innovative ways to drive the its strategic objectives forward. This included the opening of the Day Surgery Unit and a state of the art diagnostic and outpatient facility. We saw a total of 54,500 outpatient and diagnostic patients and treated 5,633 inpatients.

The effects of the pandemic had a negative impact on international activity for the private healthcare sector, but in early 2022 we saw the slow return of international work as both general and travel restrictions eased.

The Hospital has strengthened its International Team to support engagement with embassies and is working with concierge companies to support maximising referral channels.

Clinical highlights

In the last 12 months, the Hospital has been working with RefluxUK, the leading specialist reflux service in the UK. We were the first hospital in the country to introduce minimally invasive RefluxStop™ and remain the only independent London hospital offering the procedure. Reflux is a condition that does not receive as much attention as other gastrointestinal conditions, but it affects millions of people. We are seeing not only patients from the UK, but also from Europe and beyond seeking this treatment.

In January this year, the Hospital launched a dedicated genetics testing and counselling service, with its first pathway testing for inherited genes relating to breast cancer. Consultant Clinical Geneticist Dr Anjana Kulkarni, Professor Marc Tischkowitz and Dr Vishakha Tripathi lead the comprehensive cancer genetics service at King Edward VII's Hospital. Two significant elements of this service are the offer of testing to newly diagnosed patients and the built-in counselling available from one of the core team.

Micropigmentation, the procedure that creates the appearance of a nipple/areola on a reconstructed breast, was launched at the Hospital late last year. This empowering service is performed by our highly trained Breast Unit.

Multi-disciplinary working

Multi-disciplinary team (MDT) Peer Review Programme – The MDT has commenced a peer review programme in line with NHS England Cancer measures. This is a three-year project: Year 1 includes a self-assessment of the measures, annual report and MDT Feedback for Improving Teamworking (FIT). The MDT-FIT does not form part of the NHS Standard but is a useful tool in ensuring that the MDT has good leadership. Year 2 will include internal peer-review by an MDT Chair from another cancer discipline. In Year 3 we will invite an external provider to peer-review each MDT.

MDT Audit and Private Healthcare Information Network (PHIN) data review – Two monthly MDT audits are produced by the MDT co-ordinator. These audits are above and beyond the data requirements of the NHS. The first audit is an audit of discussion compliance prior to treatment and the second audit is an audit of treatment versus outcome. The aim of these audits is to ensure that all patients are discussed prior to treatment and that all treatments are compliant with the MDT recommendation. A root cause analysis is performed on any non-compliant patients and submitted to the Head of Governance and Medical Director, to reduce reoccurrence and improve the pathway.

Financial position and the impact of COVID-19

Two major strategic developments were completed during 2021-22 despite the delivery challenges faced due to the pandemic: the day surgery unit, which added a fourth theatre and the newly built flagship outpatient facility, KMC. The latter provides a state of the art imaging suite, procedure rooms and outpatient services. These were largely funded by donations. The new facilities will enable the Hospital to attract more consultants, deliver more patient care and further enhance the patient experience going forward.

In financial terms, 2021-22 needs to be seen as a transitional year: we managed through the pandemic and the substantial impact on trading and resourcing and builtand put in place the resources required to run the new facilities ahead of increasing activity to use the new capacity.

A number of factors have impacted the financial results this year. First, the disruption brought about by COVID-19, which resulted in a 10% shortfall in admissions and revenue, caused primarily by a much slower pick-up in demand after COVID-19 restrictions ended in June 2021, as patients and consultants took extended leave over the summer. The gradual pick-up seen in September to November 2021 was brought to a halt by new restrictions in December 2021 to January 2022 causing a high level of cancellations, as the COVID-19 Omicron variant took hold.

Staffing costs this year have also impacted our financial results. Staffing levels were increased due to the anticipated opening of the Day Surgery Unit and KMC, both of which were delayed. There was a very high level of temporary agency staff due to the significant level of sickness. Recruitment costs were high as staff turnover spiked, and further agency staffing costs were required to support the on-boarding and embedding of new starters.

Overheads grew due to an increase in property rental costs following the rent review, combined with the opening of KMC at full market rent. Investments were made in digital/information technology (IT) services to upgrade and enhance services as part of the ongoing digital strategy. This year also saw high levels of clinical equipment repairs and maintenance.

In response to the cost challenges faced, we developed a cost optimisation and profit improvement programme which is embedded in the budget plan for 2022-23. The plan includes the delivery of the procurement partnership with a substantial procurement consortium to provide access to buying scale and to support the Hospital in optimising stock management and product standardisation opportunities.

Strategic developments

The Healthcare market is becoming increasingly competitive and with new entrants, it is evolving at a significant pace. There has been substantial international investment into the London market, with loss making strategies being established with the aim of securing market share and improving longer term returns. The private hospital model now also includes the offer to consultants of an employment model, which can be highly attractive in the short term and is designed to disrupt existing providers. In response we are seeing some of our competitors re-evaluating their positions with various other commercial models being considered between consultants and providers including joint ventures and partnership arrangements.

Patients are becoming far more informed and empowered when it comes to their healthcare choices as the industry becomes more transparent with regard to publishing data and outcomes. Private medical insurance (PMIs) are using this information to justify greater intervention in the customer journey and influence treatment pathways.

By structuring our clinical services into four clearly defined patient-centred services, we have been able to develop communication across the Hospital, clearly communicating our focus now and in the future. This structure has provided both established and new consultants with the assurance that the Hospital has a clear focus and will support them to reach their own aspirations. This strategy has seen us embed quality MDTs across multiple specialties, increase revenue and deliver outstanding focused patient care.

The Hospital remains committed to its ethos of consistently delivering the highest standards of personalised patient-centred care, in a safe and kind environment. We continue to take forward our clinical strategy to be an elective secondary care hospital focused on four patient-centred services, supported by a number of clinical support services, refining this to meet business needs and emerging opportunities. We commissioned experts to provide insights as to potential risks and opportunities facing the Hospital over the next five to ten years in order to prepare effectively and narrow our focus to the development of a core set of innovative partnership relationships.

A key demonstration of our ethos this year was the opening of a new Day Surgery Unit and KMC, our outpatient and diagnostic facilities. These form part of the Hospital's wider Estates Redevelopment Masterplan. Plans are in place to further transform and expand our services, continue to upgrade key patient and outpatient technologies and renew the physical fabric of the various Hospital buildings. The magnitude of the Masterplan will serve to transform the entire campus physically and streamline clinical operations and therefore the overall patient experience.

Our model continues to attract and retain leading consultants, further raising the profile of the Hospital and ensuring strong relationships with key customer groups, which is critical to the growth plan. We are focused on enhancing our consultant mix, to align with our service model and recognising both individuals and groups, who are committed to King Edward VII's Hospital. We continue to encourage innovation and collaborative ways of working, all underpinned by our values and ethos.

Our workforce is the most valuable asset we have and our continued success depends upon it. The implementation of our integrated HR strategy will not only focus on the traditional HR practices, but will also encompass innovative performance and developmental tools ensuring that our people help us to achieve our vision and strategic objectives.

Redevelopment King Edward VII's Medical Centre

Following significant delays due to the COVID-19 pandemic, our new outpatient and state of the art diagnostic facility opened in January 2022. Since opening it has received extremely positive feedback from both patients and consultants. This new facility has allowed us to expand our capacity and we saw a total of 54,500 patients attend the Hospital in 2021-22.

Day Surgery Unit

The Day Surgery Unit was completed in early September 2021 and has been successfully brought into full commission by our theatre teams. Early reports from clinical consultants were very positive and the addition of this theatre has increased our operating capacity by 25%. The additional capacity has allowed us to move specialties out of our laminar flow theatres which enable us to drive more profitable activity.

Future redevelopment

The Hospital has a Strategic Redevelopment Masterplan which documents the redevelopment requirements of the Estate over the next three to five years. This is a significant and exciting redevelopment programme for the Hospital which will result in an investment overall of over £60m.

The programme includes multiple phases of works to ensure the Hospital will function safely throughout the entire range of works.

The next phase of works (phase 2) includes the major upgrading of the Hospital's electrical engineering infrastructure and also the refurbishment of the patient bedrooms across all three floors. A mock-up of a finished patient bedroom has been completed to allow for detailed feedback and understanding of the design options and quality standards to be achieved.

A new heating and cooling strategy which utilises air source heat pumps on the roof will provide networked and efficient heating and cooling for patient bedrooms and ultimately all clinical and support areas. The new system removes completely the need for the burning of oil or gas on site and is therefore leading the way in sustainable energy for hospitals.

The new ventilation system for all patient bedrooms will deliver local high quality and safe air into each bedroom which helps deal with potential sources of infection and cross-contamination challenges. This will result in the highest possible standards of safety for patients and staff in the event of any further infectious viral pandemics/epidemics, such as COVID-19.

Further phases, which will include replacing the old theatre air handling systems on the roof and a new roof enclosure to protect the new plant, will improve the resilience, safety and accessibility of all roof areas and plant upon it. Theatre refurbishments in later phases will be synchronised with theatre plant replacements to minimise downtime and disruption.

To support the further capital investment required the Hospital has developed a new fundraising strategy which provides the framework from which we will launch a new Capital Appeal. The Capital Appeal will be led by a new Capital Appeal Board and the Hospital's Director of Philanthropy and Veterans' Health. Over the next five years, the Hospital will require the Capital Appeal to generate £55m to fund the programme of works required, as well as £33m, for a new endowment fund, to support the upkeep of the Hospital and new equipment and innovative technology in perpetuity.

Transformation Programme

Whilst pleased to have achieved a 'Good' overall CQC rating in our last full inspection in 2018, the Hospital continues on its journey to outstanding, with a continuous focus on improvement in all we do. In July 2021, the CQC re-visited the imaging service which was the only service requiring improvement, and this is now rated as 'Good' with work continuing through our Quality, Efficiency, Productivity (QEP) Transformation Programme to drive high quality care and to support the organisation.

The Hospital has continued with its Quality Transformation Programme, embedding continuous quality improvement (QI) methodology and projects across the Hospital.

Examples of QI projects delivered in 2021-22 and underway in 2022-23 include:

- launch of outpatient (OPD) ophthalmic laser and completion of laser action plan – including service level agreement (SLA), standard operating procedure (SOP), patient information and discharge cards, risk assessment and laser safety training (delivered);
- phlebotomy charging – phlebotomy nurses have been trained to add charges to patient accounts enabling patients to pay on the day (delivered);
- demographic and billing report – Report of updated patient demographic and billing information produced (delivered);
- charge sheet update – charge sheets separated by specialty, quick response (QR) codes added for auto scanning to patient records and patient and consultant/nursing signatures added to form (delivered);
- notification of arrival – short message service (SMS) notification to consultants, via Compucare 8 (a hospital management software), when the patient has arrived and presented to reception (delivered);
- OPD Survey – development and launch of OPD survey (delivered);
- card swipe leaflet – to inform patients why they are being asked for their card details. Created and in circulation. Leaflet also produced in Arabic (delivered);
- unconfirmed attenders – structured query language (SQL) created to identify patients that have not been outcomed (attended or did not attend (DNA)). All appointments now outcome on the day and completion checked at month end (delivered);
- OPD score card – detailed information on utilisation, conversion and revenue by consultant and specialty (delivered);
- Front of House (FOH) Key Performance Indicators (KPI) Report – Report detailing first line of address, postcode, email address and card swipe information produced as SQL. KPI set for FOH team (delivered);
- informing patient of costs – breast unit leaflet regarding information and fees was implemented in summer 2021. This leaflet is sent to all patients prior to their appointment and includes a request for the date and location of previous mammograms, so that we can request these images to compare, as well as details of the costs that may be incurred during the appointment. Since this leaflet has been introduced we have not had any complaints regarding unexpected costs for mammograms, ultrasounds or biopsies in the breast unit. The cost for histopathology has also now been incorporated into the price for the biopsy (delivered);
- leaflets for ophthalmic, dermatology, plastics, urology, ear, nose and throat (ENT) and digestive health specialties – further leaflets that have been signed off by the patient representative group. We have made a decision to automate the delivery of these by sending them as an attachment to clinic appointment letters. We are in the process of uploading these to our patient administration system (PAS) and expect to roll this method of delivery out shortly (underway. Ophthalmic, breast, ENT and urology delivered).

Patient engagement

The Patient Experience and Engagement Strategy sets out the Hospital's intention to ensure the best possible experience of person-centred care for all patients.

A core focus for the Hospital's Patient Experience Strategy has been to enable patients to direct us, through their feedback, involvement and engagement, to provide care that is not only clinically outstanding, but also offers a holistic approach to patient wellbeing and experience whilst in our care. The Hospital continues to increase and promote patient participation and engagement by developing a Patient Focus Group which meets quarterly. This Group is highly engaged and provides feedback on a number of initiatives, quality improvement projects and patient information brochures. We always encourage patient participation and representation on a number of Hospital committee meetings which ensures that the patients' voice forms part of all decisions regarding care and the operations of the Hospital.

A patient representative is also requested to be a part of a number of interview panels that recruit Hospital staff who have a patient experience remit within their role. We are very fortunate to have patient representatives who are both willing and available to advise, support and steer the Hospital with regard to decisions about service changes and developments. The Patient Participation Group was instrumental in giving us feedback on the new KMC building, which led to further independent audits of the facility and provided excellent quality improvement initiatives. Our Patient Group also receives regular updates on our patient satisfaction and complaints and they feed into continuous improvements in care and the Hospital as a whole.

Marketing highlights

The capability of the marketing team was enhanced in the year and included the appointment of a new Head of Marketing and Communication and a new Marketing Manager. The team was extended to five people including: a Marketing and Communications Executive, a Digital Marketing Executive and a Marketing Assistant on a one-year internship.

At the beginning of the year the Hospital completed the website upgrade programme to significantly increase the capacity, flexibility and user experience. Since completion the number of unique users has increased to over 500,000 this year. The revised pricing and care proposition strategy, together with updated presentation and patient information has led to a 120% increase in conversions to enquiry.

We continued with our patient webinars branded 'KE7 Explains.' These webinars are a brand awareness exercise, designed to highlight the specialist expertise of our consultants on each panel, whilst also showcasing our collaborative, multi-disciplinary approach to care. We deliver a free educational webinar with interactive questions and answer sessions, advertised through social media and using influencers where appropriate. Our webinars reach a wide audience, achieve excellent engagement and in the year attracted more than 300 subscriptions.

The Hospital's Contact Centre, established in Autumn 2020 continues to go from strength to strength. The team manage the patient's engagement with the Hospital from enquiry to appointment, providing a single point of contact. Enquiry leads are generated through our website, social media, Google Pay-Per-Click (PPC), brand awareness campaigns and social advertising. The team now handle more than 600 enquiries per month and generate over 400 bookings. This is an increase in activity of 75% year on year and an increase in the conversion rate from 55% to 65%.

The focus this year on digital marketing channels and Google PPC resulted in significant year-on-year improvement, with the Google PPC conversion rate increasing by 41% and the cost per conversion reducing by 24%. We continue to iterate and extend our campaigns and in the year we added dermatology, consultants and physiotherapy to our coverage. Our bespoke content platform, Health Hub, continues to perform well with unique page views up 20% year on year.

Patients continue to report their experience with us on Doctify, an independent patient experience platform and by the end of the year we had over 1,700 reviews with an overall Patient Trust Rating of 4.82/5.

One recent Doctify review read:

"I find the Hospital has an intimate feel which you don't get from the larger Hospitals. The staff and the consultants are very tuned in to your needs. The combination of the two helps to make you feel more relaxed given the circumstances under which you're there."

Feedback from a hip surgery patient in February 2022 via Doctify.

Our Data Driven Video Content Strategy Project is underway which will provide enhanced clarity and explanation of particular elements of the patient pathway. Completion of the project is due in Quarter 3 2022 and will see the creation of 150 short explainer videos, featuring some of our leading consultants and Heads of clinical service. The videos will be rolled out across all our digital platforms.

Our social media engagement continued to grow with overall audience numbers increasing by an average of 40% across all platforms. Our LinkedIn audience grew to over 7,000 followers with 23,000 engagements this year alone.

Public relations activity continued to generate coverage across trade and consumer channels, promoting the voice of key stakeholders in trade press, whilst using nationally representative research and General Practitioner (GP) expertise to drive consumer coverage.

We achieved widespread trade coverage for the opening of the King Edward VII's Hospital Medical Centre, our outpatient and state of the art diagnostic facility in the heart of the Harley Street Medical Area. The facility has been widely celebrated and reported on, including by LaingBuisson: Healthcare Business Intelligence, along with nine pieces of trade coverage in key publications such as Clinical Services Journal and Health Tech Digital.

The press office continues to look for innovative ways to promote the Hospital's services, including the new breast cancer surgery technique, genetic screening for breast cancer, using LumenEye technology for colorectal surgery, and a minimally invasive RefluxStop™ treatment, and in line with Breast Cancer Awareness month, the press office placed a feature on oncoplastic breast surgery.

In the run up to Christmas 2021, we benefitted from the support and expertise of one of our leading colorectal surgeons to secure national exposure in publications including Metro and The Daily Express, as well as Your Healthy Living, on how Christmas can impact your digestive system.

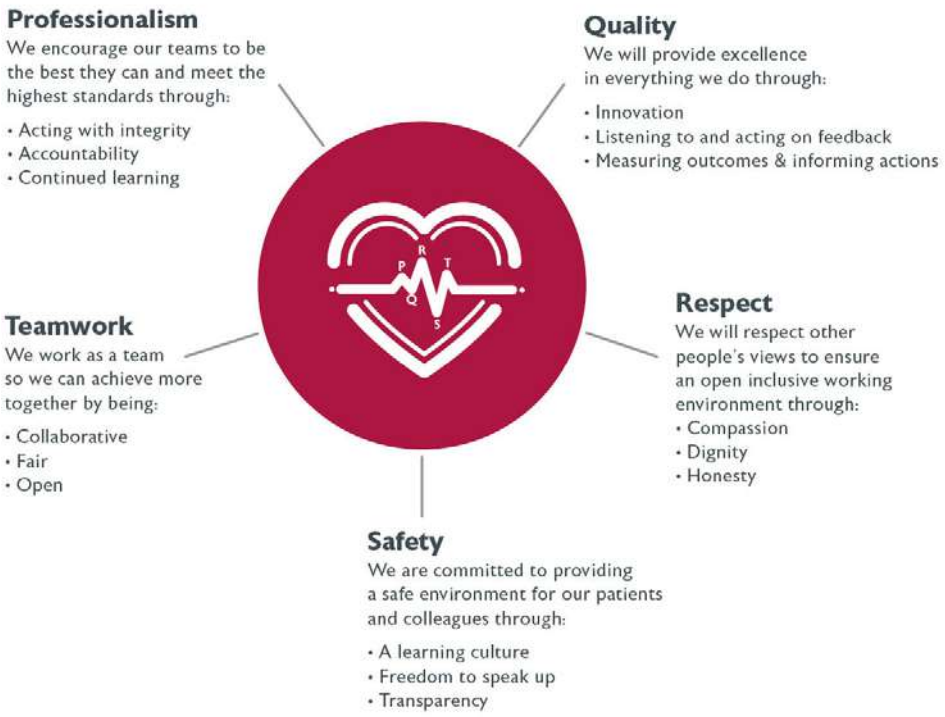
Raising awareness of the Hospital's charitable activity also remained a focus with a case study on Morgan Dally placed in key publication Quest magazine, which also covered a more in-depth piece on the Pain Management Programme.

With the onboarding of a new GP and Referrer Engagement Lead, King Edward VII's Hospital continues to assist our GPs and referrers in gaining access to our world class consultants and facilities, whilst improving overall patient outcomes. Our referring GP's can sign up to our monthly GP Newsletter, highlighting the latest Hospital news, new specialist services and consultant specialties, as well as giving them the opportunity to voice their concerns via our GP Satisfaction Survey. GP's and referrers are also invited to tour our facilities and meet consultants, co-ordinated by our Business Development team.

As we exit the pandemic and distancing protocols, we are now recommencing face-to-face networking at King Edward VII's Hospital, allowing our specialist consultants to engage with our referrers, strengthening and building relationships within the healthcare community. We also offer our GPs referrers the opportunity to gain continued professional development (CPD) points via our GP Educational Webinars, showcasing specific and relevant topics hosted by our specialists.

Values:

Our values



The Hospital recognised the need to re-focus employees on the core values and the framework that articulated the expected behaviours following a difficult 2020 pandemic year. We accomplished this by increasing awareness of the values at every point in the employee journey – recruitment, interview, induction, appraisal, performance and exit. We are proud that our employee survey showed that 96% of our employees know and can articulate our values.

The ongoing development of the Edwards Awards further strengthened this, with over 250 colleague nominations and 60 award winners. The Edwards Awards have successfully recognised colleagues who exemplify our values as judged by a panel which includes members of the leadership team, peers and a patient representative.

HOSPITAL ACTIVITIES, CLINICAL GOVERNANCE AND FUNDRAISING

The Hospital is committed to providing an excellent patient experience. Good clinical standards, reflected in the CQC rating of 'Good', are aligned with good clinical governance and clinical audit arrangements. Our fundraising enables us to provide grants and our Pain Management Programme to veterans.

Hospital Activities

The Hospital offers patients a wide range of treatments across both medical and surgical specialties, along with critical care facilities and has four operating theatres and 56 inpatient rooms all with en suite bathrooms. It also has a critical care facility which enables the Hospital to carry out highly complex procedures and treat patients with complex needs. In September 2021, we opened the Day Surgery Unit which has provided an opportunity to maximise throughput.

The Hospital provides a wide range of elective and non-elective services for inpatient and day case care supported by a range of activities, including:

- acute services;
- genetics testing;
- doctors consultation services;
- rehabilitation services;
- surgical cancer treatment;
- diagnostic and screening services;
- long-term condition services;
- Veterans' Pain Management Centre.

The past 12 months have seen the Hospital invest heavily in the estate and exponentially increasing our capacity to see and treat patients. The foundation has been set to enable the Hospital to continue its expansion.

Operational improvements

We have continued to focus on productivity and efficiency and this has included a greater control over processes and procedures, both operationally and financially. By embracing clear methodology in a number of areas, namely cost improvement and quality and efficiency programmes, significant improvements have been made across the Hospital, particularly in procurement, theatres and outpatients. There has been a major focus on theatres and the standardisation of equipment, specifically for musculoskeletal services, which has resulted in ongoing increases in savings and efficiency having been.

With the opening of the Day Surgery Unit and diagnostic outpatient units, we have been able to offer new services and expand existing ones. Theatre utilisation in our two laminar flow orthopaedic theatres have remained consistently above 75%.

