

Trustees of the London Clinic Limited



ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019



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Chairman's Statement

2019 was a good year for The London Clinic and I am delighted to set out our wide-ranging and excellent achievements in this Annual Report. This has of course come into sharp focus over the course of 2020 and the unprecedented impact of the COVID-19 pandemic. We are grateful for beginning 2020 on the strong footing that our successes in 2019 have afforded us. It demonstrates how we are capitalising on our unique position as a large independent charitable hospital, and how we are offering patients new treatments and services that provide improved health outcomes. It is evident there is commitment from staff at all levels, clinical and non-clinical, as well as the Trustees and our consultant colleagues.

OUR STRATEGY

As we enter the final year of the three-year strategy, there is much to be proud of. The decision to change our strategic direction, to focus on commercial agility, to enable a constant drive towards clinical and service excellence, has reaped its rewards. It has allowed the team to achieve some excellent outcomes for our patients and my thanks must go to our Chief Executive, Al Russell, who has spent a great deal of time consolidating this bold approach. This strategy, ultimately, has allowed us to enter the challenges of 2020 on a strong footing as we support the NHS through these challenging times.

OUR PATIENTS

Our patients are at the heart of everything we do at The London Clinic. The patient satisfaction survey results, as benchmarked by one of the major private medical insurers, remain the highest in London. It is very gratifying to see just how many of our patients would recommend us to friends and family. The newly formed Patient Forum is an excellent medium for us to hear directly from this key stakeholder group.

Our Key Performance Indicators (page 18) sit comfortably within normal ranges for hospitals delivering the breadth and complexity of care that we provide. A goal for the coming year will be to continue to improve these outcome measures.

OUR FUNDRAISING

In 2018, we decided to make proactive fundraising part of our strategy. In 2019, we received the first major donations and appointed our first Director of Philanthropy, Louise Formby, who has started the planning and implementation of a comprehensive fundraising and stewardship programme. These donations will be used to further enhance our service provision through the purchase of new technology, additional research or clinical education programmes.

OUR CHARITABLE PURPOSE

This report showcases several projects which exemplify our charitable purpose by making a real difference to patients and the wider healthcare community:

The re-launch of The London Clinic Research Centre – The London Clinic is supporting consultants in the development and testing of innovative new treatments, while providing additional choice for patients that may not be available elsewhere.

CAR-T cell therapy – a cutting-edge treatment for adults with diffuse large B-cell lymphoma. This therapy is giving new hope to blood cancer patients who have no other treatment options (page 20).

Moving on programme – giving patients the chance to learn about what can be most helpful in the post treatment period with a series of free sessions focusing on health and wellbeing once cancer treatment has ended.

OUR TRUSTEES

Thanks must go to our dedicated Trustees for their ongoing commitment and support. I am delighted to welcome Claire Holmes, who joined the Board in 2019, and Dr Michael Sinclair who joins us in 2020. Between them, they bring valuable insight from the world of brand and healthcare, which will certainly enhance and support the work of the Charity.

I would like to thank Lady Otton, who stepped down as Trustee in December 2019, for her invaluable contribution as a Trustee and in particular for her leadership of our burgeoning fundraising, as well as her support of the Patient Forum.

2020

2020 is turning out to be an extraordinary year, and The London Clinic has had to adapt to the circumstances like every other organisation in the land. However, being both a healthcare and a charitable organisation, we felt we had a particular responsibility to step up and help where we could. We were delighted to support the NHS through the Covid pandemic. The NHS recognised the unique strengths that we have, in particular our ability to handle complex work for them. We have supported them with very complex vascular and cancer work as well as live donor kidney transplants. During this period we treated 367 NHS inpatients who were with us for a total of 2,155 patient days and 981 more for day case visits. We have built very close relationships with many neighbouring NHS Trusts through this pandemic, and we look forward to continuing those relationships in the interests of patients and supporting the challenges facing our health system.

FINALLY

As we reflect on the year, it is important to recognise the contribution of our staff and our consultants. I am continually impressed with the passion and drive they demonstrate every day to make The London Clinic the best that it can be, and together we will continue to help the Charity advance healthcare for the benefit of all. This could not be more true as I look to our experiences in 2020. Our people have stood up bravely, with grit, determination and care, to the challenges of the pandemic.



Hamish Leslie Melville
Chairman of the Board of Trustees

ABOUT US

Established in 1932 and situated at the heart of London's medical community, The London Clinic is the UK's largest independent charitable hospital. As well as receiving around 120,000 patient visits a year, we invest in life-changing research, pioneering treatments and pride ourselves on improving outcomes for our patients whilst advancing healthcare for all.

The London Clinic has a reputation for world-class medical expertise and technological firsts but foremost, we are dedicated to providing patients with the best in personalised healthcare and medical expertise.

Our team of over 900 leading consultants, surgeons and physicians provide an extensive range of medical and surgical interventions. Our medical inpatient and outpatient treatments focus on three core areas: cancer therapies, general surgery with a focus on digestive diseases, and musculoskeletal conditions.