Developing and recognising our people

In 2021-22, the Hospital has seen its workforce grow by 17% (318 to 373). Increased turnover that has followed the general market trends and increased competition from within the post-Brexit healthcare market has meant staff turnover has exceeded our targets. With the support of the Board and Hospital leadership, we have taken steps to tackle recruitment and retention challenges to ensure we have a skilled and capable workforce to underpin our ambitions.

These challenges are expected to continue throughout the next financial year within such a competitive job market. To ensure the long-term sustainability of a workforce with the skills needed to ensure quality care and the future success of the Hospital, we have established an Employee Experience Committee.

The Employee Experience Committee, comprising a membership that spans the organisation, will take a lead role in formulating the next steps for developing and recognising our people. This Committee is supported by four work streams focusing on well-being, belonging (diversity and inclusion), recruitment and on-boarding, and talent development. In March 2022, we launched an independently led Employee Experience Survey to provide insights and benchmarks to measure our progress over the coming years.

In addition, we have restructured the HR department, including a dedicated recruitment team, doubled the headcount in learning and development and appointed a dedicated engagement partner to enhance our work on diversity and inclusion. This restructured team has and will continue facilitating the desired change to the employee experience. This investment in HR will also ensure that the Hospital's culture reinforces its success by supporting managers and leaders in giving employees a more robust experience in line with our values.

We have continued our 'Ward to Board Engagement' with monthly breakfasts with the Chief Executive and structured leadership rounding, where Directors intentionally and purposefully engage with staff and patients to receive feedback first hand, thus cultivating and improving employee and patient engagement.

To support our employees' learning and development, we have revised and extended our corporate induction and in-house training programme to deliver over 200 learning sessions per year. We have supported five employees undertaking Masters level courses, consistently maintained mandatory training compliance above 90%, and are proud to have promoted 12 employees internally.

We have refreshed our wellbeing approach and have started implementing a revised method of supporting employee wellbeing across the seven domains of:

1. health (physical, safety and mental health);
2. good work (environment, line management, autonomy, pay and reward);
3. living our values (values-based leadership, inclusion and diversity);
4. community (amplifying the employee voice, consultation and dialogue and a positive relationships and teamwork);
5. personal growth (career development, performance management and enabling lifelong learning);
6. good lifestyle choices (promoting healthy living and access to wellbeing classes);
7. financial wellbeing (fair pay and benefits, retirement planning and employee financial support).

This work will continue through 2022-23 to support retention and to attract new employees.

We can only truly excel when we fully engage with diversity in all its forms, both amongst our staff and our patients. Our aim is to recognise and embrace all differences, whether visible or hidden and for us all to work in a way that is inclusive.

To support our commitment and our journey to becoming a more inclusive and diverse organisation we launched the KEVII Rainbow Badge Pledge in 2021. This voluntary scheme gives colleagues a visible way to show that the Hospital offers inclusive and non-judgmental care for patients, their families, carers and colleagues, who identify as LGBT+. We are proud that one in three employees have signed the pledge and wear their badge with pride.

Clinical Governance and Performance

The Hospital established a clinical governance framework that provides oversight and assurance on the safety, quality and effectiveness of care and services provided. A 'ward to board' approach supports a culture of openness and transparency throughout the organisation. The Hospital has a good reporting culture, with an incident reporting and learning process and a complaints management process in line with national standards and a comprehensive clinical audit programme. The Hospital has received a Quality Award from the National Joint Registry in two consecutive years for the completeness of its data submission.

The Hospital continues to have positive relationships with its regulators and has embedded the core principles laid out by them in how we work. It has strong patient engagement and involvement throughout the organisation with a Patient Experience Group and Patient Forum in place. We were one of the first private sector hospitals to have a 'Freedom to Speak Up Guardian', who was appointed in 2018. Demonstrating our commitment to openness, learning and listening to staff. This role has been developed year-on-year to include protected time and increased accessibility. The Hospital's Quality Improvement Programme has been running for over two years and empowers staff to identify where change is needed and work through cycles of improvement for the benefit of patients, staff and services.

The Hospital is engaged with a clinical analytics company, Copeland Clinical Ai (C2-Ai), which provides risk adjusted, benchmarked reports on patient outcomes. C2-Ai provides quarterly reports that consistently show patients at the Hospital have better survival rates and less complications when compared to similar patient profiles and institutions. The data can provide an early warning of any developing adverse trends, allowing early review and intervention if necessary.

How We Fundraise

King Edward VII's Hospital operates in a unique fundraising environment: a commercial entity delivering world-renowned healthcare and five-star service, with charitable status. The Hospital's main fundraising priorities are two-fold: first, to continue to run and grow healthcare related activities for veterans via investment in the Centre for Veterans' Health; and second, to invest in the infrastructure and redevelopment of the Hospital's campus, equipment and technology to continue to provide sector-leading healthcare to all our patients.

The Hospital solicits donations from its supporters and conducts desk-based research into charitable trusts and foundations, as well as corporates to identify opportunities to apply for grants or develop partnerships to support our work with veterans and our capital redevelopment plans. Many supporters have left generous legacies to the Hospital, which have formed a significant part of our voluntary income. We plan to significantly grow our voluntary income over the next three years.

Work has taken place this year to review the performance and efficiency of our fundraising operation to establish its potential for growth in supporting and developing our Veterans' Programme and in realising opportunities to support our redevelopment and refurbishment programmes through the creation of a Capital Appeal which we will take forward in 2022-23. We have also continued with the further development of our legacy campaign.

All of our staff are offered on-going training and can attend events and conferences to network with their peers and learn best practice.

While carrying out its work to achieve these goals, the fundraising team has received no complaints.

The Hospital is registered with the Fundraising Regulator and works in compliance with the Code of Fundraising Practice. Our activities are audited against the Code of Fundraising Practice each May.

The Fundraising Committee of the Board met once during 2021-22.

The Centre for Veterans' Health

Our commitment to caring for service personnel and veterans of the Armed Forces remains as strong today as it did when we were founded. We are proud to offer all members of the Armed Forces community, as well as their spouses, civil partners and widows, the highest quality of care via our Centre for Veterans' Health.

The Centre for Veterans' Health's main achievements during the financial year were:

- the Pain Management Programme (PMP): 48 veterans took part on seven virtual PMPs. The PMP is an evidence-based programme using tried and tested pain management strategies that have been adapted to meet the specific needs of the veteran population. Rated twice as 'Outstanding' by the CQC, the overall aims of a PMP are to provide practical strategies to help veterans improve the quality of their lives while living with their pain. Strategies include: helping veterans gain a greater understanding of pain, managing physical activity and mood, and reviewing pain-related medications in order to improve confidence in the day-to-day management of their pain.

- means-tested grants: we provided 27 means-tested grants of up-to 100% of the healthcare costs to uninsured Service or ex-Service Personnel (including reserves), as well as their spouses and widows.

- a 20% military discount: 161 uninsured Service or ex-Service Personnel (including reserves), as well as their spouses and widows benefited from a 20% military discount on their healthcare costs.

"I cannot thank the team or this programme enough, in 2015 when I was medically discharged from HM Armed Forces I thought my life was over and ever since it has all been put on hold because of pain. I can now look forward to mine and my family's future because of the strategies I have learnt on this course. Yes, the pain will always be there, that I have come to terms with, but it no longer defines me as a person. Thank you."

A veteran who joined a virtual PMP.

"I'm so grateful for the military grant – it's given me a new life which enables me to cope with the old one."

A means-tested grant recipient.

We are the grateful beneficiary of the Annual Lord Mayor's Big Curry Lunch. In partnership with the Army Benevolent Fund (ABF) Soldiers Charity, the Lord Mayor's Big Curry Lunch supported 16 veterans to join the PMP throughout the financial year.

We also received grants and donations from a number of other charitable trusts and foundations and from generous families and individuals.

We published case studies and thought pieces to highlight the Hospital's work with veterans. We also promoted an interview with the pain management team to national and defence titles, summarising the Hospital's work in 2021.

Capital Projects

During the year, the Hospital particularly benefitted from significant donations, including: £3m from the Kantor Foundation (its total pledge of £9m now fully received), which enabled the January 2022 opening of our state of the art outpatients' centre, King Edward VII's Hospital Medical Centre, providing outstanding outpatient facilities and diagnostics; £970,000 from the Thompson family (with a total pledge of £12m), which has enabled the Hospital to take forward its extensive refurbishment programme of the main Hospital; and £266,667 from the Rapp Family Foundation to support our Centre for Women's Health (its total pledge of £800,000 now fully received).

Looking Ahead

Going forward there are two main fundraising priorities for the Hospital: delivering a major Capital Appeal to raise £67m for an extensive refurbishment of the main Hospital building and £33m for an endowment to fund the Hospital in perpetuity; and doubling the number of veterans we support via the Centre for Veterans' Health.

A new fundraising strategy has been created to achieve these priorities. It will see us build on our success to date to unlock additional opportunities and voluntary income from as wide a range of sources as possible.

To provide appropriate governance, leadership and focus for each area, two new Boards will be created. The Capital Appeal Board will provide honorary leadership of the campaign in order to raise its profile and engagement within circles of wealth and influence to ensure the Hospital achieves the campaign target. Board members will advise on, and support engagement with, prospective individual, trust and corporate donors, lead and support fundraising events and advise on strategy and planned campaign activities.

The Centre for Veterans' Health Advisory Board will provide honorary leadership of the Centre for Veterans' Health in order to raise its profile and levels of engagement within the veteran community and circles of wealth and influence in order to maximise impact and fundraising potential. Board members will be responsible for supporting the Hospital in driving the Centre for Veterans' Health growth strategy

HOSPITAL STRATEGY

The Hospital strives to continually improve both services to our patients and facilities for our consultant body and provide free or subsidised medical treatment for veterans and their families.

The Hospital and its charitable works are built on 120 years of heritage. The future of King Edward VII's Hospital will continue to connect to its past, but with a clear strategic focus on what we wish to achieve. Outstanding patient-centred care, in a kind and safe environment is the foundation of all our objectives and we will work to ensure that we continue to be the preferred Hospital of patients and consultants. We continue to be renowned for outstanding patient care and delivering the best outcomes for our patients.

Our clinical strategy is to be an elective secondary care hospital focused on four patient-centred services with Clinical Directors leading each of these strategic pillars. The Clinical Directors are specialists within their fields and support the strategic aims and business objectives of the Hospital, and more importantly provide clinical leadership, which is vital for driving innovation and quality at every level.

Our four clinical areas of focus are: musculoskeletal health, women's health, urology and digestive health.

Structuring our clinical services into four clearly defined patient-centred services has translated into easy communication across the Hospital about what our focus is and will continue to be. It has provided both established and new consultants with the assurance that the Hospital has a clear focus and will support them to reach their own aspirations. This has enabled us to embed quality MDTs across multiple specialties, increase revenue and deliver outstanding focused patient care.

We continue to build a model of collaborative working across all our clinical specialties, driving innovation and ensuring that our outcomes are measured and evidenced. The Clinical Directors have developed detailed clinical strategies for their areas that sit alongside our overarching Hospital strategy.

Our clear and concise overarching strategy continues to attract consultants seeking an opportunity to work at the Hospital. This led to the decision to add additional capacity, which has been delivered. The Day Surgery Unit and the Medical Centre have added additional surgical capacity and a state of the art diagnostic suite. There has also been a significant expansion in the number of consultation and examination rooms, both in existing and new environments.

The Day Surgery Unit and Medical Centre are also part of the wider Hospital's Estates Redevelopment Masterplan. As the Hospital is enabled to fully deliver the Masterplan, it will further transform and expand services, as well as continue to upgrade key patient and outpatient technologies and renew the physical fabric of the various Hospital buildings. The magnitude of the Masterplan will serve to transform the entire campus physically and streamline clinical operations overall.

We have clear strategies for growing activity in each of the main customer groups: self-pay, international and PMI, ensuring our services align to their needs, which in turn will strengthen our reputation with our desired customer segments and our competitive positioning. We are also actively developing strategic partnerships with other healthcare providers.

Digital Transformation

The Hospital is committed to providing the highest standards of patient care. To support this aim, we are proceeding with a digital vision: delivering excellent patient care in a safe environment through excellent digital services. This digital future will support the Hospital's ambition to become the leading private hospital in the UK, deploying innovative digital solutions supported by best-in-class IT services.

The Hospital's digital vision will support these key elements within the Hospital:

Patients:

- patient-centred services enabling them to manage their own health;
- personalised patient care around preferences and needs;
- adoption of digital tools, such as "wearables" that provide real time data to clinicians;
- enabling patients and carers to access, update and communicate with the clinical teams.

Clinicians:

- real time access to integrated patient information at point of care;
- 'paper lite' environment, where information is available through an electronic patient/health record, orders are created and managed electronically and where communications are made and recorded electronically;
- the patient record is easily accessible, easy to use and supports their work;
- historic data is scanned and archived;
- improved clinical pathways can be developed and easily deployed.

Operations:

- support clinical colleagues to develop improved clinical pathways and systems;
- improve operational processes via new technologies, such as artificial intelligence, natural language processing and robotic process automaton;
- deliver improved agility to provide new services, both within the Hospital and with external partners;
- improve consistency and effectiveness of service delivery, both clinically and operationally;
- deliver real time information and business intelligence to operational teams to enable speedy and informed decision making.

Staff:

- support staff in their day-to-day duties, communicating and collaborating across all departments and specialties;
- enable staff to make use of modern technologies to access systems and information securely and safely in a consistent, efficient manner;
- use modern tools to access, update and manage information about themselves.

IT:

- create a modern business-focused IT department delivering services to support our overall strategy and business imperatives;
- deploy cloud first solutions to enable better connectivity, accessibility, security and capacity;.
- support rapid process and business change delivery speed and agility in all aspects of service delivery;
- enable delivery of projects and programmes to time and budget;
- maintain a formalised project methodology to ensure quality, focus and correct prioritisation;
- ensure capacity and capability to support the digital vision and strategy of the Hospital;
- review and adopt cloud technologies where appropriate;
- adopt best practice service management to support the business, including incident management, capacity management, asset management and planning, fully supporting the patient, clinical staff and partners and other stakeholders.
- information governance and cyber security are proactively managed ensuring that all Hospital data and patient information is managed to the highest standards.

The Digital Transformation Programme is delivering a stronger IT infrastructure and putting in place the foundations for a sustainable, flexible and agile IT solution for King Edward VII's Hospital. The programme is also updating the application landscape, ensuring that it is fully understood and supported, while securing best value from our IT suppliers. The IT team is now working with IT best practice to deliver IT service, IT governance and IT programmes, ensuring consistent, cost-effective delivery for our patients, clinical teams and operational staff.

STRUCTURE AND CORPORATE GOVERNANCE

The Board of Trustees has legal responsibility and accountability for the leadership and governance of the Hospital.

Governing Document

King Edward VII's Hospital (Sister Agnes) is a registered Charity (No. 208944) founded in 1899 and constituted by Royal Charter to operate an acute Hospital where serving and retired officers of the Services and their spouses can be treated at preferential rates. The Hospital also treats members of the public regardless of any connection with the Services.

With the support of the Privy Council and the Charity Commission, both the range of beneficiaries and the governance of the Hospital have been updated from time to time to meet changing circumstances. The most recent change was in 2017.

The Board of Trustees

The Board of Trustees has legal responsibility and accountability for the leadership and governance of the Hospital. Meetings of the Board of Trustees are attended by the Executive Team, who provide information, data and assurance on their areas of responsibility in the organisation.

The Trustees are unpaid and upon election undergo a formal briefing and induction with the Chair of the Board, the Chief Executive and members of the Hospital's Senior Management Team and, where possible (pandemic restrictions permitting), take part in a detailed tour of the Hospital which gives each Trustee the opportunity to meet and talk to staff.

Trustees are recruited and elected to the Board in line with best practice. During the process, consideration is given to their experience, the skills required and the contribution they will bring, and the Hospital's Equality and Diversity Policy. Each Trustee has been provided with a copy of the booklet produced by the Charity Commission explaining the duties and responsibilities of a Trustee and they participate in ongoing training as required.

Responsibilities of the Board of Trustees

The Trustees are responsible for preparing the Trustees' report and accounts 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 accounts for each financial year which give a true and fair view of the state of affairs of the Hospital and of the income and expenditure of the Hospital for that period. In preparing these accounts, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102);
- make judgments and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Hospital will continue in operation.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Hospital and enable them to ensure that the accounts comply with the Charities Act 2011, applicable Hospital (Accounts and Reports) Regulations and the provisions of the Hospital's Royal Charter. They are also responsible for safeguarding the assets of the Hospital 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 Hospital and financial information included on the Hospital's website. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

Key Risks

The overall responsibility for the identification, assessment and mitigation of major risks to which the Hospital is exposed lies with the Board of Trustees. This responsibility is discharged through the Chief Executive, the Senior Management Team and a Designated Executive Risk lead (Medical Director), supported with advice from the Hospital's Head of Governance, Head of Safety and Risk, Health and Safety Advisor, Health and Safety committee, Microbiologist and other Hospital Committees, and recommendations from inspection reports.

The Board Assurance Framework led by the Company Secretary working with Executive Leads identifies the primary risks to delivery of the strategic objectives.

The Audit, Risk and Assurance Committee reviews the Risk Management Strategy annually, as well as the Board Assurance Framework and Organisational Risk Register on a quarterly basis to satisfy itself that appropriate measures and systems are in place to minimise or eliminate the risks. The Committee's findings are reported to the Board of Trustees.

The following three principal risks and uncertainties were identified by the Board of Trustees during the financial year 2021-22 with comprehensive action put in place to mitigate these risks.

Future sustainability:

- Although the risk will remain high in 2022-23 actions are on track in respect of financial performance, redevelopment and fundraising, and there is a high level of confidence around these.

Completion of the Digital Transformation Programme:

- Improvement to systems and processes is taking place via the IT and digital strategy development and priority programmes.
- The equipment replacement programme is in place and progressing.
- Recruitment is underway for key substantive roles, including increasing support around data quality work to enable the organisation to increase external publication of data.

To be an employer of choice in the private healthcare market:

- There are risks in this area given increasing competition in the healthcare market for a relatively small pool of staff particularly in clinical areas.
- Work is taking place and progressing to address areas of risk around recruitment and retention, training and development and workforce planning.

Health and safety

An audit of policies and processes was undertaken by an external specialist consultant under the governance of the Property and Projects Board Committee. Implementation of audit recommendations were underway during the year, moving the Hospital from a compliance score of 79% in 2021 to 94% in 2022.

A similar review of fire policies has led to a simplified suite of policies and advice for staff which has increased patient safety. A state of the art fire detection and alarm system has been installed across the main Hospital.

The following are committees of the Board, and as such have specific, delegated authorities from the Board of Trustees, as detailed in the Schedule of Reserved and Delegated Powers. All Board sub-committees unless otherwise indicated meet quarterly.

Board Committee Structure

The Advisory Board

As required by the Royal Charter, an Advisory Board is in place to support the Board. It meets periodically and as required. Its role is to provide support, advice and guidance to the Board of Trustees and Executive Team in terms of the development, effectiveness and success of the charitable and independent healthcare provider element of the organisation.

The work of the Advisory Board in terms of its statutory role and the work required around Fundraising and Veterans' Health has been separated to provide greater clarity and focus. In 2022-23 we will be putting in place a Capital Appeal Board and a Centre for Veterans' Health Advisory Board to raise the profile of our veterans' work and maximise engagement.

In 2021-22, a dedicated Trustee-led Board sub-committee for Fundraising and Veterans' Health was established and met once in April 2021. Since then a new fundraising strategy was approved by the Board of Trustees in which it was agreed to re-consider the governance arrangements for fundraising.

The Hospital's new fundraising strategy outlines the approach the organisation will be taking to both the Capital Appeal, and the Centre for Veterans' Health. In respect of the Centre for Veterans' Health, the Hospital is seeking to double the number of veterans it supports over the next year, before going on to deliver sustained growth in numbers. To achieve this aim, a new Centre for Veterans' Health Advisory Board will be created. The Board will be Chaired by the former Surgeon General of the Armed Forces, Dr Martin Bricknell, and will be comprised of individuals who bring complimentary skills to enable the Hospital to deliver sector-leading healthcare and support to as many veterans as possible.

Audit, Risk and Assurance Committee

The Audit, Risk and Assurance Committee advises the Board of Trustees on the appointment of the Auditor. It has delegated responsibility from the Board of Trustees to monitor risk analysis, risk management, corporate governance and all internal-related systems and controls. This committee is also responsible for taking reasonable steps to ensure that the Charity is complying with all aspects of the law, relevant regulations and good practice. The composition of this committee is determined by the Board of Trustees.

Finance and Investment Committee

The Finance and Investment Committee undertakes, on behalf of the Board of Trustees, the thorough review of financial policy, performance issues and risks, alongside reviewing budgets and business plans. It also has delegated responsibility to provide strategic direction and responsible oversight of the Hospital investment portfolio and reserves. During the 2021–22 financial year, the committee met regularly to monitor the ongoing impact of COVID-19 on the underlying and forecast position.

Quality and Safety Committee

The Quality and Safety Committee obtains assurance that high quality care is being delivered across the Hospital, ensures robust clinical governance arrangements are in place and oversees strategies related to patient engagement. It has reviewed the COVID-19 Assurance Framework and Infection Control Strategy and Quality Accounts. It provides assurance to the Board that appropriate arrangements are in place around infection prevention and control. The committee acts in a positive and open manner, and acts as a source of support and advice.

Property and Projects Committee

The Property and Projects Committee has delegated responsibility for the oversight and management of the key infrastructure development projects at the Hospital including the re-development programme and has an oversight role on behalf of the Board for Health and Safety.

Executive Committee

The Executive Committee meets monthly and its members are the Senior Management Team. Having engaged with the Board in agreeing the strategic direction of the Hospital, its responsibilities are to review performance against, and take action to achieve, the Hospital's business plan and objectives and assess whether structures and systems in place are working effectively and efficiently. The Executive Committee also develops and implements a continuous improvement approach to its operational performance and management. It gathers assurance from across the Hospital through a number of governance processes to ensure appropriate oversight of the risks, appointments and developments of the Hospital.

CORPORATE SOCIAL RESPONSIBILITY

As an organisation, it is our duty to our staff, patients, community, charity and the environment to have initiatives in place that we are held to account to deliver and which support the sustainability of the organisation. Key areas of focus for the Hospital going forward are reducing our carbon footprint, supporting the well-being of our staff, continuing to drive innovation and the reduction of waste, and supporting our charitable aims.

Initiatives across the Hospital in relation to corporate social responsibility are outlined below:

KEY MANAGEMENT PERSONNEL AND SETTING OF SALARIES

The Trustees and Executive Committee are considered to be key management personnel. All Executive Committee member salaries are reviewed annually with effect from April, in line with the Hospital wide review. Salary increases are linked to appraisal and the achievement of key performance indicators and personal objectives.