Assisted by circa 1,200 clinical and non-clinical staff, our clinicians treat our patients in some of the most up-to-date and technologically advanced facilities in the UK. We are proud to offer the most comprehensive range of services of any UK independent hospital.

The hospital comprises 234 beds, 10 theatres (including a hybrid theatre and two day surgery theatres), a pathology laboratory, an endoscopy unit, a radiology unit, dialysis and a 13-bed intensive care unit. These facilities are based on Devonshire Place and Harley Street.

Our specialist cancer care centre, The Duchess of Devonshire Wing, is an award-winning, eight-level facility offering patients

access to state-of-the-art radiotherapy and chemotherapy suites, Europe's leading stem cell collection unit and 47 dedicated patient bedrooms for attentive, individualised care. It is also home to a modern café open to patients and visitors.

Our Heritage and History

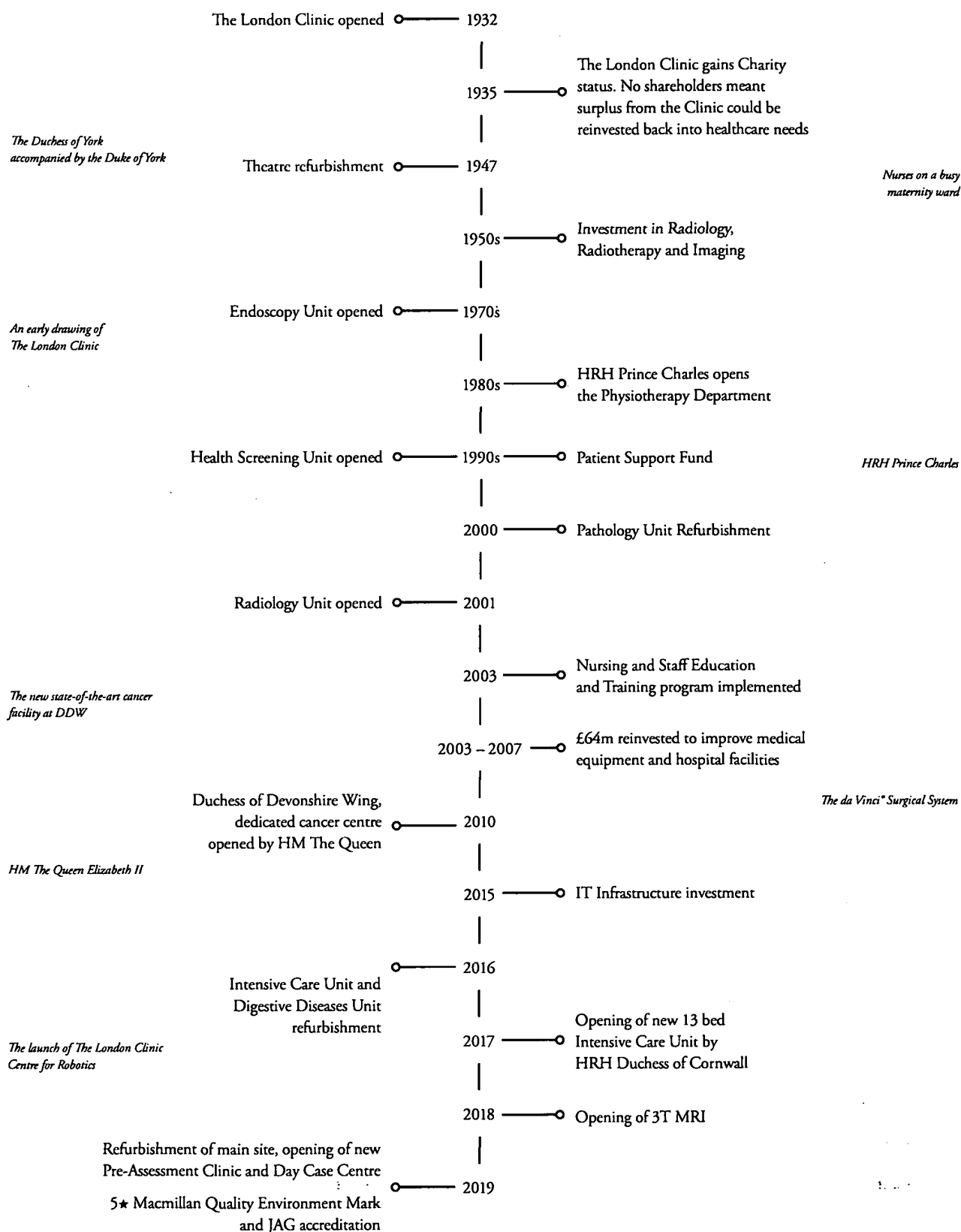
In 1928, a group of leading medical specialists joined together to plan the establishment of a new nursing home. This was created using the highest possible specifications in terms of medical and building standards.

The plans evolved into a comprehensive private hospital and The London Clinic was opened on 18 February 1932 by the Duchess of York, accompanied by the Duke of York who later became King George VI.

The London Clinic was granted charitable status in 1935, and ever since has been committed to reinvesting its financial surplus to help improve health for patients and the wider medical community.