FINANCIAL PERFORMANCE

The outcome for the year is set out fully in the Statement of Financial Activities (page 40)

Reserves Policy

The Trustees continue to ensure that there are sufficient free reserves to provide some assurance against interruption to its charitable activities. The reserves policy was set at a minimum level of £5m in 2021 with a target to increase the reserves to £10m, which was achieved during the year.

These reserves are in place to ensure that the organisation is in a position to:

- identify and enable new sources of income and/or reduce operating expenses in the event of an unexpected downturn in patient revenues;
- manage the development costs and operational cost impact of delivery of the Estates Development Strategy, including the embedding of the new facilities delivered in 2021-22: the Day Surgery Unit and the King Edward VII Medical Centre;
- provide adequate resources to fund exceptional costs and maintenance expenditure required in relation to the Hospital estate, and to fund essential new medical equipment and technology in circumstances where there may be insufficient funds generated in the year.

The Hospital's free reserves (i.e. the General Funds) at 31 March 2022 were £5.9m (£10.2m in 2020-21) and the designated reserves for Hospital redevelopment were £8.9m (£11.6m in 2020-21).

Going Concern

The Board of Trustees has approved the production of these financial statements on the basis of going concern. The Board of Trustees assessed the current and forward operational and financial plans and funding arrangements for the Hospital in respect to a period of at least one year from the date of approval of these financial statements to provide assurance of this basis of production.

As part of this assessment, the Trustees acknowledged the potential impact of the COVID-19 pandemic on the future operations of the Hospital, its beneficiaries and the wider society. The planning for post-pandemic recovery ensured that the Hospital kept consultants engaged and it continues to meet the needs of patients. Together with the additional delivery capacity coming on

line during 2022-23 through our redevelopment programme, ensures the ability to cater for the anticipated increase in demand.

There continues to be strong support for the Hospital through our donors. This is in addition to the reserves that the Hospital carries to support the forward funding and development of the Hospital. In addition to this, the Hospital continues to nurture commercial partnerships with aligned organisations to extend services and deliver cost improvement opportunities.

Investment Policy

The Hospital's investment portfolio is managed on the Hospital's behalf by Sarasin, a third party investment management firm. The investment strategy is agreed with Sarasin and the performance of the fund, its composition and the appropriateness of the investment strategy is reviewed at intervals with Sarasin by the Finance & Investment Committee.

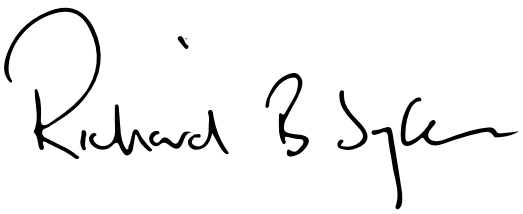
The composition of the portfolio between short, medium and long-term funds is reflective of the forward forecast of funding requirements of the Hospital.

The balance of the investment fund as at 31 March 2022 was £10.3m and it benefitted from an income of £0.3m in the year (31 March 2021: £20.0m with £0.4m income).

The Board of Trustees has concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the Charity to continue as a going concern. The Board of Trustees is of the opinion that the Charity will have sufficient resources to meet its liabilities as they fall due.

The Board of Trustees approved the re-appointment of the Hospital's Auditor, Buzzacott LLP for two years in 2020. The Audit, Risk and Assurance committee has recommended the further re-appointment of Buzzacott LLP as Auditor for 2022/23.

We are most grateful for the support of our Patron, Her Late Majesty Queen Elizabeth II, our President The Duke of Kent, the "Friends" of the Hospital, individual donors and many loyal Trusts and Foundations.



Sir Richard Sykes

Trustee and Chair of the Board

20 October 2022

2 Independent auditor's report to the Board of Trustees of King Edward VII's Hospital

Opinion

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

In our opinion, the accounts:

- give a true and fair view of the state of the Hospital's affairs as at 31 March 2022 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the accounts section of our report. We are independent of the Hospital in accordance with the ethical requirements that are relevant to our audit of the accounts 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 accounts, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the accounts 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 Hospital's ability to continue as a going concern for a period of at least twelve months from when the accounts 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 Trustees are responsible for the other information. The other information comprises the information included in the annual report and accounts other than the accounts and our auditor's report thereon. Our opinion on the accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts or our knowledge obtained in 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 there is a material misstatement in the accounts 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.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters in relation to which the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' annual report is inconsistent in any material respect with the accounts; or
- sufficient accounting records have not been kept; or
- the accounts 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 the accounts 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 accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the Trustees are responsible for assessing the Hospital'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 Hospital or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the accounts
Our objectives are to obtain reasonable assurance about whether the accounts 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 accounts.

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:

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

- the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we obtained an understanding of the legal and regulatory frameworks that are applicable to the Hospital and determined that the most significant frameworks which are directly relevant to specific assertions in the accounts are those that relate to the reporting framework (Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102)), the Charities Act 2011, those that relate to data protection (General Data Protection Regulation) and health and safety, and the regulatory framework for Hospitals (the Health and Social Act 2008 regulated by the Care Quality Commission); and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

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

- making enquiries of key 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 and reviewed journal entries to identify unusual transactions;
- tested the authorisation of expenditure, ensuring expenditure was approved in line with the Hospital's financial procedures;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

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

- agreeing financial statement disclosures to underlying supporting documentation;
- reviewing the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims.

Auditor's responsibilities for the audit of the accounts *(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 accounts is located on the Financial Reporting Council's website at 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 Hospital's Trustees, as a body, in accordance with section 144 of the Charities Act 2011 and with regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the Hospital'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 Hospital and the Hospital's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

26 January 2023

Buzzacott LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

3 Financial Statements

Statement of Financial Activities Year Ending 31 March 2022

	Notes	Unrestricted funds £'000	Restricted funds £'000	Total 2022 £'000	Unrestricted funds £'000	Restricted funds £'000	Total 2021 £'000
Income from:							
Donations and legacies	1	**648**	**4,458**	**5,107**	282	457	739
Investment income and interest receivable	2	**309**	**-**	**309**	407	-	407
Charitable activities							
Patient charges	3	**34,242**	**-**	**34,242**	29,345	-	29,345
Other income	3	**699**	**-**	**699**	556	-	556
CJRS income		**4**	**-**	**4**	249	-	249
Total income		**35,902**	**4,458**	**40,360**	30,839	457	31,296
Expenditure on:							
Raising funds	4	**(371)**	**-**	**(371)**	(253)	(31)	(284)
Charitable activities							
Provision of patient services	5	**(43,379)**	**(317)**	**(43,696)**	(32,740)	(414)	(33,154)
Grants	7	**-**	**(136)**	**(136)**	-	(78)	(78)
Total expenditure		**(43,750)**	**(453)**	**(44,203)**	(32,993)	(523)	(33,516)
Net (expenditure) income before gains and losses on investments		**(7,848)**	**4,005**	**(3,843)**	(2,154)	(66)	(2,220)
Net investment gains on listed investments	11	**402**	**-**	**402**	2,737	-	2,737
Net income (expenditure)		**(7,446)**	**4,005**	**(3,441)**	583	(66)	517
Other recognised gains and losses							
Actuarial gains (losses) on defined benefit pension scheme	14	**597**	**-**	**597**	(294)	-	(294)
Transfers between funds	17	**7,485**	**(7,485)**	**-**	7,455	(7,455)	-
Net movement in funds		**636**	**(3,480)**	**(2,844)**	7,744	(7,521)	223
Reconciliation of funds:							
Balances at 1 April		**45,948**	**10,690**	**56,638**	38,204	18,211	56,415
Balances at 31 March		**46,584**	**7,210**	**53,794**	45,948	10,690	56,638

All the Hospital's activities reflected in the above two financial years were derived from continuing operations. All recognised gains and losses are included in the above statement.

Balance Sheet 31 March 2022

	Notes	**2022 £'000**	**2022 £'000**	2021 £'000	2021 £'000
Fixed assets					
Tangible assets	10		**34,267**		25,017
Investments	11		**10,307**		20,019
			44,574		45,036
Current assets					
Stock		**1,582**		1,428	
Debtors	12	**8,597**		9,691	
Cash at bank and in hand		**6,289**		6,833	
		16,468		17,952	
Creditors: amounts falling due within one year	13	**(5,172)**		(5,551)	
Net current assets			**11,296**		12,401
Creditors: amounts falling due > 1 year	13a		**(2,075)**		-
Total net assets excluding pension liability			**53,794**		57,437
Pension asset/(liability)	14		**-**		(799)
Total net assets including pension liability			**53,794**		56,638
The funds of the charity:					
Unrestricted funds					
Designated funds	15	8,932		11,597	
Fixed assets fund	16	31,735		25,017	
General funds (free reserves)		5,917		10,133	
Pension reserve	14	-		(799)	
			46,584		45,948
Restricted funds	17				
120th Anniversary Appeal		6,324		10,674	
KEVII Medical Centre		-		(1,194)	
Other restricted funds		886		1,210	
			7,210		10,690
Total funds			**53,794**		56,638

Approved by the Board of Trustees on 20 October 2022 and signed on its behalf by:

Chairman of the Board

Chief Executive

Statement of cash flows Year to 31 March 2022

	Notes	2022 £'000	2021 £'000
Net cash provided by operating activities	A	**974**	165
Net cash (used in) investing activities	B	**(1,620)**	(4,813)
(Decrease) in cash and cash equivalents		**(646)**	(4,648)
Cash and cash equivalents at 1 April		**6,957**	11,605
Cash and cash equivalents at 31 March		**6,311**	6,957

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

A Reconciliation of net (expenditure) income to net cash provided by operating activities

	2022 £'000	2021 £'000
Net (expenditure) income per statement of financial activities	**(3,441)**	517
Adjustments:		
Investment (gains)	**(402)**	(2,737)
Defined benefit pension scheme adjustment	**202**	192
Depreciation charge	**2,288**	2,159
Investment income receivable	**(309)**	(407)
(Increase) in stocks	**(154)**	(206)
Decrease (Increase) in debtors	**1,094**	(2,582)
Increase in creditors	**1,696**	3,229
Net cash provided by operating activities	**974**	165

B Net cash (used in) investing activities

	2022 £'000	2021 £'000
Payments to acquire tangible fixed assets	**(11,540)**	(7,932)
Receipts from disposals of investments	**10,451**	4,000
Movement in cash held as investments	**(102)**	(469)
Movement on revaluation of investments	**(738)**	(819)
Investment income received	**309**	407
	(1,620)	(4,813)

C Analysis of cash and cash equivalents

	2022 £'000	2021 £'000
Cash at bank and in hand	**6,289**	6,833
Cash held by investment managers	**22**	124
Total	**6,311**	6,957

D Analysis of changes in net debt

	At start of year £'000	Cashflows £'000	New finance leases £'000	At year-end £'000
Cash	**6,957**	**(3,178)**	**2,532**	**6,311**
Loans falling due within one year	**-**	**-**	**-**	**-**
Loans falling due within after more than one year	**-**	**-**	**-**	**-**
Finance lease obligations	**-**	**-**	**-**	**-**
Total	**6,957**	**(3,178)**	**2,532**	**6,311**

4 Principal accounting policies

31 March 2022

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

Basis of preparation
These financial statements have been prepared for the year to 31 March 2022.

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

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (Charities SORP), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

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

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

Critical accounting estimates and areas of judgement
Preparation of the financial statements requires the Board of Trustees and management to make significant judgements and estimates.

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

- estimating the useful economic life of tangible fixed assets for the purposes of calculating the depreciation charge;
- estimating the recoverability of debtors and determining any necessary provision for bad or doubtful debts;
- estimating any provision needed against slow moving or obsolete stock;
- estimating the value of income in respect to unbilled patients at the year-end date;
- estimating accrued expenditure;
- assessing the appropriateness of the underlying assumptions made by the actuary in the valuation of the defined benefit pension scheme;
- estimating future income and expenditure flows for the purpose of assessing going concern (see below).

Assessment of going concern
The Board of Trustees has assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The Board of Trustees has made this assessment in respect to a period of at least one year from the date of approval of these financial statements.

Principal accounting policies 31 March 2022

Trustees acknowledge and recognise the continued impact of the COVID-19 pandemic on the future operations of the Hospital, its beneficiaries and on wider society. Planning for post-pandemic recovery ensured we kept private and NHS consultants engaged and supported throughout with additional capacity coming on line through our redevelopment programme to meet the anticipated increase in demand. There are significant pledged donations and other forms of funding to support the planned redevelopments in 2022–23 and in addition to this the Hospital has put in place and is exploring, further commercial partnership arrangements and opportunities. It is not anticipated at the current time that the overall financial position of the Hospital will be adversely affected or its financial solvency threatened.

The Board of Trustees has concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the Charity to continue as a going concern. The Board of Trustees is of the opinion that the Charity will have sufficient resources to meet its liabilities as they fall due.

Scope of the financial statements
The financial statements include the net assets and transactions of a linked charity, The Charity of Alexander Michael Levy which is held as a restricted fund (see note 16).

Income recognition
Income is recognised in the period in which the Charity has entitlement to the income, the amount of income can be measured reliably and it is probable that the income will be received.

Income comprises donations, legacies, investment income and interest receivable and income from patient services provided as part of the operation of an independent acute hospital.

Donations are recognised when the Charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for when the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the Charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the Charity and it is probable that those conditions will be fulfilled in the reporting period.

In accordance with the Charities SORP FRS 102 volunteer time is not recognised. Legacies are included in the statement of financial activities when the Charity is entitled to the legacy, the executors have established that there are sufficient surplus assets in the estate to pay the legacy, and any conditions attached to the legacy are within the control of the Charity.

Entitlement is taken as the earlier of the date on which either: the Charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor to the Charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured

reliably and the Charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the Charity or the Charity is aware of the granting of probate, but the criteria for income recognition have not been met, the legacy is treated as a contingent asset and disclosed if material. In the event that the gift is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title of the asset having being transferred to the Charity.

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Charity; this is normally upon notification of the interest paid or payable by the bank.

Income generated from patient services in the operation of an independent acute hospital is recognised to the extent that it is probable that the economic benefits will flow to the Charity and the revenue can be reliably measured. It is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the Charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis and inclusive of irrecoverable VAT. Expenditure comprises direct costs and indirect administrative costs. All expenses, including indirect costs, are allocated to the applicable expenditure headings of raising funds, the provision of patient services and grants payable as appropriate. Indirect or administrative costs represent indirect charitable expenditure. In order to carry out the primary purposes of the Charity it is necessary to provide support in the form of personnel development, financial procedures, provision of office services and equipment and a suitable working environment.

Governance costs comprise the costs involving the public accountability of the Charity (including audit costs) and costs in respect to its compliance with regulation and good practice.

Indirect costs and governance costs are allocated in the main to the cost of providing patient services with a small amount of administrative expenditure allocated to raising funds. Such allocation is made on a pro rata basis.

Grants are made following a review of the details of each particular case and comprise single payments. Grants and donations are included in the statement of financial activities when approved for payment. Provision is made for grants and donations approved but unpaid at the period end.

All expenditure is stated inclusive of any irrecoverable VAT.

Principal accounting policies 31 March 2022

Tangible fixed assets
All assets costing more than £1,000 and having an estimated useful life of not less than two years are capitalised and depreciated.

Hospital properties and other tangible fixed assets are stated at cost less accumulated depreciation. Assets under construction are stated at cost and depreciated only once they become available for use.

Depreciation of equipment is calculated on a straight-line basis at rates between 15% and 25% per annum, and estimated to write-off the cost of those assets over their estimated useful lives.

Depreciation is not provided on leasehold properties (excluding the new King Edward VII Medical Centre) until the remaining period of the lease is less than eighty years. Thereafter depreciation is provided on a straight-line basis designed to write off the cost of structures over the remaining period of the lease.

The new King Edward VII Medical Centre has a 30-year lease period and the components of construction, equipment and IT related costs are depreciated in line with each class of asset. Building construction is depreciated over 25 years and other components such as equipment, fixtures and fittings and IT are depreciated between 10% and 25% per annum based on initial cost.

Expenditure on plant, fixtures and internal works within the buildings is depreciated at rates of between 4% and 10% per annum based on cost.

Investments
Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

The Charity does not acquire put options, derivatives or other complex financial instruments.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date.

Realised and unrealised investment gains (or losses) are credited (or debited) in the statement of financial activities in the year in which they arise.

Stocks
Stocks comprising pharmaceutical supplies and hospital consumables are stated at the lower of cost and net realisable value.

Principal accounting policies 31 March 2022

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid.

Cash at bank and in hand

Cash at bank and in hand represents such financial statements and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

Creditors and provisions

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

Pensions

The Hospital operates a defined benefit pension scheme for eligible employees, which was closed to new entrants in October 2000. The assets of the scheme are held and managed separately from those of the Hospital. Pension scheme assets are measured at fair value at each balance sheet date under FRS 102. Liabilities are measured on an actuarial basis using the projected unit method. The net of these two figures is recognised as an asset (capped at £nil) or liability on the balance sheet. Any change in the asset or liability between balance sheet dates is reflected in the statement of financial activities.

Fund structure

The unrestricted general funds comprise the monies which may be used towards meeting the charitable objectives of the Charity, for use at the discretion of the Board of Trustees.

The pension reserve represents the FRS 102 pension asset (capped at £nil) or liability on the Hospital's defined benefit pension scheme as calculated by the scheme's actuaries as at the balance sheet date.

The fixed assets fund represents the net book value of the Hospital's tangible fixed assets excluding those assets financed by restricted funds.

The designated funds are monies set aside out of general funds and designated for specific purposes by the Trustees.

The restricted funds are monies raised for, and their use restricted to, a specific purpose, or donations subject to donor imposed conditions.

Leased assets

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight-line basis over the term of the lease.

5 Notes to the financial statements

31 March 2022

1 Donations and legacies

	Unrestricted funds £'000	Restricted funds £'000	Total 2022 £'000
Legacies	**180**	**-**	**180**
Other donations			
Individuals	**228**	**101**	**329**
Kantor Charitable Foundation	**-**	**3,000**	**3,000**
Thompson Family Charitable Trust	**-**	**971**	**971**
Grant giving organisations	**240**	**386**	**626**
Total funds	**648**	**4,458**	**5,106**

	Unrestricted funds £'000	Restricted funds £'000	Total 2021 £'000
Legacies	90	-	90
Other donations			
Individuals	149	32	181
Grant giving organisations	43	425	468
Total funds	282	457	739

2 Investment income and interest receivable

	Unrestricted funds £'000	Restricted funds £'000	Total 2022 £'000
Income from listed investments:			
Sarasin Charity Authorised Investment Fund	**309**	**-**	**309**
Bank interest	**-**	**-**	**-**
Total funds	**309**	**-**	**309**

	Unrestricted funds £'000	Restricted funds £'000	Total 2021 £'000
Income from listed investments:			
Sarasin Charity Authorised Investment Fund	398	-	398
Bank interest	9	-	9
Total funds	407	-	407

3 Income from charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2022 £'000
Patient charges	**34,242**	**-**	**34,242**
Other income	**699**	**-**	**699**
Total funds	**34,941**	**-**	**34,941**

	Unrestricted funds £'000	Restricted funds £'000	Total 2021 £'000
Patient charges	29,345	-	29,345
Other income	556	-	556
Total funds	29,901	-	29,901

All income from charitable activities is unrestricted. Patient fees are stated net of the subsidies made to Service patients in line with the Hospital's charitable objective. This benefit to Service patients amounted to £82,878 for 69 patients (2021: £52,149 for 34 patients)

Other income includes rental monies received for staff accommodation of £75,000 (2021: £193,000) and consultant room revenue of £619,000 (2021: £363,000)

4 Raising funds

	Unrestricted funds £'000	Restricted funds £'000	Total 2022 £'000
Staff costs (note 6)	**202**	**-**	**202**
Other direct costs	**84**	**-**	**84**
Investment management fee rebate	**(27)**	**-**	**(27)**
Total direct costs	**259**	**-**	**259**
Allocated indirect costs (note 5)	**112**	**-**	**112**
Total funds	**371**	**-**	**371**

	Unrestricted funds £'000	Restricted funds £'000	Total 2021 £'000
Staff costs (note 6)	192	-	192
Other direct costs	30	31	61
Investment management fee rebate	(37)	-	(37)
Total direct costs	185	31	216
Allocated indirect costs (note 5)	68	-	68
Total funds	253	31	284

5 Provision of patient services

Expenditure on the provision of patient services comprises expenses relating wholly or mainly to the delivery of medical and nursing care; it includes the costs of doctors, nurses and support staff, premises costs, supplies and bought services as follows:

	Unrestricted funds £'000	**Restricted funds £'000**	**Total 2022 £'000**
Surgical and pharmaceutical supplies	**13,339**	**-**	**13,339**
Provisions and domestic supplies	**721**	**-**	**721**
Staff costs (note 6)	**15,203**	**-**	**15,203**
Agency staff	**2,380**	**-**	**2,380**
Repairs, renewals and maintenance	**1,720**	**-**	**1,720**
Accommodation and administration expenses	**8,101**	**-**	**8,101**
Pain Management Programme	**-**	**258**	**258**
Depreciation and amortisation	**2,229**	**59**	**2,288**
	43,693	**317**	**44,010**
Costs allocated to raising funds (note 4)	**(112)**	**-**	**(112)**
Defined benefit pension scheme FRS 102 adjustment (note 14)	**(202)**	**-**	**(202)**
Total funds	**43,379**	**317**	**43,696**

	Unrestricted funds £'000	Restricted funds £'000	Total 2021 £'000
Surgical and pharmaceutical supplies	9,658	-	9,658
Provisions and domestic supplies	508	-	508
Staff costs (note 6)	13,128	-	13,128
Agency staff	751	-	751
Repairs, renewals and maintenance	1,371	-	1,371
Accommodation and administration expenses	5,477	-	5,477
Pain Management Programme	-	361	361
Depreciation and amortisation	2,106	53	2,159
	33,000	414	33,414
Costs allocated to raising funds (note 4)	(68)	-	(68)
Defined benefit pension scheme FRS 102 adjustment (note 14)	(192)	-	(192)
Total funds	32,740	414	33,154

Restricted fund depreciation represents depreciation on assets financed by specific donations. Included within administration expenses are the auditor's remuneration of £40,000 (2021: £39,000) in respect of the audit of the statutory financial statements, and fees payable to the auditor for other services and the audit of the pension scheme of £8,550 (2021: £8,328).