These were the early origins of The London Clinic, a hospital that over the next 85 years would develop and grow to the vibrant organisation we know today.

THE LONDON CLINIC TIMELINE



The Charity's Framework

MISSION, VISION AND VALUES

Our charitable purpose is to advance healthcare for the benefit of our patients and the wider healthcare community.

Our Mission

As a charity, we reinvest our surplus to provide the best outcomes for our patients. We work in partnership to develop medical knowledge and expertise for the benefit of patients within our hospital, and in the wider community.

Our Vision

Our vision is to be the most trusted hospital. It is ingrained in everything we do; our values help us to deliver this goal. In all our relationships, trust is the one thing that will give others confidence that we can achieve something exceptional.

Our Values

Our values of caring, pioneering and inspiring reflect our beliefs and identify how we achieve our vision.

WE ARE CARING

We are welcoming, we respect our patients and each other. Our integrity is as strong as our compassion.

WE ARE INSPIRING

We are leaders in what we do. Our commitment to transparency, collaboration and honesty motivates others to provide ever greater outcomes for our patients.

WE ARE PIONEERING

We are at the vanguard of innovative healthcare and proud to draw upon the best minds, technology, innovations and research to advance and provide the best healthcare.

THE CHARITY'S FRAMEWORK

Our charitable status is fundamental to our identity and how we operate. It enables us to make investment decisions that support our clinical specialists which in turn benefits our patients, staff and the wider public. By reinvesting our financial surplus we are advancing healthcare and this is what makes The London Clinic more than just an independent hospital.

The Trustees confirm that they have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their duties.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

Trustees of the London Clinic Limited (the 'Charity') is a company limited by guarantee registered in England and Wales (No. 00307579) and governed by its Memorandum and Articles of Association dated 29 June 2005. It is a registered charity (No.211136) with the Charity Commission.

Trustees and Management

The Trustees of the Charity are the members of the Company and form the Board of Trustees, which is empowered by the Articles of Association of the Company to act as its directors for the purposes of company law. Trustees are nominated and elected by the Board of Trustees. An appropriate induction and on-going support programme has been created to meet the individual needs of new Trustees. This includes meeting with key personnel in the business and regular visits to clinical and non-clinical areas of the Charity. The Charity has a Declaration of Interests Policy and maintains a Trustees Interests Register. The Trustees do not receive remuneration for providing their services to the Charity but expenses can be reimbursed. A key responsibility of the Trustees is to deliver the charitable objectives whilst protecting the long-term future of the Charity by ensuring that it is well managed and financially secure and maintains the highest standards of patient care. The operational management of the Charity is delegated to an Executive Board and the Trustees maintain its monitoring and oversight of its delegations through formal meetings and continuous informal communications. The Trustees of the Charity meet at least quarterly to consider strategic, clinical governance, operational, and financial issues presented by the Executive Board. The Executive Board is responsible for advising the Trustees on the strategic direction of the Charity and for the preparation of annual budgets and business plans in line with the agreed strategy. The Charity's financial performance against operational and capital expenditure budgets is also reported monthly to the Trustees. The Trustees met four times during the year.

The Governance structure of the Charity includes four sub-committees of the Trustee Board:

Nominations and Remuneration Committees

Chaired by Lady Otton, the Nominations and Remuneration Committees hold responsibility for reviewing the size, structure and composition of the Board of Trustees and making recommendations with regard to the recruitment and appointment of Trustees and the Chief Executive. The Remuneration Committee is responsible for considering and setting the Remuneration Policy of the Chief Executive and wider remuneration policies. Manish Chande, Hamish Leslie Melville and Professor John Gribben are members of the Committee. On Lady Otton's retirement in December, Hamish Leslie Melville became the Chair of the Nominations Committee, of which all Trustees are now members. Manish Chande became Chair of the Remuneration Committee. The Committees met three times in the year.

Audit and Risk Committee

Chaired by Nicholas Melhuish with Lady Otton and Hamish Leslie Melville as members. A new committee member is due to be decided in the coming months to replace Lady Otton. The Committee has delegated authority to review the establishment and maintenance of an effective system of integrated governance, risk management and financial, external audit, non-financial and non-clinical internal controls and internal audit, in support of the Charity's objectives. The Committee met four times in the year.

Property, IT and Finance Committee

Chaired by Manish Chande, the Property IT and Finance Committee has delegated authority to oversee financial strategy and planning, the property and capital investment programme and the IT strategy for the Charity. Hamish Leslie Melville and Nicholas Melhuish are members of the Committee. The Committee met four times in the year.

In the year, the Trustees also worked with the Executive team in two key steering groups: the Charity Working Group and a Strategic Property Working Group. Trustees also sit on the Patient Forum (more details on page 17) and Medical Advisory Committee.

The Charity's Framework

Charity Governance

The Trustees are committed to safeguarding the good governance of the Charity and recognise it is fundamental to its success. It enables and supports the Charity's compliance with the law and relevant regulations as well as promoting a culture where everything works towards fulfilling the Charity's vision.