6 Staff costs

Expenditure on the provision of patient services comprises expenses relating wholly or mainly to the delivery of medical and nursing care; it includes the costs of doctors, nurses and support staff, premises costs, supplies and bought services as follows:

	2022	2021
	£'000	£'000
Staff costs, excluding the costs of agency staff, comprise:		
Wages and salaries	**13,333**	11,568
Social security costs	**1,410**	1,145
Pension costs – defined benefit scheme (note 14)	**263**	244
Pension costs – group personal pension plans (note 14)	**221**	204
Pension costs – defined contribution pension plan (note 14)	**178**	155
	15,405	13,316
These costs are allocated as follows:		
Provision of patient services (note 5)	**15,203**	13,128
Expenditure on raising funds (note 4)	**202**	192
	15,405	13,320

Salary costs include restructuring costs of £37,297 in respect of five people (2021: £82,792, eight people). Salary costs include a holiday pay accrual of £57,817 which represents annual leave carried forward for up to five days, as permitted in the HR policy.

	2022	2021
	No. of staff	No. of staff
The average number of full and part time permanent staff is split as follows:		
Clinical	**179**	151
Service support	**122**	108
Administration	**72**	59
	373	318

	2022	2021
	No. of staff	No. of staff
The number of employees whose emoluments exceeded £60,000 including taxable benefits but excluding employer's pension and national insurance contributions was as follows:		
£60,001 - £70,000	**11**	7
£70,001 - £80,000	**6**	7
£80,001 - £90,000	**4**	2
£90,000 - £100,000	**-**	2
£100,001 - £110,000	**2**	-
£110,001 - £120,000	**-**	1
£120,001 - £130,000	**1**	-
£150,001 - £160,000	**-**	1
£180,000 - £190,000	**1**	-
	25	20

6 Staff costs *(continued)*

No member of the Board of Trustees received remuneration for their services or had reimbursed expenses during either year.

The Charity's key management personnel in charge of directing and controlling, running and operating the Charity on a day-to-day basis comprise the Board of Trustees and the Executive Committee detailed on page 8 and 9 of this Annual Report and Financial Statements. The total remuneration (including taxable benefits and employer's pension and national insurance contributions) of the key management personnel for the year was £1,290,200 (2021: £972,358).

7 Grants payable

	2022	2021
	£'000	£'000
Outstanding commitments at 1 April	**23**	-
Awarded during the year	**122**	101
Paid during the year	**(136)**	(78)
Outstanding commitments at 31 March	**9**	23

Grants paid during the year of £136,271 represent amounts paid to Service inpatients and Service outpatients during the period to assist with Hospital fees. Grants are made from a restricted fund of the Charity (Note 17).

Liabilities for grants represent the unpaid balance on grants awarded by the Charity as at the balance sheet date. They relate to current activities funded by the Charity to which it is firmly committed.

8 Indemnity insurance

During the period the Hospital renewed insurance to protect it from loss arising from any wrongful or dishonest act of any member of the Board of Trustees, officer or employee and to indemnify any member of the Board of Trustees, officer or employee against the consequence of any wrongful act on their part. The total cover provided by such insurance was £5 million (2021: £5 million) and the total premium paid in respect of such insurance was £11,200 (2021: £5,684).

9 Taxation

King Edward VII's Hospital is a registered charity and therefore is not liable to income tax or corporation tax on income or gains derived from its charitable activities, as they fall within the various exemptions available to registered charities.

The Hospital is not able to reclaim all VAT suffered on expenditure due to the partial exemption rules. Irrecoverable VAT is included as part of the appropriate expenditure category.

The linked charity, The Charity of Alexander Michael Levy, is also not liable to income tax, corporation tax or capital gains tax on income or gains derived from its charitable activities.

10 Tangible fixed assets

	Assets under construction	Long leasehold buildings	Equipment, Fixtures and Fittings	**2022 Total**
	£'000	£'000	£'000	**£'000**
Cost				
As at 1 April 2021	9,403	19,572	20,706	**49,681**
Additions during the year				
Imaging and scanning			123	**123**
Estates			244	**244**
Theatre			557	**557**
Information Technology			147	**147**
Housekeeping/Catering			20	**20**
Critical Care Unit			5	**5**
Fixtures & fittings			31	**31**
Long leasehold building		9,153	-	**9,153**
Nursing			22	**22**
Pharmacy			2	**2**
Physiotherapy			23	**23**
Other			6	**6**
WIP- Estates Masterplan	1,100			**1,100**
WIP- IT Infrastructure	107			**107**
Total additions	1,207	9,153	1,180	**11,540**
Transfers	(8,085)		8,085	**-**
Disposals	-	-	-	**-**
As at 31 March 2022	**2,525**	**28,725**	**29,971**	**61,221**
Accumulated Depreciation				
As at 1 April 2021	-	11,933	12,733	**24,666**
Charge for the year	-	298	1,990	**2,288**
On disposals	-	-	-	**-**
As at 31 March 2022	**-**	**12,231**	**14,723**	**26,954**
Net book values				
As at 31 March 2022	**2,525**	**16,494**	**15,248**	**34,267**
As at 31 March 2021	9,405	7,639	7,973	25,017

Transfers

The following assets were brought into use during the financial year:

- In July 2021, £172,362 for fire door remedial works.
- In February 2022, £1,004,781 for the Day Surgery Unit.
- In March 2022, £266,362 for the wireless fire alarm installation.
- In March 2022, £6,479,586 relating to the King Edward VII Medical Centre.
- In March 2022, £161,719 professional fees for the implementation of Netsuite system were incurred.
- Leasehold additions relate to the construction works on KEVII Medical Centre and the Day Surgery Unit for £6,763,211 and £2,389,590, respectively.

10 Tangible fixed assets *(continued)*

The Hospital holds property under long leasehold interest. In accordance with the Hospital's accounting policy, these assets are stated at cost less accumulated depreciation. At 31 March 2022, the net book value of the Hospital's long leasehold properties was £9.78m. This excludes the King Edward Medical Centre which is held under a 30-year lease.

The properties were formally valued with professional assistance as at 1 August 2021 by a registered valuer at Chalkhouse Chartered Surveyors in accordance with the Royal Institution of Chartered Surveyors (RICS) valuation professional standards. The long leasehold interests were valued at a sum of £82.35m. This valuation has not been reflected in these financial statements as the Hospital's accounting policy is for tangible fixed assets to be held at cost and depreciated over their useful lives.

11 Investments

	Total 2022 £'000	Total 2021 £'000
Balance as at 1 April	**20,019**	20,847
Income earned (Note 2)	**309**	398
Realised gains in year	**1,142**	1,588
Unrealised (losses) gains in year	**(739)**	1,149
Investment management fee rebate (Note 4)	**27**	37
Cash withdrawals	**(10,451)**	(4,000)
Balance as at 31 March	**10,307**	20,019

Investments are managed on the Hospital's behalf by Sarasin, with performance and composition reviewed regularly by Trustees.

Listed investments held at 31 March 2022 comprised the following:

	2022 £'000	2021 £'000
Charity Authorised Investment Funds	**9,932**	18,693
Diversified money market fund	**353**	1,202
	10,285	19,895
Cash held for reinvestment	**22**	124
Total funds	**10,307**	20,019

The Charity authorised investment funds hold assets in the UK and overseas.

At 31 March 2022, the following individual holdings were deemed material in comparison with the market value of the listed portfolio held at that date:

11 Investments *(continued)*

	Book cost	Market value	Percentage of total portfolio
	£'000	£'000	%
Sarasin Endowments Fund Class A Inc (Long term portfolio)	**6,310**	**9,926**	**96.3%**
ICS-Sterling Liquidity Fund - ACC (Short term portfolio)	**367**	**370**	**3.6%**
Sarasin Income and Reserves Class A Acc (Medium term portfolio)	**62**	**11**	**0.1%**
	6,739	**10,307**	**100%**

12 Debtors

	2022	2021
	£'000	£'000
Patient charges receivable	**5,119**	6,960
Accrued income	**2,042**	1,470
Prepayments	**1,404**	1,235
Other debtors	**32**	26
	8,597	9,691

13 Creditors: amounts falling due within one year

	2022	2021
	£'000	£'000
Expense creditors	**1,067**	1,980
Accruals	**2,758**	1,740
Deferred Income	**-**	1,491
Payments on account	**134**	-
Other creditors	**756**	340
Finance lease	**457**	-
	5,172	5,551

13a Creditors: amounts falling > 1 year

	2022	2021
	£'000	£'000
Finance lease	**2,075**	-
	2,075	-

The finance lease relates to the purchase of the major Imaging equipment in the new King Edward VII Medical Centre

14 Pension commitments

Throughout both 2022 and 2021, King Edward VII's Hospital operated an auto-enrolment pension scheme, a group personal pension plan and a defined benefit pension scheme. Details of the schemes are as follows:

	NOW	Aviva	Clerical Medical
	£'000	£'000	£'000
Employer contributions made in the year ended 31 March 2022	178	221	263
	%	%	%
Employer minimum contribution	3.0	5.0	29.6
Employee minimum contribution	5.0	3.0	8.0
	No. of staff	No. of staff	No. of staff
Active employee member of scheme as at 31 March 2022	203	66	5

Auto-enrolment pension scheme

Our main pension scheme is a defined contribution pension scheme operated by NOW pensions. Employer contributions payable during the prior period were £155,000.

Group personal pension plan

Employees have the option of joining the Aviva group personal pension plan. Employer contributions payable during the prior period were £204,000.

Defined benefit pension scheme

The assets are held separately from those of the Hospital by Clerical Medical Investment Group Limited. The pension cost relating to the scheme is assessed in accordance with the advice of a qualified actuary using the attained age method.

The scheme was closed to new members with effect from 1 October 2000.

The latest triennial actuarial valuation of this scheme carried out by Mr Tom McDougall, a fellow of the Institute of Actuaries, was as at 1 October 2019. At the date of valuation, the scheme assets had a market value of £7.1m and the actuarial value of those assets represented 95% of the benefits that had accrued to members, after accounting for expected future increases in earnings.

The funding basis assumptions made by the actuary were agreed by the Board of Trustees and Pension Trustees. The assumptions having the most significant effect on the results of the valuation are that the investment return would be 2.0% per annum before retirement and that salaries will increase at a rate 1.7% per annum compound.

The deficit following the triennial valuation was £987,000. A recovery plan was agreed by the Board of Trustees which required annual recovery contributions of £218,004 for three years eight months from 1 October 2020 to 30 May 2024. This equates to an additional £18,167 per month.

14 Pension commitments *(continued)*

Defined benefit pension scheme *(continued)*

The normal contributions for the year to 31 March 2022 were £263,000 (2021: £218,000). The contributions made by the employer in the period to 31 March 2022 were at the rate of 29.6% (2021: 31.6%) of pensionable salaries less members contributions.

Members' contributions in the period were 8% of pensionable salary for members who wished to retain a normal retirement age of 65 or 10% for members who wished to retain a normal retirement age of 60 years. Death in service insurance premiums were payable in addition by the employer.

The following information required by FRS 102 is based upon the full actuarial valuation of the scheme updated to 31 March 2022 by the Hospital Pension Fund Managers, Mercers.

Under FRS 102 the fair value of the assets and the deficit in the scheme is as shown below:

	2022	2021
	£'000	£'000
Fair value of scheme assets	**18,973**	19,579
Present value of scheme liabilities	**(18,597)**	(20,378)
Deficit in the scheme	**376**	(799)
Net pension asset/(liability)	**376**	(799)

Under FRS 102, the net pension asset is capped at nil value on the balance sheet.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	Assets at 31 March 2022	**Proportion at 31 March 2022**	Assets at 31 March 2021	Proportion at 31 March 2021
	£'000	**%**	£'000	%
Equities (including property)	**3,694**	**19%**	3,806	19%
Bonds	**1,216**	**6%**	1,800	9%
Insured pensions	**13,513**	**71%**	13,308	68%
Cash	**550**	**4%**	665	3%
Total	**18,973**	**100%**	19,579	100%

The major assumptions used by the actuary (in normal terms) were:

	2022	2021
	%	%
Consumer Price Inflation (CPI)	**2.90%**	2.40%
Salary escalations	**3.90%**	3.40%
Pension increases:		
RPI subject to a maximum of 4%	**3.20%**	2.90%
RPI subject to a maximum of 5%	**3.50%**	3.10%
RPI subject to a maximum of 7%	**3.80%**	3.30%
Discount rate (pre and post retirement)	**2.80%**	2.00%

14 Pension commitments *(continued)*

Defined benefit pension scheme *(continued)*

Assuming retirement at age 65, the life expectancies in years are as follows:

	At 31 March 2022 Years	At 31 March 2021 Years
For a male aged 65 now	**22.0**	22.0
At 65 for a male member aged 45 now	**23.7**	23.7
For a female aged 65 now	**24.0**	23.9
At 65 for a female member aged 45 now	**25.8**	25.8

FRS 102 specifies the projected unit method for the current service cost. The scheme is closed to new entrants, so the average age and hence the current service cost is likely to rise.

The scheme has a number of purchased annuities in respect of past retirements. To the extent that these fully match the associated liabilities they have been excluded from both the assets and the liabilities at each accounting date.

	2022 £'000	2021 £'000
Analysis of amount charged to statement of financial activities		
Current service cost (excluding insured death-in-service benefits)	**31**	38
Operating charge	**31**	38
Analysis of net return on pension scheme		
Interest income on pension scheme assets	**385**	404
Interest cost on scheme liabilities	**(399)**	(418)
Net finance charge	**(14)**	(14)
Other recognised gains and losses		
Asset return less interest income	**(357)**	2,615
Experience (losses)/gains on benefit obiligations	**203**	(73)
Effect of assumptions changes on benefit obligation	**1,127**	(2,836)
Actuarial gains (losses)	**973**	(294)

14 Pension commitments *(continued)*

Defined benefit pension scheme *(continued)*

The movement in the deficit during the period is as follows (unless otherwise specified, the figures calculated are based on the assumptions as at the beginning of the period):

	2022	2021
	£'000	£'000
Deficit in scheme at 1 April	**(799)**	(697)
Movement in period:		
Current service cost	**(31)**	(38)
Contributions	**247**	244
Net finance charge	**(14)**	(14)
Actuarial gains (losses)	**973**	(294)
Surplus/(deficit) in scheme at 31 March	**376**	(799)

Reconciliation of opening and closing balances of the present value of the scheme liabilities:

	2022	2021
	£'000	£'000
Scheme liabilities at 1 April	**20,378**	17,789
Interest cost	**399**	418
Current service cost	**31**	38
Contributions by plan participants	**10**	10
Actuarial (gain) loss	**(1,330)**	2,909
Benefits paid	**(891)**	(786)
Scheme liabilities at 31 March	**18,597**	20,378

Reconciliation of opening and closing balances of the fair value of the scheme assets:

	2022	2021
	£'000	£'000
Fair value of scheme assets at 1 April	**19,579**	17,092
Interest income	**385**	404
Asset (losses) gains	**(357)**	2,615
Contributions by employer	**247**	244
Contributions by plan participants	**10**	10
Benefits paid	**(891)**	(786)
Fair value of plan assets at 31 March	**18,973**	19,579

15 Designated funds

The income funds of the Charity include a designated fund which has been set aside out of unrestricted funds by the Trustees for the Hospital development project. As at 31 March 2022 this was £8,932,000 (2021: £11,597,000).

16 Fixed assets fund

	As at 1 April 2021 £'000	Movement in year £'000	As at 31 March 2022 £'000
Fixed asset fund	**25,017**	**6,718**	**31,735**

	As at 1 April 2021 £'000	Movement in year £'000	As at 31 March 2022 £'000
Fixed asset fund	18,124	6,893	25,017

The fixed assets fund represents the net book value of the Hospital's tangible fixed assets, excluding those represented by restricted funds. The tangible fixed assets are separated from the Hospital's general funds in recognition of the fact that the assets are used in the day-to-day work of the Hospital and are not, therefore, able to be realised in order to meet future contingencies or expenditure.

17 Restricted funds

	As at 1 April 2021 £'000	Income £'000	Expenditure £'000	Capital expenditure £'000	Transfers £'000	As at 31 March 2022 £'000
120th Anniversary Appeal Fund	**10,674**	**233**	**-**	**(25)**	**(4,558)**	**6,324**
King Edward VII Medical Centre Fund	**(1,194)**	**3,000**	**(59)**	**(6,305)**	**4,558**	**-**
Capital Campaign Fund	**-**	**971**	**-**	**(1,155)**	**-**	**(184)**
Freemasons Fund	**8**	**-**	**-**	**-**	**-**	**8**
Sister Agnes Benevolent Fund	**529**	**254**	**(394)**	**-**	**-**	**389**
Alexander Michael Levy Fund	**673**	**-**	**-**	**-**	**-**	**673**
	10,690	**4,458**	**(453)**	**(7,485)**	**-**	**7,210**

17 Restricted funds *(continued)*

	As at 1 April 2020 £'000	Income £'000	Expenditure £'000	Investment gains and losses £'000	Capital expenditure and transfers £'000	As at 31 March 2021 £'000
120th Anniversary Appeal Fund	11,475	267	-		(1,068)	10,674
King Edward Medical Centre VII Fund	4,391	-	-		(5,585)	(1,194)
Equipment Fund	53	-	(53)		-	-
Centenary Appeal Fund	1,064	-	-		(1,064)	-
Freemasons Fund	9	-	(1)		-	8
Sister Agnes Benevolent Fund	546	190	(469)		262	529
Alexander Michael Levy Fund	673	-	-		-	673
	18,211	457	(523)	-	(7,455)	10,690

The 120th Anniversary Appeal Fund launched by the Board of Trustees in 2017 represents a fund for the three year development of the Hospital, comprising the main Hospital, The King Edward VII Medical Centre and diagnostic facilities. The £3m received in 2021/22 from the Kantor Charitable Foundation was the final payment towards the £9m pledge as agreed. The second tranche of £266,667 from Michael Rapp is one of three as part of a total pledge of £800,000 over three years.

The Equipment Fund and Centenary Appeal Fund are historical funds which have been fully expended and are now closed.

The Sister Agnes Benevolent Fund represents net monies available to provide future grants to Service patients to assist with payment of Hospital fees and funds to go towards the delivery of the Pain Management Programme.

The Capital Campaign Fund is the ongoing Capital Redevelopment Fund which is the main fundraising Appeal for the next five financial years.

The Alexander Michael Levy Fund is a linked charity of the Hospital. The Charity of Alexander Michael Levy's constitution was amended in 2017, which extended the Charity's objects and removes some restrictions on the beneficiary class, allowing surplus income and accumulated capital to be applied to the general purposes of King Edward VII's Hospital.

In 2019/20, the unrestricted funds of the linked charity were transferred to the unrestricted funds of the Hospital. The permanent endowment fund of the linked charity continues to be held as a restricted fund of the Hospital at 31 March 2022. Permanent endowment funds of the linked charity were £673,000 at 1 April 2021 and at 31 March 2022, which consisted solely of listed investments. There was no income and expenditure in the permanent endowment fund in 2021-22.

18 Analysis of net assets between funds

	General funds	Designated funds	Pension reserve	Fixed assets fund	Restricted funds	2022 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Tangible fixed assets	-	-	-	34,267	-	34,267
Investments	-	3,097	-	-	7,210	10,307
Net current assets	5,917	5,835	-	(457)	-	11,296
Long term lease liability	-	-	-	(2,075)	-	(2,075)
Pension liability	-	-	-	-	-	-
	5,917	8,932	-	31,735	7,210	53,794

	General funds	Designated funds	Pension reserve	Fixed assets fund	Restricted funds	2021 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Tangible fixed assets	-	-	-	25,017	-	25,017
Investments	-	9,329	-	-	10,690	20,019
Net current assets	10,133	2,268	-	-	-	12,401
Pension liability	-	-	(799)	-	-	(799)
	10,133	11,597	(799)	25,017	10,690	56,638

19 Lease commitments

The Hospital's properties excluding the new King Edward VII Medical Centre are held under leases with expiry dates in 2125. The total future rental to which the Hospital is committed as at 31 March 2022 under the terms of the various leases for the five year period up to the next rent review is £4,529,000 (2021 – £6,038,000).

The new King Edward VII Medical Centre is held under a 30-year lease which started at the end of 2021 and which expires in 2051. The annual charge is £1,667,000 and there are rent reviews every five years.

At 31 March 2022 the Hospital was committed to pay total future rental payments of £167,000 due within one year (2021: £501,000) in respect of medical equipment held under operating leases.

20 Related party transactions

The role of Interim Chief Information Officer has been covered by a director of BCMB Consulting from 1 June 2021. The Hospital paid BCMB Consulting £41,500 for this service in 2021-22.

There were no further related party transactions (2020-21 none).

6 Glossary of abbreviations

ABF	Army Benevolent Fund
C2-Ai	Copeland Clinical Ai (clinical analytics company)
COVID-19	Coronavirus Disease 2019
CPD	Continued Professional Development
CQC	Care Quality Commission
CRM	Customer Relationship Management
DNA	Did Not Attend
ENT	Ear, Nose and Throat
FIT	Feedback for Improving Teamworking
FOH	Front of House
GP	General Practitioner
HR	Human Resources
IT	Information Technology
KEVII	King Edward VII's Hospital
KMC	King Edward VII's Hospital Medical Centre
KPI	Key Performance Indicators
LGBTQIA+	Lesbian, Gay, Bisexual, Transgender, Queer, Intersex, Asexual
MDT	Multi-Disciplinary Team
NHS	National Health Service
OPD	Outpatient
PAS	Patient Administration System
PCR	Polymerase Chain Reaction
PHIN	Private Healthcare Information Network
PMI	Private Medical Insurance
PMP	Pain Management Programme
PPC	Pay-Per-Click
QEP	Quality, Efficiency, Productivity
QI	Quality Improvement
QR	Quick Response
SLA	Service Level Agreement
SMS	Short Message Service
SOP	Standard Operating Procedure
SQL	Structured Query Language
UK	United Kingdom
UKHSA	UK Health Security Agency

KING EDWARD VII's
HOSPITAL

kingedwardvii.co.uk

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Marylebone, London W1G 6AA

Registered Charity No. 208944

KING EDWARD VII'S HOSPITAL (SISTER AGNES)

England & Wales - Charity number 208944

Accounts

King Edward VII's Hospital

Annual Report and Financial Statements

31 March 2021

KING EDWARD VII's HOSPITAL

Charity Registration Number 208944

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1 Trustees' Annual Report

INTRODUCTION AND WELCOME FROM THE CHAIRMAN

King Edward VII's Hospital (Sister Agnes), has a proud history dating back over 120 years and enjoys an international reputation for offering the highest standards of care.

Firstly, a huge thank you to the Leadership team and to all of our staff. I am tremendously proud of the role that King Edward VII's has played in partnering with the NHS over the last year in continuing to support its response to the COVID-19 pandemic.