In 2018, a formal assessment was conducted evaluating the Charity's corporate governance against the Charity Governance Code for Larger Charities (the 'Code'). The evaluation provided assurance that governance practices are appropriate and in line with best practice in the sector. Re-evaluation at the end of 2019 assessed that a good level of compliance has been maintained, with 86% of practices fully embedded (2018: 68%) with a further 14% (2018: 22%) requiring minor updates which are being addressed in the spirit of continuous improvement. Elements of the Code that the Charity has not applied are also explained in this report (see below and page 34). Additionally, following the regulatory alert issued by the Charity Commission in June 2020 on its inquiry into RNIB, the Trustees will be reviewing recommendations of the regulatory alert in the context of the Charity's governance to ensure this is appropriately robust.

The Board of Trustees review and evaluate Board performance annually. In addition to annual Trustee reviews, the Trustees formally evaluate the Chairman's ongoing appointment annually. This process is led by the Senior Independent Director. Newly appointed Trustees serve a one or three-year term

which can be extended up to a total of nine years, following review. Trustees providing specialised support to the Charity can serve longer, though their appointments are subject to a more rigorous review. Manish Chande has served 12 years as a Trustee and his continued appointment is supported by the Board, in particular this is due to his continued expert support of the Charity's property strategy and as the Charity's Senior Independent Director. Hamish Leslie Melville has served 10 years' as a Trustee, three of which as Chairman. His continued appointment is supported by the Board, in particular for providing continuity of leadership in steering the Charity's new strategy. To encourage diversity and combat the risk of overfamiliarity the Charity has recruited two new trustees and continues to actively seek more trustees. Trustee recruitment is managed internally - advertising of trustee vacancies (as recommended in the Code) is not currently felt appropriate for the Charity.

Diversity on the Board and within the Executive team is reviewed and monitored by the Trustees through the Nomination Committee. The Charity actively supports diversity and held its second 'Diversity and Inclusion Week' in 2019 and was the recipient of a Bronze award from National Inclusion Standard (more detail on page 24).

A list of Trustees, key management personnel, advisors and principle addresses can be found on pages 62-63.

OBJECTIVES AND ACTIVITIES

The Charity's overall objective is to advance healthcare for the benefit of patients and the wider healthcare community.

We have three principle ways in which we achieve our mission:

EVER BETTER PATIENT CARE

We invest in the latest, cutting-edge facilities to ensure our patients receive excellent, individualised care in the best possible environment.

We invest in initiatives which will help our patients recover as quickly and fully as possible, supporting them as they move beyond our care.

We strive to be the most trusted hospital for patients and healthcare partners.

Through our compassionate and personalised nursing care, we treat patients with respect and dignity.

INNOVATION AND RESEARCH

We invest in life-changing, pioneering treatment that not only advances medical care at our hospital but across the global healthcare community.

We are able to test, develop and adopt ground-breaking equipment, often before other hospitals, which improves patient outcomes and will shape the future of care pathways and treatment options.

Our aim is to provide our patients with innovative treatment choices and enable access to novel therapies that may not be available elsewhere.

We create an environment in which leading healthcare professionals are empowered to innovate in their chosen fields.

TRAINING AND EDUCATION

We are committed to investing in education and training to develop our staff, their careers, learning and development.

We enable those in the wider healthcare community, such as fellows studying to become consultants, to continue their professional development and research as well as providing GP education sessions.

We work with the NHS and local universities to provide placements for students studying Radiography, Physiotherapy and Nursing.

We bring the wider community together through building partnerships with other healthcare organisations for the benefit of our patients.

The Charity's Framework

DELIVERING OUR CORE PURPOSE

5,659

Number of
inpatient admissions

17,981

Number of
day case admissions

27,451

Number of patient days

41,862

Number of diagnostic
scans performed

62,929

Number of
drugs dispensed

4,960

Number of radiotherapy
fractions delivered

1,152

Number of employees

873

Number of consultants
(as of 31st December 2019)

104,748

Number of meals served



51,321

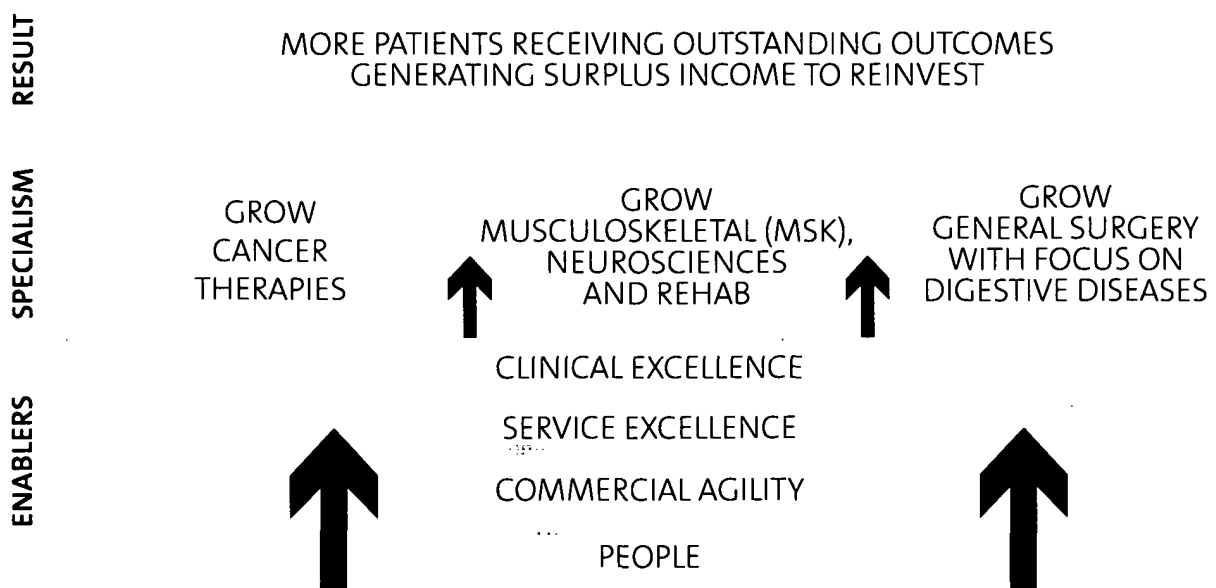
Number of inpatient
physiotherapy sessions