In the last 18 months there have been unprecedented challenges across healthcare. As the pandemic took hold, frontline healthcare workers were required to keep things moving forward. For King Edward VII's it was essential to move fast to support the NHS and continue patient care. By the second week of March 2020, it was clear that NHS and private providers would be required to work in partnership as one healthcare system in order to treat COVID-19 as well as continue to deliver time critical treatment. In response to this, we swiftly put a strategy in place to begin treating NHS patients, stopping all non-urgent private elective work and over the course of 24 hours mobilised the Hospital to receive NHS patients. By Monday 23 March 2020, the Hospital had all its operating theatres up and running with full lists of time critical and urgent NHS cancer operations taking place.

I am proud of the agility, team spirit and leadership shown at the Hospital which meant we were able to successfully deliver care and provide capacity at the earliest opportunity, ensuring our staff were cross trained where appropriate so that we had resilience across the workforce. Across the Hospital, staff in all roles took the changes in their stride, with many taking on new responsibilities or adapting to their patients' changing needs.

Amongst all of this was the continuing threat of COVID-19, and the challenge of keeping the Hospital infection-free in order to deliver urgent surgical treatment. Our Infection Prevention and Control (IPC) Team worked tirelessly to ensure we followed the ever changing guidelines to the letter, with strict restrictions in place to keep our staff and patients safe, and we have remained COVID- free throughout.

To date, over this financial year, the Hospital has treated more than 1,100 NHS patients. This was a defining moment for the Hospital and we are proud to have been able to work with the NHS during such a challenging year, and to continue our support into 2021.

As we suspended all non-urgent work, the vast majority of our existing private patients had their treatment postponed. Effective communication at this point was imperative, taking the time to explain to our patients why this decision had been made. When the urgent need for capacity for time critical treatment had reduced, we began to resume private practice.

Despite the challenges COVID-19 presented, the Hospital was determined to focus on the future and managed to find new, innovative ways to drive the Hospital's strategic objectives forward. We continued to embed our collaborative and holistic models of care, to ensure patients could access healthcare as a preventative measure, as well as when intervention was required.

Several of the surgeons we worked with from the NHS have chosen to expand their private practices with us, giving us a higher concentration of expertise in our key areas and adding to the complexity of the work we do, including major gynaecological surgery and complex microsurgical breast procedures.

As orthopaedics, a main staple of our work, was put on hold during the pandemic, we pushed forward with breast, gynaecological and urology cancer care work. We began to lay the foundations for future growth during the pandemic and took the view that it was an opportunity to engage with, and recruit, new consultants, as well as continuing to develop our four clinical pillars and we were successful in doing this.

Key highlights have included our first complex breast reconstruction DIEP procedures, and an increase in highly complex gynaecological cancer surgeries, which enabled us to increase our utilisation of critical care, ensuring we are at the cutting edge of new technology for urology procedures, through the introduction of new robotic procedures via the Da Vinci XI robot acquired in 2019/20.

We have confirmed a partnership with the Cleveland Clinic London that will see King Edward VII's providing advanced breast services to Cleveland Clinic London patients. The Hospital has also launched its colorectal robotics service bringing together some of the UK's leading surgeons and world-renowned expert teachers, with state-of-the-art technology.

The Hospital has continued to adapt its operational model to maximise theatre and bed utilisation and has several ambitious redevelopment projects in the works. These include a new outpatient and diagnostic unit, two new theatres consisting of a day case theatre, accelerating a move toward more day surgeries, and a hybrid theatre, as well as the major refurbishment of the wards. This will further boost capacity and create an environment fit for a post-COVID healthcare facility.

The pandemic has sped up digital health services and innovation for the Hospital. Greater utilisation of telemedicine for example, has been successfully rolled out, providing benefits for COVID-safety and convenience. Our Veterans' Pain Management Programme was moved online at the beginning of the pandemic and the feedback from veterans that have been able to attend the programmes remotely has been extremely positive, and we were able to deliver more programmes over the last 12 months, helping more veterans. This approach will continue with the provision of both in person and virtual clinics in the future.

A revolution within the private sector itself has resulted in fewer individual practices, and instead we are seeing groups of consultants working together to provide the best care between them. This collaborative way of delivering services means that results and patient

satisfaction are measurable and drive up standards of care.

After a year of change and adaptation, we are looking forward to a future in which clinicians will continue to work collaboratively, with each other and the organisation, underpinned by quality and evidenced by data and outcomes. Agility and resilience are paramount, as is the adoption of digital healthcare services and delivery platforms. As waiting lists have increased significantly, patients will look to self-fund treatment, and the Hospital is ready to respond to this, however it will be important that as a healthcare system we continue to work with the NHS as part of their recovery plan.

The Trustees are very grateful to the Kantor Charitable Foundation for funding the development of the Kantor Medical Centre (KMC) which, following initial delays due to COVID-19, is now expected to open later in 2021 and which will provide additional outpatient consulting and treatment space together with state-of-the-art diagnostic equipment. We would also like to thank the Thompson Family for their generous donation which is supporting the Hospital to put in place a comprehensive programme of refurbishment and upgrading of our Hospital bedrooms and infrastructure.

In these most challenging of times, our Hospital continued to act without hesitation to continue to care for patients, and this would not have been possible without the commitment and professionalism of our team, for which I am extremely grateful.

Whilst pleased to have achieved a 'Good' Care Quality Commission (CQC) rating in our last full inspection, the Hospital continues on its 'Journey to Outstanding', with a continuous focus on improvement in all we do.

Our commitment to delivering quality care to our patients and veterans did not waver, even at the most difficult of times, which strengthened our organisational culture and with this as our foundation, I am confident that we will emerge from the pandemic an even stronger organisation. Whilst we recognise the challenges, including that of the continuing COVID-19 pandemic, we also see growing opportunities for building a sustainable model to enable the future success of the Hospital and our Trustees continue to look to the future with confidence.

Sir Richard Sykes

Trustee and Chair of the Board20 October 2021

REPORT OF THE TRUSTEES FOR THE YEAR ENDING 31 MARCH 2021

The Trustees are pleased to present their report, together with the financial statements of the Charity, for the year ending 31 March 2021.

The annual report and financial statements have been prepared in accordance with the accounting policies set out on pages 44 to 48 of the attached financial statements and comply with applicable law and the requirements of the Accounting and Reporting by Charities; Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The Trustees confirm that they have complied with section 17 of the Charities Act 2011 to have due regards to the Charity Commission's guidance (both general and supplementary in relation to publicbenefit).

Reference and Administrative Details

Principal Office:

King Edward VII's Hospital
5-10 Beaumont Street, Marylebone, London, W1G 6AA

Auditors

Buzzacott
LLP
130 Wood Street, London, EC2V 6DL

Bankers

National Westminster Bank PLC
1 Cavendish Square, London, W1A 4NU

Investment Managers

Sarasin & Partners LLP
100 St Paul's Churchyard, London, EC4M 8BU

Solicitors

BDB Pitmans LLP (to March 2020)
50 Broadway, London, SW1H 0BL

Bevan Brittan LLP (from April 2020)
2 Fleet Place, London, EC4M 7RF

DAC Beachcroft
100 Fetter Lane, London, EC2A 3LH

Macfarlanes LLP
20 Cursitor Street, London, EC4A 1LT

Patron, President and Board of Trustees

Patron
Her Majesty the Queen

President
His Royal Highness The Duke of Kent KG GCMG GCVO ADC(P)

Honorary Vice-President
Field Marshal The Rt. Hon. Lord Inge KG GCB DL

Life Governor
Dr V. Moshe Kantor PhD

The Trustees, who served during the year, and since the year end, are as follows:

Sir Richard Sykes FRS FMedSci HonFREng (Chairman)
Mr Paul Biddle FCA
Ms Fiona Driscoll MA
The Rt. Hon. Professor Lord Ajay Kakkar BSc PhD FRCS
Dr V. Moshe Kantor PhD
Professor Roger Kirby MA MD FRCS (Urol)
Sir Stuart Lipton
The Hon. Mrs Virginia Lovell JP, DL
Mrs Alison Parkhouse (nee Dean)
Professor Dame Lesley Regan DBE
Mr Simon Weil

Advisory Board

Sir Richard Sykes FRS FMedSci HonFREng (chair)
Professor Martin Bricknell CB PhD FFPH
Mr Andrew Graham

Board committees

Audit, Risk & Assurance Committee
Ms Fiona Driscoll (chair)
Mr Simon Weil

Finance & Investment Committee
Mr Paul Biddle (chair)
Mrs Alison Parkhouse

Quality & Safety Committee
Professor Dame Lesley Regan (chair)
Professor Lord Ajay Kakkar

Property & Projects Committee
Sir Stuart Lipton (chair)
Professor Roger Kirby MA MD FRCS (Urol)

Fundraising & Veterans' Committee
Professor Roger Kirby MA MD FRCS (Urol) (chair)
The Hon Mrs Virginia Lovell JP, DL

Nominations Committee
Sir Richard Sykes FRS FMedSci HonFREng (chair)
Professor Roger Kirby MA MD FRCS (Urol)
Sir Stuart Lipton

Executive Team

Chief Executive
Lindsey Condron Andrews
Finance Director
Rod Morgan
Medical Director
Professor Justin Vale
Director of Nursing
Tonya Kloppers
Director of Operations
Kate Farrow
Director of Governance
Dr Jenny Davidson (until August 2021)
Director of Clinical Strategy
Dr Alan Farthing (from June 2020)
Director of Fundraising & Veterans' Health
Tim Brawn (until August 2021)
Director of HR and L&D
Becky Hine (until October 2021)
Commercial Director
Mike Lord (until July 2020)

VISION, MISSION, OBJECTIVES and VALUES

The Hospital's vision is "to be the leading private hospital in the UK and to support an increased number of veterans through our charitable work".

In doing so, its Mission is "to consistently deliver the highest standards of personalised patient centred care, in a safe and kind environment, through our exceptional and empowered teams. We will do this whilst continuing to deliver our charitable works within the veteran community."

Objectives:

The objectives of the Hospital are:

- *To operate an acute Hospital;*
- *To provide the highest standards of patient care; and*
- *To provide treatment at preferential rates to Service patients, serving or retired, and theirspouses.*

Achievements and Highlights

The Hospital's achievements against these objectives are as follows:

Support to the NHS during COVID-19

The Hospital rapidly mobilised in support of the NHS at the onset of the COVID-19 pandemic in March 2020. At the outset of the pandemic, we swiftly put a strategy in place to begin treating NHS patients stopping all non-urgent private elective work and over the course of 24 hours mobilised the Hospital to receive NHS patients. By Monday 23 March 2020, the Hospital had all its operating theatres up and running with full lists of time critical and urgent NHS cancer operations taking place and in the first three weeks treated more than 200 NHS patients with time critical cancers/surgery. Patients requiring time critical cancer and benign surgery were able to access the treatment they needed as the Hospital supported several London NHS trusts. Particularly strong and successful partnerships were forged between King Edward VII's and Imperial College NHS Trust; and with Barts Health. By committing all available resources with great speed and efficiency, the Hospital's support meant that nearly 750 NHS patients were able to receive life-saving or life-changing surgery during the early months of COVID-19's impact and over 1,100 by the end of the financial year. The Hospital also provided vital equipment and staff to the NHS which included staff being redeployed to help at the London Nightingale as well as giving over ventilators to treat seriously ill COVID-19 patients. Patient and clinician feedback has been extremely positive and we feel extremely proud to have been able to step in and support our NHS colleagues and patients throughout this time.

Through our work with NHS colleagues, we secured activity that was in line with our clinical and operational strategy. As orthopeadics, a main staple of our work, was put on hold we pushed forward with breast, gynaecological and urology cancer work and began to lay the foundations for future growth during the pandemic. We took the view that it was an opportunity to engage with, and recruit new consultants, as well as continuing to develop our four clinical pillars and we were successful in doing this.

During the pandemic staff across the Hospital showed significant resilience and support to the NHS contract and our elective patients. Employees cross trained to be agile and able to support other departments should there be a need due to isolation requirements. During the anxious and uncertain times of the pandemic to support employees, in addition to the Employee Assistance Programme available, further one to one counselling sessions were arranged in June and October 2020. These were well received.

Moving forward and as the country enters a new phase of the pandemic we are seeing a slight increase in staff attrition, especially in clinical areas which is a national trend.

Whilst the Hospital has a small complement of volunteers they were unable to volunteer during thepandemic as they were shielding.

Clinical highlights

Key highlights have included our first complex breast reconstruction DIEP procedures, an increase in highly complex gynaecological cancer surgeries, increasing our surgical usage of the robot as well as introducing new robotic procedures including colorectal robotic surgery.

Financial Position and the impact of COVID-19

Total income for the year was £31.3 m. Year-end average theatre utilisation was between 75-85%, a 20% improvement on the previous year, with March 2021 achieving the highest activity on record for the Hospital, with a total of 554 patient admissions. Our plan is to maintain levels of 545 per month on average in 2021/22 through predominantly private activity. This is largely due to the additional operating theatre opening in September 2021.

We received lower than usual international activity as a result of COVID-19 travel restrictions during the financial year, though we are now seeing complex urgent cases return and additional international referrals are expected via recently agreed new partnerships.

The Hospital has continued to drive forward reduced length of stay for patients through enhanced recovery pathways and introducing innovative ways of operating. This has been particularly successful with the launch of our colorectal robotic group. Patients having these operations done openly and without enhanced recovery would have historically stayed in the Hospital for over ten days. The team have been successful at reducing the average length of stay to under a week.

The financial position in 2020/21 was distorted by the impact of the pandemic on private activity and revenues in comparison with the pre-pandemic year 2019/20 with an overall £0.2m positive movement in funds in the year. This has not had a material impact on sustainability and going concern. In this year of post-pandemic recovery, there remains some uncertainty over how demand will recover. However, we have work in train to be ready to respond to the increasing growth in the self-pay market.

We have responded proactively and effectively to the requirements of the KPMG review and finalisation of the end position in terms of the NHS Contract with the private sector in response to the pandemic, as well as to their lessons learned exercise which in turn will feed into the national review underway.

Strategic Developments

We have taken forward a Hospital Strategic Review which will be finalised in 2021, and have expanded our clinical strategic model with thriving multi-disciplinary teams (MDTs) across our four pillars and good clinical nurse specialist (CNS) support having put in place nurse led clinics and screening programmes for urology and colorectal services. Our growth in activity in more complex breast, gynaecological, urological and orthopaedic cases, colorectal robotics (the first programme of its kind in the UK Independent Sector) and trauma reflects the strengthening of these specialties.

The Kantor Medical Centre (KMC), a key element of our strategic development, is due to open later in 2021. Through this we will gain further out-patient consulting and treatment space, together with state of the art diagnostic equipment and the opportunity to further expand our busy out-patient practices that complement our surgical specialisms.

Transformation Programme

The Hospital has taken forward its transformation programme, embedding continuous quality improvement (QI) methodology and projects across the Hospital. Examples of QI projects underway include:

- Quiet at night – reducing the noise from call bells through utilising a system that diverts calls to the phones nurses carry during night hours.
- Redesigning nursing documentation – improving the quality of the information collected and ensure it complies with NICE guidance.
- Introducing the enhanced recovery pathway – helping to improve patient outcomes and reducing length of stay in Hospital.
- Improving patient information – with an initial focus on reducing the number of documents sent to patients pre-admission and compiling this into a more user friendly brochure that can be sent electronically or by post.
- Launching our Contact Centre in January 2021 – replacing our bookings and enquiries service.

There are a number of ways of measuring the standards of patient care including both patient experience and patient outcome including the following:

- The Quality Improvement Board has a patient representative to provide invaluable feedback on the views and perspective of patients.

- An external company provides a patient survey which measures patient experience and the Hospital has met targets for both the 'Friends and Family Test' and 'Overall Care', as well as receiving numerous plaudits for the care received whilst at the Hospital. To support the Hospital in continuously improving work in this area, a Patient Experience Strategy has been developed and a champion identified at Board level who will also join the Quality and Safety committee in 2021.

- Patient outcomes are benchmarked against national standards through the Private Healthcare Information Network, and the Hospital further invested in Copeland's Risk Adjusted Barometer to analyse our patient outcomes against national and international data. The risk adjusted surgical scores for the Hospital show good outcomes with low incidence of complications and mortality.

- The Hospital utilises Doctify – an online assessment – which consistently reports excellent feedback for our consultants and staff. Similar results are seen through Google. The small number of negative reviews have been actively dealt with and responded to. Feedback is shared at the Patient Experience committee and with Heads of Department.

- The 'PLACE' – patient led assessment of the care environment – audits take place annually – this was ceased during 2020/21 due to COVID-19 and will be restarting as 'PLACE lite' in 2021/22. During this time we have kept a keen eye on the patient survey results which do cover some of the same aspects of care (e.g. catering, accommodation and patient dignity). All of the following are either above or on target:
    - The overall admission experience: 98.6%
    - Overall nursing care: 98.6%
    - Catering services: 97.5%
    - Overall room cleanliness: 98.8%
    - Overall accommodation: 98.3%
    - The overall quality of care: 99.6%.

- All of our staff are dedicated to providing the best possible care and patients are particularly appreciative of their efforts. 96.9% of our patients agreed that they were treated with dignity and respect at all times and 98.7% said they were 'Always' given enough privacy when discussing their treatment.

- The Hospital was the only private Hospital to be a finalist in the Patient ExperienceNetwork Awards in 2020.

The Hospital participates in the Butterfly scheme annual audit for dementia services and a Mencap annual review, however these were delayed due to COVID-19 and personnel shielding. The representatives from the organisations have been in contact virtually and the programs are continuing within the standards recommended. An RNID audit will take place in 2021 for new buildsand current estate.

Patient Engagement

The Hospital has continued increased patient participation and engagement through its Patient Focus Group which meets quarterly. This group is highly engaged and provides feedback on a number of initiatives, Quality Improvement projects and information brochures. Patients have also been represented at a number of committees. We have enabled virtual attendance given the current circumstances.

Marketing Highlights

In March 2020 we launched a new series of patient webinars branded 'KE7 Explains.' A brand awareness exercise highlighting the specialist expertise of our consultants on the panel, whilst also showcasing our collaborative, multidisciplinary approach to care. We deliver a free educational webinar with interactive Q&A sessions, advertised through social media and using influencerswhere appropriate. To date we have run four webinars and have reached a wide audience, achieving excellent engagement in attracting more than 200 subscriptions for our first two webinars: Endometriosis Explained and Severe Endometriosis Explained. We have also covered Bowel Cancer and Knee Surgery.

The Hospital's new Contact Centre goes from strength to strength. Recruitment into the team was completed in March with six team members fully inducted, and subsequently the leads, bookings and associated revenue have risen and remained at a consistently high level.

Leads into the Contact Centre come via the website, social media, Google Pay Per Click (PPC) and social advertising. Performance of our Google PPC account has showed steady and continuous improvement, with an improving monthly conversion rate. Unique website users rose 43% year on year. Our bespoke content platform, Health Hub, continues to perform well with unique page views up 84% year on year and our monthly page views are up by 202%.

Our efforts to collect Doctify reviews have resulted in a total 972 reviews by October 2021, with an overall Patient Trust Rating of 4.84/5.

The latest Doctify review said:

"I have never been to a medical establishment with a more friendly, positive and helpful staff."

In January 2020 we released an animated film promoting our safety measures, whilst also developing brand perception with a high quality production. Our reach on Facebook rose to 84,000 in February with 27,061 views.

The Hospital had a great year for PR coverage with a range of content making it into national press and industry media. 'Lessons in Leadership' was a profile of our Chief Executive in Harper's Bazaar magazine online (syndicated in Yahoo Style and Yahoo Finance), where the Chief Executive talked about her experiences as a leader, particularly through the COVID-19 pandemic response.

Our Clinical Director for Women's Health Professor Christina Fotopoulou was placed in the top-tier consumer lifestyle title Sheerluxe, in its 'My Interesting Job' segment, discussing her work at King Edward VII's Hospital.

Consultant urologist and robotic surgery expert Mr Paul Cathcart filmed a robotic salvage prostatectomy at the Hospital which featured in the prestigious EAU Robotic Urology Section (ERUS) together with the German Society of Robotic Urology (DRUS) urology conference in Germany.

One of the biggest achievements was getting an exclusive in the Daily Mail for GP2 driver Juan Manuel Correa, Jon Simmons and Ian Sinha to discuss Juan's experiences with the Hospital's Trauma Service.

A wide range of coverage was achieved in industry titles, including Health Tech World on salvage prostatectomy following an interview with the Medical Director, coverage in Laing Buisson, Health Tech World, Med Tech Innovation and Robotics and Innovation on our Colorectal Robotics Service.

Laing Buisson also featured the Hospital in a case study looking back at the last year (print and on line) early in 2021/22.

Values:

The Hospital values which were revised in 2019/20 have been embedded within the Hospital through the employment lifecycle of employees starting with reference in job adverts, values-based questions used at interview, teaching on induction, reflection in our reward and recognition programme, performance improvement and appraisal. A behaviour framework "The King Edward Way" has been developed to further describe the expected behaviours exemplified by the values.

Professionalism – we encourage our teams to be the best they can and meet the highest standards through:

- Acting with integrity
- Accountability
- Continued learning

Quality – we will provide excellence in everything we do through:

- Innovation
- Listening to, and acting on, feedback
- Measuring outcomes and informing actions

Respect – we will respect other people's views to ensure an open, inclusive working environment through:

- Compassion
- Dignity
- Honesty

Safety – we are committed to providing a safe environment for our patients and colleagues through:

- A learning culture
- Freedom to speak up
- Transparency

Teamwork – We work as a team so we will achieve more together by being:

- Collaborative
- Fair
- Open

HOSPITAL ACTIVITIES, CLINICAL GOVERNANCE and FUNDRAISING

The Hospital is committed to providing an excellent patient experience. Good clinical standards, reflected in the CQC rating of 'good', are aligned with good clinical governance and clinical audit arrangements. Our fundraising enables us to provide grants and our Pain Management Programme to Veterans.

Hospital Activities

The Hospital offers patients a wide range of treatments across both medical and surgical specialties along with critical care facilities and has three operating theatres and 56 inpatient rooms all with en-suite bathrooms. It also has a critical care facility which enables the Hospital to carry out highly complex procedures and treat patients with complex needs. In 2020 a decision was taken to upgrade our existing endoscopy suite into a fourth fully functional operating theatre. Whilst the design has remained sympathetic to the Joint Advisory Group on Gastrointestinal Endoscopy (JAG) accreditation requirements, the space will be multifunctional providing the Hospital with the additional operating capacity it requires. We will be able to maximise the space to drive forward a productive and efficient day surgery unit.

The Hospital provides a wide range of elective and non-elective services for inpatient and day case care supported by a range of activities, including:

- Acute services
- Diagnostic and screening services
- Doctors consultation services
- Long-term condition services
- Rehabilitation services
- Veterans' Pain Management Centre

The Hospital continued to see substantial growth over the course of 2020/21 which enabled us to invest in further health technology and development of our Estate. The Hospital has been successful across the year in creating teams in women's heath, both in breast and gynaecological care, as well as in musculoskeletal and digestive surgery. This was built on the approach used in the previous year around urology and the introduction of a surgical robot for urological procedures, and treatments such as high intensity focused ultrasound (HIFU) and the use of the NanoKnife for focal therapy and prostate cancer treatment, and has been successful in taking forward development of enhanced pathways through wide ranging partnerships including the Cleveland Clinic.

Operational Improvements

In 2020/21 we have continued our focus on cost improvement and efficiency and this has included greater control over processes and procedures both operational and financially. By embracing clear methodology in a number of areas, namely cost improvement and quality and efficiency programmes, significant improvements have been made across the Hospital particularly in theatres and outpatients. Consultant feedback and behaviour has continued to provide evidence that the changes being made have had a noticeable impact. More complex work has taken place in theatres, and our financial processes are more streamlined. This transformational work which began in 2019 continued into 2020/21, supporting the organisation to take advantage of the planned expansion of outpatient and diagnostic capacity and the increase in surgical capacity with a major focus on theatres and the standardisation of kit, specifically in musculoskeletal services with savings and efficiency having been, and continuing to be, realised.

Developing and Recognising our People

The Hospital has a commitment to providing patients with the best care, supported through building a professional workforce, which continuously seeks to improve.

Providing good nursing education is a catalyst for innovation, and understanding best practice care delivery and to support this we are developing lifelong high quality Nursing Education. A Nursing and Allied Health Professionals strategy has been developed with the engagement of the team and approved by Board in 2021. This strategy articulates what is important to the clinical team. The vision is that we will provide outstanding person centred care and be the employer of choice for all healthcare workers. We have created a culture of staff recognition and support; developed the teams to achieve their best and strive for excellence. We have employed an experienced Clinical Practice Facilitator to lead this priority of nursing education. The Hospital has become a member of NHS Elect and The Florence Nightingale Foundation – both organisations that champion and support nursing development.

Strong nursing leadership has been achieved by a revising the nursing structure in all areas to provide senior nursing and ward leadership roles that are accountable, data savvy and patient- centred, with the skill set to collaborate internally and externally to drive quality, efficiency and activity. During the year we have successfully recruited into key nursing and education posts enhancing our ability to drive forward with our Nursing and AHP Strategy. This has included the continuing development of our CNS roles putting in place lead and link roles to provide succession planning and progression.

'Patient Choice' - the Hospital staff appreciation awards, were established in May 2019 and are based on patient feedback. These awards are granted to staff frequently commended in our patient satisfaction surveys. During the course of the year we presented 12 awards, a clear and continued recognition of the care and compassion for which the Hospital teams are well known.

The ‘Edward Awards’ – our values based reward and recognition scheme recognising behaviour that exemplifies our values – was introduced in June 2021, where managers and peers nominate their colleagues for demonstrating exceptional behaviours aligned to our values; with instant and monthly awards being presented. These will culminate in an annual awards day to celebrate everyone’s achievements and for overall award winners for each value to be recognised.

With the support of the Apprenticeship Levy, we have appointed two apprenticeships, one in Information Technology (now in a permanent post) and one in Human Resources (currently undertaking the course).

The pandemic required the Hospital to reconsider its approach to education planning for the year with the cancellation of face to face and simulation training and staff deployed into different clinical areas. The staff in all areas rose to the challenge – providing local training to deployed staff and additional training on COVID-19 precautions (e.g. donning and doffing, proning and ventilation).

The Hospital has introduced a new appraisal system for managers and non-managers based on clearly defined competencies in 2020/21 linked to our values. The new appraisal system for managers and new managers based on clearly defined competencies was introduced last year and is continuing to embed with the addition of a 360 degree element.

We have continued to develop our Diversity and Inclusion Strategy with external support. The strategy has been extended to reflect employee and patient experience and the Diversity and Inclusion committee expanded to include patient representation. We have also employed an employee engagement manager to lead these initiatives.

In response to the pandemic we established robust governance structures and restructured our Infection Prevention and Control (IPC) Team at the start of 2020 with the new team working tirelessly to ensure we followed national guidelines and requirements to keep our staff and patients safe. Throughout the year we met and maintained the standards required for a ‘Green’ hospital site and put in place an effective staff vaccination programme ending the year with over 80% of our staff vaccinated.

In response to the pandemic we rapidly and effectively adjusted to new ways of working moving to home and remote working where possible with support from IT and Operations and ensuring cross training of staff to provide resilience where potential single points of failure were identified.

Turnover remained consistent throughout the year from April 2020 to March 2021 (turnover ranged from 0.7% to 3.4% during this period) and has averaged 1.5% comparing favourably against the internal benchmark of 2.5% set around 2019 and based on previous turnover rates within the Hospital.

Clinical Governance and Performance

The Hospital has an established clinical governance framework that provides oversight and assurance on the safety, quality and effectiveness of care and services provided. A 'ward to board' approach supports a culture of openness and transparency throughout the organisation. The Hospital has a good reporting culture with an incident reporting and learning process, complaints management in line with national standards and a comprehensive clinical audit programme.

The Hospital continues to have positive relationships with its regulators and has embedded the core principles laid out by them in how we work. It has strong patient engagement and involvement throughout the organisation, with a Patient Experience Group and Patient Forum in place. We were one of the first private sector Hospitals to have a 'Freedom to Speak Up Guardian' (FTSU) in 2018 and during the year had three active FTSU Guardians in place as a commitment to openness, learning and listening to staff. The Hospital's Quality Improvement program has been running for over two years and empowers staff to identify where change is needed and work through cycles of improvement for the benefit of patients, staff and services.

The Hospital is engaged with a clinical analytics company Copeland Clinical Ai (C2-Ai), which provides risk adjusted, benchmarked reports for patient outcomes. C2-Ai provide quarterly reports that consistently show patients at the Hospital have better survival rates and less complications when compared to similar patient profiles and institutions.

Fundraising

It is because King Edward VII's is a charity that makes us different. The Hospital was founded in a time of need when veterans could not get the medical treatment they needed — that continues today. 120 years on, we still help veterans of the armed forces through life-changing grants, discounts and the ground breaking Pain Management Programme that is helping hundreds of veterans to access the treatment they require.

The Hospital's activities support the Charity's aim. The Hospital's operating surplus, together with its reserves, ensure that its charitable purpose can be delivered in the medium term and continues to pride itself on its charitable history and its continued commitment to increasing the number of veterans it treats on an annual basis.

Through the donations of supporters, we are able to offer means tested grants to veterans who could not otherwise afford their care or may need treatment more rapidly than they could receive elsewhere. This is making a big difference to those who have served our nation as well as to their spouses and partners.

We are registered with the Fundraising Regulator and work in compliance with the Code of Fundraising Practice.

How our campaigns are run

The Hospital appeals to its supporters for help as well as applying to trusts and Foundations. This work was supported in the year by a team of three in the Fundraising department with a part-time events organiser. We run mainly small events along with one or two larger events each year. The fundraising is focused on our work with veterans and also the capital equipment needs of the Hospital. The Hospital does not, other than offering tickets to events, ask the general public to donate to the Hospital; however, some do.

We are the grateful beneficiary of the Annual Lord Mayor's Big Curry Lunch, which, through the Army Benevolent Fund (ABF) Soldiers Charity, funds two Pain Management Programmes for veterans each year. We receive donations from a number of other Trusts and Foundations as well as from generous individuals. Of particular note is the commitment from the Thompson family of a donation of £12m to enable comprehensive refurbishment and upgrade of our patient bedrooms and a donation of £9m from the Kantor Charitable Foundation for the build of our new outpatient and imaging centre which will be named Kantor Medical Centre. The Centre is expected to open in the late 2021 and will provide additional outpatient consulting and treatment space housing state of the art diagnostic equipment and providing the Hospital with the opportunity for further expansion of outpatient practices that complement our surgical specialisms.

The fundraising and Veterans' Health departments were unable to host live events during 2020/21 due to COVID-19 and our fundraising work was scaled back during the year due to the impact of the pandemic, however donations continued to be received, albeit at an understandably slower pace, than in previous years.

Our major donations, already secured and pledged have supported our planned redevelopment works. Our plans for 2020/21 are moving forward at pace. However we recognise we have a challenging fundraising target for the year to come, and to support delivery of this a dedicated Board sub-committee has been established to oversee the delivery of our new Donor, Fundraising and Veterans' Health Strategy which is under development, with reports received at both Board of Trustees and the Advisory Board.

All of our staff are offered on-going training and can attend events and conferences to networkwith their peers and learn good practice.

A Complaints Log is maintained by the fundraising team. During the past year we have received no complaints.

We ran eight (virtual) Pain Management Programmes which were very positively received, and treated 60 veterans on these Programmes across the year.

"It has opened up so much to me that pain when understood can be managed efficiently. There is a lot of academic work ensuring that it is managed to an acceptable level. The programme is first class and will change my life for the better in the future"

We very successfully adapted to run these programmes virtually which has been very well received by veterans, and have agreed a new contract with clinicians to deliver at least seven virtual pain clinics a year in the future. The Programmes continue to be incredibly well received with outstanding clinical outcomes and numerous testimonials from veterans. Our Veterans' programme is expected to be the focus again of the Annual Lord Mayors Big Curry lunch celebrations and a major insurance group has approached the Hospital with an offer to sponsor 10 veterans through the Pain Management Programme in 2020/21.

We awarded 21 grants to the value of £101,000 of which £76,000 was paid in the year, for veteransto receive treatment at the Hospital, a slight reduction on the previous year.

The Hospital received national recognition again for its continued support to Veterans' Health with our PainManagement Programme being a finalist in the 2020/21 HSJ awards.

HOSPITAL STRATEGY

The Hospital strives to continually improve both services to our patients and facilities for our consultant body and provide free or subsidised medical treatment for veterans.

The Hospital and its charitable works are built on 120 years of heritage. The future of King Edward VII's will continue to connect to its past, but with a clear strategic focus on what we wish to achieve. Outstanding patient care is the focus of all our objectives and we will work to ensure that it continues to be the Hospital of preference for patients and consultants. We continue to be renowned for outstanding patient-centred care delivering the best outcomes for our patients.

Clinical Areas of Focus

Clinical Directors lead each of our strategic pillars. The clinical directors are specialists within their fields and support the strategic aims and business objectives of the Hospital, but more importantly provide clinical leadership which is hugely important to an organisation that has ambitions of driving innovation and quality at every level.

Our four clinical areas of focus are:

Musculoskeletal

Women's Health

Urology

Digestive Health

Structuring our clinical services into four clearly defined patient-centred services has translated into easy communication across the Hospital about what our focus is and will continue to be. It has provided both established and new consultants with the assurance that the Hospital has a clear focus and will support them to reach their own aspirations. This clear focus has seen us embed quality multi-disciplinary teams (MDTs) across multiple specialties, increase revenue, and deliver outstanding focused patient care.

We continue to build a model of collaborative working across all our clinical specialties, driving innovation and ensuring that our outcomes are measured and evidenced. The Clinical Directors have developed detailed clinical strategies for their areas. This will sit alongside overarching work which has taken place to refresh and move forward our Hospital strategy.

Our clear and concise strategy has contributed to many consultants seeking an opportunity to work at the Hospital. This has added further need for additional capacity and the development of the Hospital's Estates Masterplan. As the Hospital is enabled to deliver this Masterplan, it will significantly transform and expand services, upgrading key patient and

outpatient technologies and renewing the physical fabric of the various Hospital buildings. At the core of this initiative is the provision of additional surgical capacity and a significant expansion in the number of consultation and examination rooms, both in existing and new environments.

This work will align with the upgrade of mechanical and electrical systems for the entire Hospital to support the full range of diagnostic and treatment technologies. In 2020 the Hospital commissioned a survey of the entire mechanical and electrical systems across the estate. It was a significant piece of work that is now helping align our redevelopment strategy going forward in parallel with the Hospital's desire to expand. The magnitude of the masterplan will serve to transform the entire campus physically and streamline clinical operations overall.

We continue to work closely with private medical insurers, but are focusing on further enhancing our attraction to self-pay patients and international patients, alongside developing strategic partnerships with other healthcare providers.

Digital Transformation

The Hospital is committed to providing the highest standards of patient care. To support this aim, we are looking to develop a digital vision, delivering excellent patient care in a safe environment through excellent digital services. This digital future will support the Hospital's ambition to become the leading private Hospital in the UK, deploying innovative digital solutions supported by best-in- class IT services.

The Hospital's digital vision will support these key elements within the Hospital:

Patients:

- Patient-centric services enabling them to manage their own health.
- Personalised patient care around preferences and needs.
- Adoption of digital tools, such as "wearables" that provide real time data to clinicians.
- Enabling patients and carers to access, update and communicate with the clinical teams.

Clinicians:

- Real time access to integrated patient information at point of care.
- 'Paper lite' environment, where information is available through an electronic patient/health record, orders are created and managed electronically and where communications are made and recorded electronically.
- The patient record is easily accessible, easy to use and supports their work.
- Historic data is scanned and archived.
- Improved clinical pathways can be developed and easily deployed.

Operations:

- Supporting clinical colleagues to develop improved clinical pathways and systems.

- Improving operational processes via new technologies, such as Artificial Intelligence (AI), Natural Language Processing (NLP) and Robotic Process Automaton (RPA).
- Delivering improved agility to deliver new services, both within the Hospital and external partners.
- Improve consistency and effectiveness of service delivery, both clinically and operationally.
- Deliver real time information and business intelligence to operational teams to enable speedy and informed decision making.

Staff:

- Support staff in their day-to-day duties, communicating and collaborating across all department and specialties.
- Enable staff to make use of modern technologies to access systems and information securely and safely in a consistent, efficient manner.
- Use modern tools to access and change and manage information about themselves

IT:

- Create a modern business-focused IT department delivering services to support our overall strategy and business imperatives.
- To support rapid process and business change delivery speed and agility in all aspects of service delivery.
- To be able to deliver projects and programmes to time and to budget. To adopt a formalised project methodology to ensure quality, focus and priorities.
- Have capacity and capability to support the digital vision and strategy of the Hospital.
- Review and adopt cloud technologies where appropriate.
- To adopt best practice service management to support the business, including incident management, capacity management, asset management and planning. Fully supporting the patient, clinical and other stakeholders.
- Information governance and cyber security are proactively managed ensuring that all Hospital data and patient information is managed to the highest standards.

As part of the plan to deliver digital transformation, a report was commissioned to review the current state of IT within the Hospital. The primary aim of the report was to understand how IT is currently supporting the Hospital and its ability to sustain a digital agenda going forward. The report recommended appointing a CIO and senior team to undertake the development, planning and delivery of the digital strategy including upgrading the infrastructure to code, update the application landscape, implement system integration, design and implement a new IT team and service management provider and to support the successful mobilisation of both the Kantor Medical Centre and the Day Surgery Unit programmes.

Public Benefit

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

The Hospital is committed to ensuring that as many members of the Armed Forces as possible are able to access our healthcare at little or no cost to themselves. In line with this, we have been working particularly hard to increase accessibility and raise awareness of our subsidy and grants programmes and to ensure that our programmes continued despite the challenges faced by COVID-19 with a highly successful move to virtual service provision for our Pain Management Programme which has been particularly valued.

Our subsidies and grants are open to all uninsured Service personnel, their spouses, ex- spouses, widows and widowers. They are given regardless of rank or length of service. The extension of our subsidy scheme to cover outpatients as well as inpatients has continued to be a success as we promote the subsidy in our Consulting, Imaging and Physiotherapy departments. Over the last year we have continued to give grants, from both our Sister Agnes Benevolent Fund and from the Linked Charity, The Charity of Alexander Michael Levy. Grants are means tested and therefore specifically for those of more limited means. A number of our key consultants remain committed to reducing or waiving their fees for grant beneficiaries.

We constantly review the support that we offer against the need as defined by the Armed Forces.

STRUCTURE AND CORPORATE GOVERNANCE

The Board of Trustees has legal responsibility and accountability forthe leadership and governance of the Hospital.

Governing Document

King Edward VII's Hospital (Sister Agnes) is a registered Charity (No 208944) founded in 1899and constituted by Royal Charter to operate an acute Hospital where serving and retired officers of the Services and their spouses can be treated at preferential rates. The Hospital also treats members of the public regardless of any connection with the Services.

With the support of the Privy Council and of the Charity Commission, both the range of beneficiaries and the governance of the Hospital have been updated from time to time to meet changing circumstances. The most recent change was in 2017.

The Board of Trustees

The Board of Trustees has legal responsibility and accountability for the leadership and governance of the Hospital. Meetings of the Board of Trustees are attended by the Executive Team, who provide information, data and assurance on their areas of responsibility in the organisation.

The Trustees are unpaid and upon election undergo a formal briefing and induction with the Chair of the Board, the Chief Executive and members of the Senior Management Team of the Hospital and, where possible (pandemic restrictions permitting), take part in a detailed tour of the Hospital which gives each Trustee the opportunity to meet and talk to the staff.

Trustees are recruited and elected to the Board in line with best practice considering the experience and skills required, the contribution they will bring, and in line with the Hospital's Equality and Diversity policy. Each Trustee has been provided with a copy of the booklet produced by the Charity Commission explaining the duties and responsibilities of a Trustee, and they participate in ongoing training as required.

Responsibilities of the Board of Trustees

The Trustees are responsible for preparing the Trustees' report and accounts 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 accounts for each financial year which give a true and fair view of the state of affairs of the Hospital and of the income and expenditure of the Hospital for that period. In preparing these accounts, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102);
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the Hospital will continue in operation.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Hospital and enable them to ensure that the accounts comply with the Charities Act 2011, applicable Hospital (Accounts and Reports) Regulations and the provisions of the Hospital's Royal Charter. They are also responsible for safeguarding the assets of the Hospital 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 Hospital and financial information included on the Hospital's website. Legislation in the United Kingdom governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

KEY RISKS

The overall responsibility for the identification, assessment and mitigation of major risks to which the Hospital is exposed lies with the Board of Trustees. This responsibility is discharged through the Chief Executive, the Senior Management Team and a Designated Risk Manager (Director of Governance), supported with advice from the Hospital's Health and Safety Advisor, Health and Safety committee, Microbiologist and other Hospital committees, and recommendations from inspection reports.

The Audit, Risk and Assurance committee reviews the Risk Management Strategy annually and the Organisational Risk Register on a quarterly basis to satisfy itself that appropriate measures and systems are in place to minimise or eliminate those risks; this is reported to the Board of Trustees.

The following three principal risks and uncertainties were identified by the Board of Trustees during the financial year 2020/21 with comprehensive action put in place to mitigate these risks:

COVID-19: *Pandemic and harm/death risk to staff, patients and organisation (reputational &financial)*

- Infection Prevention and Control (IPC) Strategy and work plan in place supported by strong IPC arrangements and regular audits

- Private activity was impacted but this was in part mitigated by Hospital investments which benefitted from the strong recovery in equity markets following the onset of the COVID-19 crisis

- Planning for post-pandemic recovery ensured we kept private and NHS consultants engaged and supported throughout, with additional capacity coming on line through our redevelopment programme demand is set to increase

STRATEGY: *Viability of existing business threatened by growth of competition*

- Overarching strategy in place and being refreshed in 2021/22, under direction of theBoard and its Strategy sub board supported by strategies for the four clinical pillars
- Exploration of clinical collaboration models and partnerships
- IT and digital strategy development and priority programmes in place
- Equipment replacement programme

PROPERTY REDEVELOPMENT AND PROJECTS: *Further delays to project completionimpacting on capacity and strategic plan*

- Comprehensive project governance arrangements in place and overseen by the Board
- External project support
- Recruitment to Lead roles

Board Committee Structure

The following are committees of the Board, and as such have specific delegated authorities from the Board of Trustees, as detailed in the Schedule of Reserved and Delegated Powers. All Board sub-committees unless otherwise indicated meet quarterly.

The Advisory Board

As required by the Royal Charter, an Advisory Board is in place to support the Board. It meets periodically and as required. Its role is to provide support, advice and guidance to the Board of Trustees and Executive Team in terms of the development, effectiveness and success of the charitable and independent healthcare provider element of the organisation. To support this, the Advisory Board has been more closely aligned to the Fundraising and Veterans' Health committee. The Fundraising and Veterans' Health committee meets quarterly to agree on the Hospital's fundraising objectives and to review progress against these. It also sets the policy for grants awarded to Veterans and their families for hospital care and treatment, and oversees the services provided by our Centre for Veterans' Health. In addition to fundraising and charity responsibilities, the Advisory Board is responsible for making any changes required to the composition and membership of the Board of Trustees at the Hospital. In 2021/22, a dedicated Trustee-led Board sub-committee for Fundraising and Veterans' Health was established — meeting for the first time in April 2021. This group will meet quarterly and will work closely with both the Advisory Board and the Board of Trustees and will lead on delivery of the new Fundraising and Veterans' Health Strategy. A new Fundraising Strategy is currently under development.

Audit, Risk and Assurance Committee

The Audit, Risk and Assurance Committee advises the Board of Trustees on the appointment of the Auditor. It has delegated responsibility from the Board of Trustees to monitor risk analysis, risk management, corporate governance and all internal-related systems and controls. This committee is also responsible for taking reasonable steps to ensure that the Charity is complying with all aspects of the law, relevant regulations and good practice. The composition of this committee is determined by the Board of Trustees.

Finance and Investment Committee

The Finance and Investment Committee undertakes, on behalf of the Board of Trustees, thorough review of financial policy, performance issues and risks, alongside review of budgets and business plans. It also has delegated responsibility to provide strategic direction and responsible oversight of the Hospital investment portfolio and reserves. During the 2020/21 financial year the committee met monthly to monitor the impact of COVID-19 on the underlying and forecast position.

Quality and Safety Committee

The Quality and Safety Committee obtains assurance that high quality care is being delivered across the Hospital, ensures robust clinical governance arrangements are in place and oversees strategies related to patient engagement. It has received the COVID Assurance Framework and provides assurance to the Board that appropriate arrangements are in place around infection prevention and control. The

committee acts in a positive and open manner, and acts as a source of support and advice.

Property and Projects Committee

The Property and Projects Committee has delegated responsibility for the oversight and management of the key infrastructure development projects at the Hospital and has an oversight role on behalf of the Board for Health and Safety.