12,023

Number of outpatient
physiotherapy sessions

OUR STRATEGY

As 2019 was the second year of our three year strategy, the focus of the hospital remained on three core specialisms: cancer, musculoskeletal and general surgery, with an emphasis on digestive diseases. These clinical areas were underpinned by four enablers, with a particular concentration on streamlining processes, delivering better satisfaction and efficiency for employees, patients and consultants, and improved financial performance. Considerable progress was made in 2019, and notable achievements include the expansion of existing treatments and the introduction of new and innovative treatments, not yet available elsewhere in London or the UK. We have won awards and achieved further accreditations for our services, facilities, and clinical practices.



ACHIEVEMENTS AND PERFORMANCE

PATIENT CARE

In May 2019, the endoscopy team celebrated achieving UK accreditation from The Royal College of Physicians **Joint Advisory Group (JAG) on gastrointestinal (GI) endoscopy**. JAG accreditation is a formal recognition of the strong culture of clinical governance, patient safety and cohesive teamwork and learning within The London Clinic's endoscopy unit. It awards and recognises the highly complex and specialised nature of the circa 8,000 procedures the team delivers each year.

The JAG team of assessors said:

“The service delivers safe, quality care, within a patient-centred environment, with high levels of privacy and respect. There is a learning and sharing, 'no blame' culture, with expert and enthusiastic staff working as a cohesive team to deliver care. The service is commended on exceptional nursing leadership seen within the team, with teaching, feedback, learning and understanding of good governance and quality.

There is a strong culture of clinical governance and learning within the hospital, with high involvement from the clinicians and managers in the Endoscopy User Group (EUG), governance meetings and incident reviews. We commend the engagement with the Chief Executive undertaking practising privilege reviews and annual clinician appraisals. The unit has a calm atmosphere, is well run, and follows the principles of productive endoscopy.”

Our cancer centre – the Duchess of Devonshire Wing – achieved an overall score of 5 (excellent) in its first **Macmillan Quality Environment Mark (MQEM)**, assessing our treatment of patients affected by cancer. The MQEM standards were developed in collaboration with over 400 people living with cancer and with numerous stakeholders, including the Department of Health. These awards and assessments celebrate innovation and excellence in medicine and patient care.

Feedback from the Macmillan inspection team:

“The facility is committed to providing the highest quality of clinical care for its users within a well-designed, arranged and safe environment.

Staff work hard to ensure that patients are supported throughout their journey. Patients have a significant amount of choice and control and are clearly at the very heart of the service.”

Proud to have been awarded the JAG Accreditation

The London Clinic's Endoscopy Team

The London Clinic's Lead Nurse: Edwin Abacan

Continued investment in patient menus, offering seasonal options, a drive for more local food, alongside bespoke dishes for long stay and international patients.

Refurbished the Therapies waiting rooms and changing rooms, which has increased patient comfort and dignity.

Refurbished patient and staff areas, which had been a priority for service excellence in 2019, with the opening of the new pre-admission area and a new Day Case Ward.

PATIENT CASE STUDY – EVEN BETTER PATIENT CARE

Mark Lander has suffered from severe Crohn's disease since he was young and has undergone multiple, highly complex procedures. He has other challenging medical conditions to contend with as a result of his Crohn's disease and describes life as an "unrelenting battle with my health." For the last 15 years he has been under the care of Dr Andrew Thillainayagam, Consultant Physician and Gastroenterologist and his team at The London Clinic.

Mark explains:

“I have undergone more surgical procedures than I'm able to remember. The unrelenting battle with my health has been such that The London Clinic has become a 'safe haven.' Dr Thillainayagam (known as Dr T) is always interested in the bigger picture and is quick to spot the need to treat my anxiety and depression when it all got too much. The London Clinic's holistic approach to care is something I will always value. When the pain was really bad, and admission unavoidable, I could always call the hospital and jump into a taxi. With Dr T's team expecting me and instructions issued as to my immediate treatment in advance of his arrival, I would arrive all checked in with my room prepared.

What I love about The London Clinic is the continuity and consistently high standard of care. It's easy to become rather intolerant because it often feels there is no let up, and small comforts and kindnesses make all the difference. Dr T and Consultant Surgeon Roger Springall are like old friends, even in the most trying circumstances, it's always a genuine pleasure to see them! Crohn's has been a battle for me but I'm happy to say I'm in a good place right now. There is no cure but I am currently in a period of prolonged remission and am hoping this continues for as long as possible.”

Above: 3T MRI Scanner

Dr Thillainayagam explains:

“Mark had not responded to any of the standard treatments and despite the great care he'd received at the referring hospitals, he had experienced a very challenging time. Since then he has undergone elective surgery and is responding well to a new treatment – his disease has stabilised. Crohn's patients often require urgent specialist care requiring them to be admitted very quickly. Our patients know they can contact us at any time, make an appointment, voice a concern or in Mark's case be admitted. With new research and treatment options we are able to control the disease help patients avoid complicated surgery.”

Above: Dr Thillainayagam

Strategic Report

In December, we were proud to achieve **CHKS Standards for Health and Care Organisations 2019 accreditation for our radiotherapy service**. We received the following feedback:

“There is an impressive and robust governance structure within the organisation which is well led by the Head of Clinical Governance. It's evident that the scores of key performance indicators are shared throughout the organisation in order to promote shared accountability thereby proving that they are not seen simply as a management tool.”

The radiotherapy unit opened in 2009 and has two matched Varian linear accelerators, a CyberKnife and a dedicated CT scanner. The radiotherapy team also provides radionuclide therapy and intra-operative radiotherapy (IORT) for breast and colorectal cancers. CHKS accreditation enables a healthcare organisation to examine itself critically against a nationally and internationally recognised framework of organisational standards, including ISO9001:2015 certification.

We also put significant effort into **maintaining our accreditation marks** for our services. In addition to those mentioned above we have retained all our standards following inspections for the following:

- UKAS under the ISO15189:2012 standard in biochemistry, and haematology (including blood transfusion)
- CPA for microbiology and histopathology under ISO15189
- JACIE accredited for stem cell
- ISO 13485 for decontamination of flexible endoscopes
- MHRA regulated for blood transfusion service
- Human Application HTA licence for tissue and cell procurement, processing, storage, testing, distributing, import and export and research
- HTA Licence for organ donation and transplant
- ISO9001:2008 approved by Lloyds Register
- CHKS accreditation for oncology
- Radiotherapy, medical physics and radionuclide therapy services are ISO9001:2015 accredited and comply with Ionising Radiation Regulations 1999 and Ionising Radiation (Medical Exposure) Regulations 2000.

Good quality information underpins the effective delivery of patient care and is essential if improvements in quality of care are to be made. **The Private Health Information Network (PHIN)**, under a mandate from the Competition and Markets Authority, requires private healthcare providers to supply a monthly dataset. This information is reviewed and published on a quarterly basis with the goal of helping patients make better informed choices of healthcare providers. The Charity has been providing data

to PHIN since 2017 and in January 2019, we achieved a Data Maturity Score of 8 which is currently the highest possible score.

In 2019, we launched the ‘**15 Steps Challenge**’ (as advocated by NHS England) to better understand quality from the perspective of patients. ‘First impression’ data is recorded and we use these observations to better understand the patients’ experiences of our care and help staff to quickly identify improvements. We have also implemented a peer review programme across all clinical departments to drive improvement. This is tracked within our Quality Improvement Plan. Newly implemented initiatives such as the Identify-Situation-Background-Assessment-Recommendations clinical handover tool and National Early Warning Score 2 are also examples of a culture of continuous improvement.

At The London Clinic, the treatment and care of patients diagnosed with cancer are discussed and treatment recommendations are made at **Cancer Multidisciplinary Team (MDT) meetings**. The MDT is responsible for confirming a cancer diagnosis, treatment plan and developing the individual treatment pathways for patients. The team approach ensures effective, evidence-based collaboration between specialists. Team members share and discuss their opinions, in order to formulate a research based treatment recommendation tailored to the needs of each patient. Clinical trials, cutting edge techniques, treatments and recently published studies are discussed. At the hospital, our MDT administration team oversees 12 separate specialty MDTs working. At the beginning of the year, we targeted achieving more than 75% of cancer patients being discussed at MDT prior to receiving their cancer treatment by Q4; we achieved 87% of patients.

Improving our Admissions Processes

Following a trial of the Medical Admission Unit (MAU) model in 2018, the service was promoted to a selected number of referring GPs. The MAU provides patients with rapid access to the wider services available within the hospital, such as diagnostic imaging, interventional procedures and admission to our Intensive Care Unit. One of our objectives for 2019 was to grow this service and admissions to the MAU currently average at two complex cases per month. Progress has been slow but following some feedback processes have been changed and improvement is anticipated in 2020. Our newly appointed Primary Care Liaison team have been working closely with the ICU clinical staff, call handling centre and Matron's Office, to further streamline processes around patient triage, admission to the MAU and onward referrals to internal services.