Executive Committee

The Executive Committee meets monthly and its members are the Senior Management Team. Having engaged with the Board in agreeing the strategic direction of the Hospital, its responsibilities are to review performance against, and take action to achieve, the Hospital's Business Plan and objectives and assess whether structures and systems in place are working effectively and efficiently. The Executive Committee also develops and implements a continuous improvement approach to its operational performance and management. It gathers assurance from across the Hospital through a number of governance processes to ensure appropriate oversight of the risks, appointments, and developments of the Hospital.

Corporate Social Responsibility

As a charitable healthcare organisation and employer, we are committed to ethical and sustainable business practices. This means we take account of our social, economic and environmental impact. There are four components to our approach each led by an Executive Director.

Highlights from 2020-21

Environment (Estates and Environment)

- A comprehensive survey was carried out on our mechanical and electrical assets across the Hospital.
- Construction of an additional fourth operating theatre in the pre-existing endoscopy suite commenced with a summer 2021 opening.
- Upgrades to existing fire safety and security measures are underway with the necessary recommendations put in place.

People (Human Resources, Well-Being, Inclusion & Diversity)

- Diversity & Inclusion, and the Well-Being Committees with members at all levels participating from across the Hospital.

- Engagement of expert input to support development of a Diversity and Inclusion action plan.
- Employment of an employee engagement manager
- Continuing to monitor pay levels and publishing of Gender Pay Reports which demonstrate our commitment to ensuring a fair approach to pay.

Procurement (Finance and Purchasing)

- Healthcare supply chain management is a dynamic process that integrates manufacturing resources and vendors, and delivers goods and services to providers and patients. It is a complex, fragmented process that requires a constant flow of product, orders, information and the COVID-19 pandemic has affected most, if not all, parts of the chain.
- For the last 18 months the focus for procurement in the Hospital was, and remains, to ensure no disruption to service due to supply chain issues. The focus was to ensure we did not run out of essential PPE/medical consumables and equipment for the clinical frontline, and avoid paying inflated prices and working with the right suppliers.
- The focus has also been to ensure no disruption for the equipment schedule for KMC and Day Case Theatre Suite which has also been a challenge due to the COVID-19 pandemic problems highlighted earlier.

Community (Charity, Volunteering and Contributing)

- Staff volunteered for work at the Nightingale Hospital during the Pandemic.
- The Hospital proactively supported the NHS during the pandemic, providing care and services for NHS patients.
- The Veterans' Pain Management Programme continued in a virtual capacity with considerable success.

Future focus

- **Environment** – We are committed to reducing our direct impact on the environment by actively managing our waste, emissions and consumption of natural resources.
- **People** – We aim to create a workplace that encourages diversity and equal opportunities for all. We actively encourage professional development through our leadership development programme and support employee health and well-being.
- **Procurement** – We will include consideration for social responsibility within the procurement processes, ensuring those with whom we engage in business can provide evidence of environmental, ethical and inclusive working. We are committed to ethical investments within our financial framework.
- **Community** – We aim to play a positive role in society, and have been committed to our charitable purpose and fundraising for many years. We give healthcare grants to those veterans and families in greatest needs, provide a generous self-pay discount to those who work in the military and run at least

seven Pain management Programmes per year. This unique programme transforms lives of those veterans with chronic pain. We also commit to employee volunteering and actively supporting the local community in which we operate.

KEY MANAGEMENT PERSONNEL AND SETTING OF SALARIES

All Executive Committee member salaries are reviewed annually with effect from April, in line with the Hospital wide review. Salary increases are linked to appraisal and the achievement of key performance indicators and personal objectives.

FINANCIAL PERFORMANCE

The outcome for the year is set out fully in the Statement of FinancialActivities (page 41)

Total income for the year was £31.3m (2019/20: £34.7m) of which £29.3m (2019/20: £28.9m) related to income generated from patient charges including the £6.7m received from the NHSE under the COVID-19 support contract. The impact of COVID-19 on the Hospital's performance in 2020/21 was substantial, with private activity falling away sharply during the lockdown in the first half of the year, and again in early 2021. The main NHS contract ran from April 2020 until 7 September 2020 and rewarded the Hospital for making its facilities available for NHS work on a block funding basis. This was then succeeded by two interim contracts with Barts and Imperial which ran until March 2021 with payment based on a tariffper patient treated.

The COVID-19 pandemic also had a negative effect on donations to the Hospital which fell from £4.5m in 2019/20, to £0.7m in 2020/21. Previous generous donations enabled the Hospital to continue to develop its estate in the form of the new outpatient facility, designated the Kantor Medical Centre, supported by major donations from the Kantor Charitable Trust and Michael Rapp. Work has also been progressed on the new day case theatre and patient pods in the main Hospital, supported by earlier donations received from the Thompson Family.

Expenditure for the year amounted to £33.5m (2019/20 £33.2m) and with a positive return from its investments the Hospital was able to report an overall net income of £0.5m (2019/20: £0.9m), and a positive bottom line movement in funds after actuarial adjustments to its pension provision of £0.2m (2019/20 £1.7m). In a year when many companies and organisations have been forced to close or take on large amounts of debt to sustain themselves, this positive result is seen as a creditable outcome.

The total managed investment portfolio reported in the balance sheet fell to £20.0m (2019/20: £20.8m) following realisations, and cash at bank and in hand fell to £6.8m (2019/20: £11.0m) reflecting spending on our capital developments.

A programme of work has been identified to improve internal controls overall and to deliver improved cost efficiency and better and more robust internal reporting of performance. This programme will be delivered during 2021/22. Current processes are in place to ensure that performance is monitored and that appropriate management information is prepared and reviewed regularly by the Board of Trustees and committees, and these will be developed further and improved as part of the programme.

Reserves Policy

The Trustees continue to ensure that there are sufficient free reserves to provide some assurance against interruption to its charitable activities. The reserves target has been set at a minimum level of £5m, (and was in place throughout 2020/21) with a higher target level being set during the year at £10m. These reserves are in place to ensure that the organisation is in a position to:

- Identify new sources of income and/or reduce operating expenses in the event of an unexpected downturn in patient revenues;
- Manage a challenging transitional period over the next three to five years, during which time it will be expanding its operations onto the site of Macintosh House (The Kantor Medical Centre);
- Provide adequate resources to fund exceptional and maintenance expenditure required in relation to the existing main Hospital building, and fund essential new medical equipment and technology in circumstances where there may be insufficient funds generated in the year.

The Hospital's free reserves, (i.e. the General Funds at 31 March 2021), were £10.2m (2020/21 £7.9m) which is above the level required by the reserves policy. The increase in unrestricted funds (i.e. free reserves) in 2020/21 is largely due to the £2.7m gain in investments values over the year.

Going Concern

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

Trustees acknowledge and recognise the continued impact of the COVID-19 pandemic on the future operations of the Hospital, its beneficiaries and on wider society. Planning for post-pandemic recovery ensured we kept private and NHS consultants engaged and supported throughout with additional capacity coming on line through our redevelopment programme to meet the anticipated increase in demand. There are significant pledged donations and other forms of funding to support the planned redevelopments in 2021/22 and in addition to this the Hospital has put in place, and is exploring, further commercial partnership arrangements and opportunities. It is not anticipated at the current time that the overall financial position of the Hospital will be adversely affected or its financial solvency threated.

Investment Policy

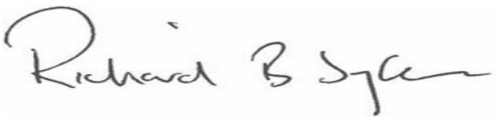
The Hospital's investment portfolio is operated within guidelines, which are regularly reviewed with the Investment Manager at the Finance & Investment Committee. Over the 12 months to 31 March 2021 the Long Term portfolio rose by 24.9% against its benchmark of 25.5%. The more cautiously invested Medium Term portfolio rose by 8.9% against its benchmark of 6.7%.

During the period the Hospital's investments benefitted from the strong recovery in equity markets following the onset of the COVID-19 crisis. The returns were helped by the allocation to the US stock market which significantly outperformed the rest of the world.

The Board of Trustees has concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The Board of Trustees is of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due.

The Board of Trustees approved the re-appointment of the Hospital's Auditor, Buzzacott LLPin July 2020.

We are most grateful for the support of our Patron, Her Majesty The Queen, our President The Duke of Kent, the 'Friends' of the Hospital, individual donors and many loyal Trusts and Foundations.



Sir Richard Sykes Trustee and Chair of the Board

20 October 2021

2 Independent auditor's report to the Board of Trustees of King Edward VII's Hospital

Opinion

We have audited the accounts of King Edward VII's Hospital (the 'Hospital') for the year ended 31 March 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the notes to the accounts. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the accounts:

- give a true and fair view of the state of the Hospital's affairs as at 31 March 2021 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the accounts section of our report. We are independent of the Hospital in accordance with the ethical requirements that are relevant to our audit of the accounts 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 accounts, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the accounts 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 Hospital's ability to continue as a going concern for a period of at least twelve months from when the accounts 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 Trustees are responsible for the other information. The other information comprises the information included in the annual report and accounts other than the accounts and our auditor's report thereon. Our opinion on the accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts or our knowledge obtained in 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 there is a material misstatement in the accounts 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' annual report is inconsistent in any material respect with the accounts; or
- sufficient accounting records have not been kept; or
- the accounts 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 the accounts 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 accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the Trustees are responsible for assessing the Hospital'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 Hospital or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the accounts

Our objectives are to obtain reasonable assurance about whether the accounts 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 accounts.

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:

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

- the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;

- we obtained an understanding of the legal and regulatory frameworks that are applicable to the Hospital and determined that the most significant frameworks which are directly relevant to specific assertions in the accounts are those that relate to the reporting framework (Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102)), the Charities Act 2011, those that relate to data protection (General Data Protection Regulation) and health and safety, and the regulatory framework for Hospitals (the Health and Social Act 2008 regulated by the Care Quality Commission); and

- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

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

- making enquiries of key 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;

Auditor's responsibilities for the audit of the accounts (continued)

- tested and reviewed journal entries to identify unusual transactions;
- tested the authorisation of expenditure, ensuring expenditure was approved in line with the Hospital's financial procedures;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

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

- agreeing financial statement disclosures to underlying supporting documentation;
- reviewing the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims.

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

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

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at 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 Hospital's Trustees, as a body, in accordance with section 144 of the Charities Act 2011 and with regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the Hospital'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 Hospital and the Hospital's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Buzzacott LLP

Date: 23 November 2021

Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

Buzzacott LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

	Notes	Unrestricted funds £'000	Restricted funds £'000	Total 2021 £'000	Unrestricted funds £'000	Restricted funds £'000	Total 2020 £'000
Income from:							
Donations and legacies	1	**282**	**457**	**739**	1,327	3,162	4,489
Investment income and interest receivable	2	**407**	**-**	**407**	540	50	590
Charitable activities							-
. Patient charges	3	**29,345**	**-**	**29,345**	28,908	-	28,908
. Other income	3	**556**	**-**	**556**	724	-	724
CJRS income		**249**	**-**	**249**	-	-	-
Total income		**30,839**	**457**	**31,296**	31,498	3,212	34,711
Expenditure on:							
Raising funds	4	**(253)**	**(31)**	**(284)**	(479)	(10)	(489)
Charitable activities							
. Provision of patient services	5	**(32,740)**	**(414)**	**(33,154)**	(31,731)	(862)	(32,593)
.Grants	7	**-**	**(78)**	**(78)**	-	(126)	(126)
Total expenditure		**(32,993)**	**(523)**	**(33,516)**	(32,210)	(998)	(33,208)
Net (expenditure) income before gains and losses on investments		**(2,154)**	**(66)**	**(2,220)**	(711)	2,214	1,503
Net investment gains (losses) on listed investments	11	**2,737**	**-**	**2,737**	(487)	(165)	(652)
Net income (expenditure)		**583**	**(66)**	**517**	(1,198)	2,049	851
Other recognised gains and losses							
Actuarial (losses) gains on defined benefit pension scheme	14	**(294)**	**-**	**(294)**	844	-	844
Transfers between funds	17	**7,455**	**(7,455)**	**-**	4,944	(4,944)	-
Net movement in funds		**7,744**	**(7,521)**	**223**	4,590	(2,895)	1,695
Reconciliation of funds:							
Balances at 1 April 2020		**38,204**	**18,211**	**56,415**	33,614	21,106	54,720
Balances at 31 March 2021		**45,948**	**10,690**	**56,638**	38,204	18,211	56,415

All the Hospital's activities reflected in the above two financial years were derived from continuing operations. All recognised gains and losses are included in the above statement.

Balance Sheet 31 March 2021

	Notes	**2021 £'000**	**2021 £'000**	2020 £'000	2020 £'000
Fixed assets					
Tangible assets	10		**25,017**		19,244
Investments	11		**20,019**		20,847
			45,036		40,091
Current assets					
Stock		**1,428**		1,222	
Debtors	12	**9,691**		7,109	
Cash at bank and in hand		**6,833**		11,012	
		17,952		19,343	
Creditors: amounts falling due within one year	13	**(5,551)**		(2,322)	
Net current assets			**12,401**		17,021
Total net assets excluding pension liability			**57,437**		57,112
Pension liability	14		**(799)**		(697)
Total net assets including pension liability			**56,638**		56,415
The funds of the charity:					
Unrestricted funds					
. Designated fund	15	**11,597**		12,848	
. Fixed assets fund	16	**25,017**		18,124	
. General funds (free reserves)		**10,133**		7,929	
. Pension reserve	14	**(799)**		(697)	
			45,948		38,204
Restricted funds	17				
.120th Anniversary Appeal		**10,674**		11,475	
.Kantor Medical Centre		**(1,194)**		4,391	
.Other restricted funds		**1,210**		2,345	
			10,690		18,211
Total funds			**56,638**		56,415

Approved by the Board of Trustees on 20 October 2021 and signed on its behalf by:

Chairman of the Board

Chief Executive

	Notes	2021 £'000	2020 £'000
Net cash provided by operating activities	A	**165**	2,556
Net cash (used in) provided by investing activities	B	**(4,813)**	1,930
(Decrease) increase in cash and cash equivalents		**(4,648)**	4,486
Cash and cash equivalents at 1 April 2020	C	**11,605**	7,119
Cash and cash equivalents at 31 March 2021	C	**6,957**	11,605

Notes to the statement of cash flows for the year ended 31 March 2021

A Reconciliation of net income to net cash provided by operating activities

	2021 £'000	2020 £'000
Net income per statement of financial activities	**517**	851
Adjustments:		
Investment (gains) losses	**(2,737)**	652
Defined benefit pension scheme adjustment	**192**	(161)
Depreciation charge	**2,159**	1,916
Investment income receivable	**(407)**	(590)
(Increase) decrease in stocks	**(206)**	(217)
(Increase) decrease in debtors	**(2,582)**	330
Increase (decrease) in creditors	**3,229**	(225)
Net cash provided by operating activities	**165**	2,556

B Net cash (used in) provided by investing activities

	2021 £'000	2020 £'000
Payments to acquire tangible fixed assets	**(7,932)**	(3,629)
Receipts from disposals of investments	**4,000**	11,998
Payments to acquire investments	**-**	(7,029)
Movement in cash held as investments	**(469)**	-
Movement on revaluation of investments	**(819)**	-
Investment income received	**407**	590
	(4,813)	1,930

Analysis of cash and cash equivalents

	2021 £'000	2020 £'000
Cash at bank and in hand	**6,833**	11,012
Cash held by investment managers	**124**	593
Total	**6,957**	11,605

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

Basis of preparation

These financial statements have been prepared for the year to 31 March 2021.

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

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (Charities SORP), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

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

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

Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the Board of Trustees and management to make significant judgements and estimates.

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

• Estimating the useful economic life of tangible fixed assets for the purposes of calculating the depreciation charge;

• Estimating the recoverability of debtors and determining any necessary provision for bad or doubtful debts;

• Estimating any provision needed against slow moving or obsolete stock;

• Estimating the value of income in respect to unbilled patients at the year-end date;

• Estimating accrued expenditure;

• Assessing the appropriateness of the underlying assumptions made by the actuary in the valuation of the defined benefit pension scheme;

• Estimating future income and expenditure flows for the purpose of assessing going concern (see below).

Assessment of going concern

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

Trustees acknowledge and recognise the continued impact of the COVID-19 pandemic on the future operations of the Hospital, its beneficiaries and on wider society. Planning for post-pandemic recovery ensured we kept private and NHS consultants engaged and supported throughout with additional capacity coming on line through our redevelopment programme to meet the anticipated increase in demand. There are significant pledged donations and other forms of funding to support the planned redevelopments in 2021/22 and in addition to this the Hospital has put in place and is exploring, further commercial partnership arrangements and opportunities. It is not anticipated at the current time that the overall financial position of the Hospital will be adversely affected or its financial solvency threated.

The Board of Trustees has concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The Board of Trustees is of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due.

Scope of the financial statements

The financial statements include the net assets and transactions of a Linked Charity, The Charity of Alexander Michael Levy which is held as a restricted fund (see note 17).

Income recognition

Income is recognised in the period in which the charity has entitlement to the income, the amount of income can be measured reliably and it is probable that the income will be received.

Income comprises donations, legacies, investment income and interest receivable and income from patient services provided as part of the operation of an independent acute hospital.

Donations are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

Income recognition (continued)

In accordance with the Charities SORP FRS 102 volunteer time is not recognised. Legacies are included in the statement of financial activities when the charity is entitled to the legacy, the executors have established that there are sufficient surplus assets in the estate to pay the legacy, and any conditions attached to the legacy are within the control of the charity.

Entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, but the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material. In the event that the gift is in the form of an asset other than cash or a financial asset traded on a recognised stock exchange, recognition is subject to the value of the gift being reliably measurable with a degree of reasonable accuracy and the title of the asset having being transferred to the charity.

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Income generated from patient services in the operation of an independent acute hospital is recognised to the extent that it is probable that the economic benefits will flow to the charity and the revenue can be reliably measured. It is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis and inclusive of irrecoverable VAT. Expenditure comprises direct costs and indirect administrative costs. All expenses, including indirect costs, are allocated to the applicable expenditure headings of raising funds, the provision of patient services and grants payable as appropriate. Indirect or administrative costs represent indirect charitable expenditure. In order to carry out the primary purposes of the charity it is necessary to provide support in the form of personnel development, financial procedures, provision of office services and equipment and a suitable working environment.

Expenditure recognition (continued)

Governance costs comprise the costs involving the public accountability of the charity (including audit costs) and costs in respect to its compliance with regulation and good practice.

Indirect costs and governance costs are allocated in the main to the cost of providing patient services with a small amount of administrative expenditure allocated to raising funds. Such allocation is made on a prorate basis.

Grants are made following a review of the details of each particular case and comprise single payments. Grants and donations are included in the statement of financial activities when approved for payment. Provision is made for grants and donations approved but unpaid at the period end.

All expenditure is stated inclusive of any irrecoverable VAT.

Tangible fixed assets

All assets costing more than £1,000 and having an estimated useful life of not less than two years are capitalised and depreciated.

Hospital properties and other tangible fixed assets are stated at cost less accumulated depreciation. Assets under construction are stated at cost and depreciated only once they become available for use.

Depreciation of equipment is calculated on a straight-line basis at rates between 15% and 25% per annum, estimated to write-off the cost of those assets over their estimated useful lives.

Depreciation is not provided on leasehold properties until the remaining period of the lease is less than eighty years. Thereafter depreciation is provided on a straight line basis designed to write off the cost of structures over the remaining period of the lease.

Expenditure on plant, fixtures and internal works within the buildings is depreciated at rates of between 4% and 10% per annum based on cost.

Investments

Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

The charity does not acquire put options, derivatives or other complex financial instruments.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date.

Realised and unrealised investment gains (or losses) are credited (or debited) in the statement of financial activities in the year in which they arise.

Stocks
Stocks comprising pharmaceutical supplies and hospital consumables are stated at the lower of cost and net realisable value.

Debtors
Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid.

Cash at bank and in hand
Cash at bank and in hand represents such financial statements and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

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

Pensions
The Hospital operates a defined benefit pension scheme for eligible employees, which was closed to new entrants in October 2000. The assets of the scheme are held and managed separately from those of the Hospital. Pension scheme assets are measured at fair value at each balance sheet date under FRS 102. Liabilities are measured on an actuarial basis using the projected unit method. The net of these two figures is recognised as an asset or liability on the balance sheet. Any change in the asset or liability between balance sheet dates is reflected in the statement of financial activities.

Fund structure
The unrestricted general funds comprise the monies which may be used towards meeting the charitable objectives of the charity, for use at the discretion of the Board of Trustees.

The pension reserve represents the FRS 102 pension liability on the Hospital's defined benefit pension scheme as calculated by the scheme's actuaries as at the balance sheet date.

The fixed assets fund represents the net book value of the Hospital's tangible fixed assets excluding those assets financed by restricted funds.

The designated funds are monies set aside out of general funds and designated for specific purposes by the Trustees.

The restricted funds are monies raised for, and their use restricted to, a specific purpose, or donations subject to donor imposed conditions.

Leased assets
Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight-line basis over the term of the lease.

1 Donations and legacies

	Unrestricted funds £'000	Restricted funds £'000	Total 2021 £'000
Legacies	**90**	**-**	**90**
Other donations			
. Individuals	**149**	**32**	**181**
. Grant giving organisations	**43**	**425**	**468**
Total funds	**282**	**457**	**739**

	Unrestricted funds £'000	Restricted funds £'000	Total 2020 £'000
Legacies	827	-	827
Other donations			
. Individuals	370	-	370
. Grant giving organisations	130	162	292
. Kantor Medical Centre	-	3,000	3,000
Total funds	1,327	3,162	4,489

2 Investment income and interest receivable

	Unrestricted funds £'000	Restricted funds £'000	Total 2021 £'000
Income from listed investments:			
. Sarasin Charity Authorised Investment Fund	**398**	**-**	**398**
Bank interest	**9**	**-**	**9**
Total funds	**407**	**-**	**407**

	Unrestricted funds £'000	Restricted funds £'000	Total 2020 £'000
Income from listed investments:			
. Sarasin Charity Authorised Investment Fund	480	50	530
Bank interest	60	-	60
Total funds	540	50	590

3 Income from charitable activities

	Unrestricted funds £'000	Restricted funds £'000	Total 2021 £'000
Patient charges	**29,345**	**-**	**29,345**
Other income	**556**	**-**	**556**
Total funds	**29,901**	**-**	**29,901**

	Unrestricted funds £'000	Restricted funds £'000	Total 2020 £'000
Patient charges	28,908	-	28,908
Other income	724	-	724
Total funds	29,632	-	29,632

All income from charitable activities is unrestricted. Patient fees are stated net of the subsidies made to Service patients in line with the Hospital's charitable objective. This benefit to Service patients amounted to £52,149 for 34 patients (2020: £35,881 for 71 patients).