In 2019, we started a major project to consolidate and streamline processes for patients wishing to make **bookings for outpatient treatments and admissions**. Our appointments, reservations and admissions teams worked together to improve access to a new management structure and focus on service excellence. As a result, performance increased with higher volumes and good feedback from consultants and medical secretaries. Our discharge processes require improvement and though

The Patient Forum is chaired by Maatun and includes former patients and patient relatives alongside one of the Trustees, and Clinical staff. It acts as an advisory panel to the hospital as it informs on all aspects of patient experience and is tasked with making recommendations and informing patients about key decisions relating to quality improvement plans. The Forum met three times in the year.

As part of our objective to increase patient engagement the Patient Forum was established in 2019 and in November we participated in its first formal Patient Led Assessment of the Care Environment (PLACE) which reports on the physical environment of the hospital. The team excelled in the Food and Hydration domain achieving an overall score of 96.3% vs. the national average of 92.2%. Condition, appearance and maintenance scored 98.9% compared to the national average of 96.4%. However, our scores revealed we need to improve the hospital environment for patients living with dementia and disability. We have trained 60 non-clinical and clinical staff members to become Dementia Friends and disability training has taken place in early 2020. We have designed and implemented new clear and bold signage. Clocks will be changed to digital clocks and artwork will be considered for dementia patients accessing our services.

We have further expanded our temperature management system to cover all drug storage areas. Tutela provides a more robust and uniform system for the ambient and cold storage of drugs. It was already used in some areas of the hospital and in 2019 a wider installation took place. This has increased medication safety and removed the need for daily checks by nurses, giving them more time for patient care.

Work is underway, they will be scrutinised and improved further in 2020. We invested in new call handling technology and in the eight months from May to December answered 86.3% of calls within 20 seconds, outperforming our benchmark of 80%.

Testimonial

“I have found this session very helpful – it appealed to me on all levels both emotionally through creating focus through wellbeing plan and spiritually through mindfulness. I also found the complementary therapy amazingly useful and will be applying the techniques at home.”

In 2019, we started to offer free, on-site accommodation for families who wish to stay with their loved ones who are receiving end of life care.

In response to the PLACE assessment and patient feedback from our Patient Satisfaction Surveys the Charity initiated a **Rolling Refresh Programme** to modernise some of the inpatient rooms in line with rooms already redesigned elsewhere in the hospital. The programme will continue throughout 2020 because once the programme begun it was decided to overhaul of the services infrastructure to the first floor patient bedrooms. This led to more substantial improvement works being undertaken, delaying the reopening of the first floor in the main site by 10-12 weeks and adding substantial additional costs to the project. This will inform the later phases of the programme. The **Moving on Programme** was established in the last quarter of 2018 and throughout 2019 it was developed and improved to make it more personal and approachable for all of our cancer care patients. It is a series of free, monthly workshops providing former cancer patients with information, support and help creating their Health and Wellbeing Plans. Topics covered include nutrition, exercise, emotional and psychological wellbeing and 'Personal reflections on moving forward after cancer.' Many of those who attend value the opportunity to share their experiences and take advantage of a safe place to discuss concerns.

Strategic Report

As part of our long-term plans to transform into a more digitally enabled and efficient business, a project was started in 2019 to **outsource our IT Infrastructure services** to a third party. This will enable the retained technology function to focus on systems, process transformation and value adding initiatives, including replacing the electronic patient record system, which will have long-term benefits for patients, staff, and consultants. We had hoped to deliver this project by the end of 2019 but it will instead come to fruition early 2020.

Key Performance Indicators

We measure our progress using a range of financial and non-financial performance indicators, all of which are aligned to our strategy. Our key performance indicators are shared throughout the organisation to promote shared accountability and to act as a management tool.

Our quality and safety assurance framework includes regular measurement of clinical key performance indicators as defined nationally and internationally and we compare our scores to the most relevant up-to-date benchmarks available from a variety of sources.

The key indicators include six of the industry standard quality indicators reported here with the benchmarks coming from the Centre for Health and the Public Interest (CHPI), Falls and Fragility Fracture audit programme, CHKS and the NHS thermometer. We believe our outcomes sit comfortably within normal ranges for hospitals delivering the breadth and complexity of care that we provide, however, we continuously strive for improvement.

As can be seen below we have had an increase in the KPI for unplanned patient returns to theatres. The increase correlates to a period of increased activity within the hospital and a rise in more complex cases in theatres. The increase in rate has been reviewed by the relevant governance committees and still lies within a comfortable range. Trends have been identified and the majority of the cases were for known risks of surgery e.g. haematomas developed post-surgery requiring return to theatres to be removed. We will continue to monitor this benchmark and any resulting trends closely.