Other income represents rental monies received for staff accommodation of £193,000 (2020: £352,000) and consultant room revenue of £363,000 (2020: £372,000).

4 Raising Funds

	Unrestricted funds £'000	Restricted funds £'000	Total 2021 £'000
Staff costs	**192**	**-**	**192**
Other direct costs	**30**	**31**	**61**
Investment management fee rebate	**(37)**	**-**	**(37)**
Total direct costs	**185**	**31**	**216**
Allocated indirect costs (note 5)	**68**	**-**	**68**
Total funds	**253**	**31**	**284**

	Unrestricted funds £'000	Restricted funds £'000	Total 2020 £'000
Staff costs	328	-	328
Hospitality costs	2	4	6
Other direct costs	134	6	140
Investment management fee rebate	(33)	-	(33)
Total direct costs	431	10	441
Allocated indirect costs (note 5)	48	-	48
Total funds	479	10	489

5 Provision of Patient Services

Expenditure on the provision of patient services comprises expenses relating wholly or mainly to the delivery of medical and nursing care; it includes the costs of doctors, nurses and support staff, premises costs, supplies and bought services as follows:

	Unrestricted funds £'000	**Restricted funds £'000**	**Total 2021 £'000**
Surgical and pharmaceutical supplies	**9,658**	**-**	**9,658**
Provisions and domestic supplies	**508**	**-**	**508**
Staff costs	**13,128**	**-**	**13,128**
Agency staff	**751**	**-**	**751**
Repairs, renewals and maintenance	**1,371**	**-**	**1,371**
Accommodation and administration expenses	**5,477**	**-**	**5,477**
Pain Management Program	**-**	**361**	**361**
Depreciation and amortisation	**2,106**	**53**	**2,159**
	33,000	**414**	**33,414**
Costs allocated to raising funds (note 4)	**(68)**	**-**	**(68)**
Defined benefit pension scheme FRS 102 adjustment (note 14)	**(192)**	**-**	**(192)**
Total funds	**32,740**	**414**	**33,154**

	Unrestricted funds £'000	Restricted funds £'000	Total 2020 £'000
Surgical and pharmaceutical supplies	10,771	-	10,771
Provisions and domestic supplies	596	-	596
Staff costs	12,932	-	12,932
Agency staff	690	-	690
Repairs, renewals and maintenance	1,315	-	1,315
Accommodation and administration expenses	4,243	5	4,248
Pain Management Program	-	334	334
Depreciation and amortisation	1,393	523	1,916
	31,941	862	32,803
Costs allocated to raising funds (note 4)	(48)	-	(48)
Defined benefit pension scheme FRS 102 adjustment (note 14)	(162)	-	(162)
Total funds	31,731	862	32,593

Restricted fund depreciation represents depreciation on assets financed by specific donations.

Included within administration expenses are auditor's remuneration of £39,000 (2020: £26,700) in respect of the audit of the statutory financial statements, and fees payable to the auditor for other services and the audit of the pension scheme of £8,328 (2020: £11,650).

6 Staff Costs

	2021 £'000	2020 £'000
Staff costs, excluding the costs of agency staff, comprise:		
Wages and salaries	**11,568**	11,472
Social security costs	**1,145**	1,194
Pension costs – defined benefit scheme (note 15)	**244**	244
Pension costs – group personal pension plans (note 15)	**204**	183
Pension costs – defined contribution pension plan (note 15)	**155**	167
	13,316	13,260
These costs are allocated as follows:		
Provision of patient services (note 5)	**13,128**	12,932
Expenditure on raising funds (note 4)	**192**	328
	13,320	13,260

Salary costs include restructuring costs of £82,792 in respect of 8 people (2020: £67,000, 5 people). Salary costs include a holiday pay accrual of £66,000 which represents annual leave carried forward that exceeds the usual five days permitted in the HR policy as a result of the Covid-19 pandemic.

	2021 No. of staff	2020 No. of staff
The average number of full and part time permanent staff is split as follows:		
Clinical	**151**	202
Service support	**108**	63
Administration	**59**	49
	318	**314**

	2021 No. of staff	2020 No. of staff
The number of employees whose emoluments exceeded £60,000 including taxable benefits but excluding employer's pension and national insurance contributions was as follows:		
£60,001 - £70,000	**7**	6
£70,001 - £80,000	**7**	5
£80,001 - £90,000	**2**	6
£90,000 - £100,000	**2**	1
£100,001 - £110,000	**-**	1
£110,001 - £120,000	**1**	-
£150,001 - £160,000	**1**	1
	20	20

Mr Simon Weil, a member of the Board of Trustees, is no longer a partner in Bircham Dyson Bell LLP, the charity's solicitors. In the prior year, fees payable to Bircham Dyson Bell LLP, excluding VAT and disbursements, totalled £25,508. No member of the Board of Trustees received remuneration for their services during either year or expenses reimbursed.

The key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis comprise the Board of Trustees and the Executive Committee detailed on page 7 and 8 of this Annual Report and Financial Statements. The total remuneration (including taxable benefits and employer's pension and national insurance contributions) of the key management personnel for the year was £972,358 (2020: £945,870)

7 Grants payable

	2021	2020
	£'000	£'000
Outstanding liabilities at the beginning of year	**-**	-
Awarded during the year	**101**	126
Paid during the year	**(78)**	(126)
Outstanding liabilities at 31 March	**23**	-

Grants paid during the year of £76,799 represent amounts paid to Service inpatients and Service outpatients during the period to assist with Hospital fees and derive from the Sister Agnes Benevolent Fund with the remaining grants of £675 being administered from the Freemasons Fund. Both are restricted funds of the charity (Note 17).

Liabilities for grants awarded represent the unpaid balance on grants awarded by the charity as at the balance sheet date. They relate to current activities funded by the charity to which it is firmly committed.

Adjustments relate to grants retractions whereby all funds allocated have not been used and are no longer required and therefore returned to funds for reallocation.

8 Indemnity insurance

During the period the Hospital renewed insurance to protect it from loss arising from any wrongful or dishonest act of any member of the Board of Trustees, officer or employee and to indemnify any member of the Board of Trustees, officer or employee against the consequence of any wrongful act on their part. The total cover provided by such insurance was £5 million (2020: £5 million) and the total premium paid in respect of such insurance was £5,684 (2020: £5,075).

9 Taxation

King Edward VII's Hospital is a registered charity and therefore is not liable to income tax or corporation tax on income or gains derived from its charitable activities, as they fall within the various exemptions available to registered charities.

The Hospital is not able to reclaim all VAT suffered on expenditure due to the partial exemption rules. Irrecoverable VAT is included as part of the appropriate expenditure category.

The linked charity, The Charity of Alexander Michael Levy, is also not liable to income tax, corporation tax or capital gains tax on income or gains derived from its charitable activities.

10 Tangible Fixed Assets

	Assets under construction	Long leasehold buildings	Equipment	**2021 Total**
	£'000	£'000	£'000	**£'000**
Cost				
As at 1 April 2020	5,544	19,572	16,636	**41,752**
Additions during the year				
Imaging and scanning	-	-	7	**7**
Estates	221	-	372	**593**
Theatre	259	-	387	**646**
IT	-	-	256	**256**
Housekeeping/Catering	-	-	27	**27**
Kantor Medical Centre	5,585	-	-	**5,585**
Consulting Rooms	-	-	4	**4**
Other	760	-	54	**814**
Total additions	6,825	-	1,107	**7,932**
Transfers	(2,964)		2,964	**-**
As at 31 March 2021	9,405	19,572	20,707	**49,684**
Accumulated Depreciation				
As at 1 April 2020	-	11,687	10,821	**22,508**
Charge for the year	-	246	1,913	**2,159**
As at 31 March 2021	-	11,933	12,734	**24,667**
Net book values				
As at 31 March 2021	9,405	7,639	7,973	**25,017**
As at 31 March 2020	5,544	7,885	5,815	**19,244**

On 1 April 2020, assets under construction amounting to £2,187,000, relating to the Front of House and Urology projects, were brought into use. On 1 May 2020, assets under construction amounting to £777,000, relating to the Lifts project, were brought into use.

At 31 March 2021, the Hospital had capital commitments of £2.6m (2020: £3.5m) relating to the Kantor Medical Centre, Theatres, and Estates.

11 Investments

	Total 2021 £'000	Total 2020 £'000
Balance as at 1 April 2020	**20,847**	25,875
Income earned (Note 2)	**398**	530
Realised gains in year	**1,588**	25
Unrealised gains (losses) in year	**1,149**	(677)
Investment management fee rebate (Note 4)	**37**	33
Transfers		
Cash (withdrawal)	**(4,000)**	(4,939)
Balance as at 31 March 2021	**20,019**	20,847

Investments are managed on the Hospital's behalf by Sarasin, with performance and composition reviewed regularly by Trustees.

Listed investments held at 31 March 2021 comprised the following:

	2021 £'000	2020 £'000
Charity Authorised Investment Funds	**18,693**	15,737
Diversified money market fund	**1,202**	4,517
	19,895	20,254
Cash held for reinvestment	**124**	593
Total funds	**20,019**	20,847

The charity authorised investment funds hold assets in the UK and overseas.

At 31 March 2021, the following individual holdings were deemed material in comparison with the market value of the listed portfolio held at that date:

	Market value £'000	Percentage of total portfolio %
Sarasin Endowments Fund Class A Inc (Long term portfolio)	**11,628**	**58.4%**
Sarasin Income and Reserves Class A Acc (Medium term portfolio)	**7,065**	**35.5%**
ICS-Sterling Liquidity Fund - ACC (Short term portfolio)	**1,202**	**6.0%**

12 Debtors

	2021	2020
	£'000	£'000
Patient charges receivable	**6,960**	5,429
Accrued income	**1,470**	1,182
Prepayments	**1,235**	444
Other debtors	**26**	54
	9,691	7,109

13 Creditors: amounts falling due within one year

	2021	2020
	£'000	£'000
Expense creditors	**1,980**	937
Accruals	**1,740**	630
Deferred Income	**1,491**	410
Other creditors	**340**	345
	5,551	2,322

14 Pension commitments

Throughout both 2020 and 2021, King Edward VII's Hospital operated an auto-enrolment pension scheme, a group personal pension plan and a defined benefit pension scheme. Details of the schemes are as follows:

	NOW	Aviva	Clerical Medical
	£'000	£'000	£'000
Employer contributions made in the year	155	204	244
	%	%	%
Employer minimum contribution	3.0	6.0	31.6
Employee minimum contribution	5.0	4.0	8.0
	No. of staff	No. of staff	No. of staff
Active employee member of scheme as at 31 March 2021	172	67	5

Auto-enrolment pension scheme

Our main pension scheme is a defined contribution pension scheme operated by NOW pensions. Employer contributions payable during the prior period were £182,507.

Group personal pension plan

Employees have the option of joining the Aviva group personal pension plan. Employer contributions payable during the prior period were £166,924.

Defined benefit pension scheme

The assets are held separately from those of the Hospital by Clerical Medical Investment Group Limited. The pension cost relating to the scheme is assessed in accordance with the advice of a qualified actuary using the attained age method.

The scheme was closed to new members with effect from 1 October 2000.

The latest triennial actuarial valuation of this scheme carried out by Mr Tom McDougall, a fellow of the Institute of Actuaries, was as at 1 October 2019. At the date of valuation, the scheme assets had a market value of £7.1m and the actuarial value of those assets represented 95% of the benefits that had accrued to members, after accounting for expected future increases in earnings.

The funding basis assumptions made by the actuary were agreed by the Board of Trustees and Pension Trustees. The assumptions having the most significant effect on the results of the valuation are that the investment return would be 2.0% per annum before retirement and that salaries will increase at a rate 1.7% per annum compound.

The deficit following the triennial valuation was £987,000. A recovery plan was agreed by the Board of Trustees which required annual recovery contributions of £218,004 for 3 years 8 months from 1 October 2020 to 30 May 2024. This equates to an additional £18,167 per month.

14 Pension commitments (continued)

Defined benefit pension scheme (continued)

The normal contributions for the year to 31 March 2021 were £218,000 (2020: £218,000). The contributions made by the employer in the period to 31 March 2021 were at the rate of 31.6% (2020: 30.8%) of pensionable salaries less members contributions.

Members' contributions in the period were 8% of pensionable salary for members who wished to to retain a normal retirement age of 65 or 10% for members who wished to retain a normal retirement age of 60 years. Death in service insurance premiums were payable in addition by the employer.

The following information required by FRS 102 is based upon the full actuarial valuation of the scheme at 1 October 2019, updated to 31 March 2021 by Mr T McDougall, Fellow of the Institute and Faculty of Actuaries.

Under FRS 102 the fair value of the assets and the deficit in the scheme is as shown below:

	2021	2020
	£'000	£'000
Fair value of scheme assets	**19,579**	17,092
Present value of scheme liabilities	**(20,378)**	(17,789)
Deficit in the scheme	**(799)**	(697)
Net pension liability	**(799)**	(697)

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	Assets at 31 March 2021	**Proportion at 31 March 2021**	Assets at 31 March 2020	Proportion at 31 March 2020
	£'000	**%**	£'000	%
Equities (including property)	**3,806**	**19%**	3,537	20%
Bonds	**1,800**	**9%**	1,714	10%
Insured pensions	**13,308**	**68%**	11,056	65%
Cash	**665**	**4%**	785	5%
Total	**19,579**	**100%**	17,092	100%

The major assumptions used by the Actuary (in normal terms) were:

	2021	2020
	%	%
Consumer Price Inflation (CPI)	**2.40%**	1.70%
Salary escalations	**3.40%**	2.70%
Pension increases:		
RPI subject to a maximum of 4%	**2.90%**	2.40%
RPI subject to a maximum of 5%	**3.10%**	2.60%
RPI subject to a maximum of 7%	**3.30%**	2.70%
Discount rate (pre and post retirement)	**2.00%**	2.40%

14 Pension commitments (continued)

Defined benefit pension scheme (continued)

Assuming retirement at age 65, the life expectancies in years are as follows:

	At 31 March 2021 £'000	At 31 March 2020 £'000
For a male aged 65 now	**22.0**	21.4
At 65 for a male member aged 45 now	**23.7**	22.8
For a female aged 65 now	**23.9**	23.4
At 65 for a female member aged 45 now	**25.8**	25.0

FRS 102 specifies the projected unit method for the current service cost. The scheme is closed to new entrants, so the average age and hence the current service cost is likely to rise.

The scheme has a number of purchased annuities in respect of past retirements. To the extent that these fully match the associated liabilities they have been excluded from both the assets and the liabilities at each accounting date.

	2021 £'000	2020 £'000
Analysis of amount charged to statement of financial activities		
Current service cost (excluding insured death-in-service benefits)	**38**	45
Operating charge	**38**	45
Analysis of net return on pension scheme		
Interest income on pension scheme assets	**404**	431
Interest cost on scheme liabilities	**(418)**	(468)
Net finance charge	**(14)**	(37)
Other recognised gains and losses		
Asset return less interest income	**2,615**	(1,746)
Experience (losses)/gains on benefit obiligations	**(73)**	118
Effect of assumptions changes on benefit obligation	**(2,836)**	2,472
Actuarial (losses)/gains	**(294)**	844

14 Pension commitments (continued)

Defined benefit pension scheme (continued)

The movement in the deficit during the period is as follows (unless otherwise specified, the figures calculated are based on the assumptions as at the beginning of the period):

	2021 £'000	2020 £'000
Deficit in scheme at 1 April 2020	**(697)**	(1,703)
Movement in period:		
Current service cost	**(38)**	(45)
Contributions	**244**	244
Net finance charge	**(14)**	(37)
Actuarial (losses)/gains	**(294)**	844
Deficit in scheme at 31 March 2021	**(799)**	(697)

Reconciliation of opening and closing balances of the present value of the scheme liabilities:

	2021 £'000	2020 £'000
Scheme liabilities at 1 April 2020	**17,789**	20,806
Interest cost	**418**	468
Current service cost	**38**	45
Contributions by plan participants	**10**	10
Actuarial loss/(gain)	**2909**	(2,590)
Benefits paid	**(786)**	(950)
Scheme liabilities at 31 March 2021	**20,378**	17,789

Reconciliation of opening and closing balances of the fair value of the scheme assets:

	2021 £'000	2020 £'000
Fair value of scheme assets at 1 April 2020	**17,092**	19,103
Interest Income	**404**	431
Asset gains/(losses)	**2,615**	(1,746)
Contributions by employer	**244**	244
Contributions by plan participants	**10**	10
Benefits paid	**(786)**	(950)
Fair value of plan assets at 31 March 2021	**19,579**	17,092

15 Designated fund

The income funds of the charity include a designated fund which has been set aside out of unrestricted funds by the Trustees for the Hospital development project. As at 31 March 2021 this was £11,571,000 (2020: £12,848,000).

16 Fixed assets fund

	As at 1 April 2020 £'000	Movement in year £'000	As at 31 March 2021 £'000
Fixed asset fund	**18,124**	**6,893**	**25,017**

	As at 1 April 2019 £'000	Movement in year £'000	As at 31 March 2020 £'000
Fixed asset fund	15,889	2,235	18,124

The fixed assets fund represents the net book value of the Hospital's tangible fixed assets, excluding those represented by restricted funds. The tangible fixed assets are separated from the Hospital's general funds in recognition of the fact that the assets are used in the day-to-day work of the Hospital and are not, therefore, able to be realised in order to meet future contingencies or expenditure.

17 Restricted funds

	As at 1 April 2020 £'000	Income £'000	Expenditure £'000	Capital expenditure and transfers £'000	As at 31 March 2021 £'000
120th Anniversary Appeal Fund	**11,475**	**267**	**-**	**(1,068)**	**10,674**
Kantor Medical Centre Fund	**4,391**	**-**	**-**	**(5,585)**	**(1,194)**
Equipment Fund	**53**	**-**	**(53)**	**-**	**-**
Centenary Appeal Fund	**1,064**	**-**	**-**	**(1,064)**	**-**
Freemasons Fund	**9**	**-**	**(1)**	**-**	**8**
Sister Agnes Benevolent Fund	**546**	**190**	**(469)**	**262**	**529**
Alexander Michael Levy Fund	**673**	**-**	**-**	**-**	**673**
	18,211	**457**	**(523)**	**(7,455)**	**10,690**

17 Restricted funds (continued)

	As at 1 April 2019 £'000	Income £'000	Expenditure £'000	Investment gains and losses £'000	Capital expenditure and transfers £'000	As at 31 March 2020 £'000
120th Anniversary Appeal Fund	12,221	-	-	-	(746)	11,475
Kantor Medical Centre Fund	1,960	3,045	-	15	(629)	4,391
Equipment Fund	515	-	(477)	15	-	53
Centenary Appeal Fund	1,125	-	(61)	-	-	1,064
Freemasons Fund	9	-	-	-	-	9
Sister Agnes Benevolent Fund	985	126	(464)	(101)	-	546
Alexander Michael Levy Fund	4,291	41	4	(94)	(3,569)	673
	21,106	3,212	(998)	(165)	(4,944)	18,211

The 120th Anniversary Appeal Fund launched by the Board of Trustees in 2017 represents a fund for the three year development of the Hospital, comprising the main Hospital, The Kantor Medical Centre and diagnostic facilities.

The Kantor Medical Centre Fund represents donations received to finance the development of a new Outpatients facility. The fund is in deficit at year end as the final donation is to be received on completion of the development and opening of the facility by which time the Fund will return to a positive balance.

The Equipment Fund represents donations received to finance the purchase of specific fixed assets, less write offs and depreciation of the assets financed by the donations.

The Centenary Appeal Fund represents net monies raised towards the redevelopment of part of the Hospital's long leasehold property to provide accommodation for nurses and consulting rooms for surgeons and physicians. Trustees approved the transfer of the balance on this fund to the Fixed Assets Fund (Note 16,18) given that the original donations have been spent in line with the specific purpose for which they were donated.

The Freemasons Fund represents net monies available to provide future grants to Service patients to assist with payment of fees for physiotherapy services.

The Sister Agnes Benevolent Fund represents net monies available to provide future grants to Service patients to assist with payment of Hospital fees.

The Alexander Michael Levy Fund is a Linked Charity of the Hospital. The Charity of Alexander Michael Levy's constitution was amended in 2017, which extended the charity's objects and removes some restrictions on the beneficiary class, allowing surplus income and accumulated capital to be applied to the general purposes of King Edward VII's Hospital.

In 2019/20, the unrestricted funds of the Linked Charity were transferred to the unrestricted funds of the Hospital. The permanent endowment fund of the Linked Charity continues to be held as a restricted fund of the Hospital at 31 March 2021. Permanent endowment funds of the Linked Charity were £673,000 at 1 April 2020 and at 31 March 2021, which consisted solely of listed investments. There was no income and expenditure in the permanent endowment fund in the year.

Trustees approved the cessation of any investment income, gains and losses being allocated to restricted funds and donors are not making any requirements for it to be restricted.

18 Analysis of net assets between funds

	General funds	Designated funds	Pension reserve	Fixed assets fund	Restricted funds	2021 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Tangible fixed assets	-	-	-	25,017	-	25,017
Investments	-	9,329	-	-	10,690	20,019
Net current assets	10,133	2,268	-	-	-	12,401
Pension liability	-	-	(799)	-	-	(799)
	10,133	11,597	(799)	25,017	10,690	56,638

	General funds	Designated funds	Pension reserve	Fixed assets fund	Restricted funds	2020 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Tangible fixed assets	-	-	-	18,124	1,120	19,244
Investments	-	3,756	-	-	17,091	20,847
Net current assets	7,929	9,092	-	-	-	17,021
Pension liability	-	-	(697)	-	-	(697)
	7,929	12,848	(697)	18,124	18,211	56,415

19 Lease commitments

The Hospital's properties are held under leases with expiry dates in 2125. The total future rental to which the Hospital is committed as at 31 March 2021 under the terms of the various leases for the five year period up to the next rent review is £6,038,000 (2020 - £8,741,000 for the six year period).

At 31 March 2021 the Hospital was committed to pay total future rental payments of £668,000, of which £501,000 is due within one year (2020 - £501,000) in respect of medical equipment held under operating leases.

20 EBITDA reconciliation

	2021 £'000	**2021 £'000**	2020 £'000	2020 £'000
Net (expenditure) income before investment gains (losses) per statement of financial activities		**(2,220)**		1,503
Income adjustments				
Donations and legacies	**739**		4,489	
Investment income and interest receivable	**407**		590	
		(1,146)		(5,079)
Expenditure adjustments				
Depreciation	**2,159**		1,916	
Expenditure on raising funds	**284**		489	
Grants payable	**78**		126	
Grants - pain management programme	**361**		334	
		2,882		2,865
EBITDA		**(484)**		(711)

KING EDWARD VII's
HOSPITAL