KEY CLINICAL PERFORMANCE INDICATOR	BENCHMARK	2019	2018
Patient returns to theatres	0.13%	0.50%	0.17%
Unplanned patient transfers out to other hospitals	0.17%	0.13%	0.02%
Unplanned readmission within 29 days	7.40%	0.95%	1.44%
Patient falls per 1,000 occupied bed days (OBD)	6.63%	2.08%	2.04%
Hospital Acquired Venous thromboembolism rate	0.40%	0.26%	0.36%
Grade 2 and above pressure sores	4.50%	0.34%	0.27%
Patient satisfaction score	95%	98%	98%

One of our main objectives for the year was to deliver a Care Quality Commission rating of at least 'Good' in all domains. The London Clinic already holds this following our most recent inspection in 2016. No inspection took place during 2019 however, our plans continued regardless and a specific Well-Led assessment by an external party was undertaken alongside the clinical steps referred to above (15 Steps, Quality Improvement Plan).

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INNOVATION AND RESEARCH

2019 saw the **relaunch of The London Clinic Research Centre**. This is a dedicated research department, responsible for the management and conduct of clinical trials and other forms of research within the hospital. In the last two years the Centre has successfully enrolled over 200 patients onto trials covering a range of therapeutic areas.

However, recruitment for some trials has proved challenging (see IORT on page 21).

Working in partnership with the Antony Nolan Trust, British Bone Marrow Registry and DKMS, **we remain the largest stem cell collection centre in Europe**. We collect and store over 700 stem cell donations a year and we were the first independent hospital in the UK to gain the **Joint Accreditation Committee**

ISCT–Europe EBMT (JACIE) accreditation in recognition of our quality standards in stem cell work.

The Charity is committed to bringing together its strength in clinical service, research and innovation to deliver new treatments and technology to help improve patient outcomes. The following treatments, services and facilities have recently been introduced:

In 2019, we treated our first patient with the ground-breaking **Chimeric Antigen Receptor T-cell (CAR T-cell) Therapy**. This therapy can be used to treat adults with diffuse large B-cell lymphoma and works through the collection of immune cells (T cells) from the blood of patients. The T-cells are then genetically modified to destroy cancer cells in a laboratory and infused back into the patient. The London Clinic is the first fully private hospital to offer CAR T-Cell therapy to patients.

Lutetium-177 PSMA Therapy is a molecular radiotherapy treatment that targets and kills cancer cells precisely, minimising damage to healthy cells and tissue. It is used to treat advanced prostate cancer that has spread from the prostate to other parts of the body.

“Our Clinical Research Centre team works with world-class clinicians, hospitals, universities and charities to conduct ethically approved medical research that lead to pioneering treatments.”

Al Russell, Chief Executive

In 2005, we were the first independent hospital to offer robotic surgery. Since then we have become the first world-leading specialist centre dedicated to robotics. Launched in 2019, **The London Clinic Centre for Robotic Surgery** was created to support consultants in delivering the best possible surgical outcomes for patients in varied specialty areas such as urology, orthopaedics, gastrointestinal, colorectal, ENT and gynaecology.

Supporting our strategic aim to increase the volume of MSK procedures, Navio surgery, which uses robotic technology to support orthopaedic surgeons, has helped 45 patients to recover from knee surgery quicker than traditional surgery.

Our consultant anaesthetists have developed a new way of working to offer patients more choice when receiving **sedation in our endoscopy and radiology departments**. Patients are given the option to receive deep sedation or general anaesthetic outside of the operating theatre environment in a minimally invasive setting instead. This approach, unique in the independent hospital sector, means the patient can benefit from quicker recovery and discharge and there are demonstrable improvements in patient experience and safety. In 2019 over 400 patients chose to be treated via this new collaboration and have given high levels of positive feedback.

We were the first private hospital in the UK to offer patients the latest diagnostic imaging scanner which ensured our radiologists were better able to visualise small structures of disease within the body. The Siemens MAGNETOM Vida **3T MRI scanner** is the gold standard for some specialities including orthopaedics and prostate imaging but it is also used to support oncology and neurology.

CASE STUDY – RUNNING FOR SCIENCE

Using 3T MRI Technology to Evaluate the Impact of Marathon Running on the Hip Joint

The London Clinic is part of a unique research project that uses the very latest medical imaging technologies to record accurate measurements of an individual's hip joints before and after they have run a marathon. The aim is to better understand the effects of marathon running on hip joints. We provide the research team with free access to our 3T MRI scanner and to date 88 hips scans have been recorded for the project, costing approximately £70,000. Professor Alister

Hart is a Consultant Orthopaedic Surgeon at The London Clinic. He is a specialist in hip and knee surgery and is a member of the group responsible for this study. He was also a member of the team which in 2019 achieved international media attention when it published data on a similar research project focusing on the effect of marathon running on knees. In 2020, the study on hips will continue and we will provide our 3T MRI to provide the most accurate images possible of marathon runners' hip joints. With the evidence, Professor Hart and his team will assess how much exercise people should and can take without sustaining injury.

We are the only private hospital to offer adaptive radiotherapy for the treatment of bladder cancer and we are the only UK site in a phase 3 international clinical trial studying the impact of **innovative intra-operative radiotherapy (IORT) on glioblastoma multiforme**, the most aggressive form of brain cancer. We had hoped to have recruited our first patients for this study in 2019 but identifying and obtaining the referral of patients is challenging as diagnosis to surgery for the patients is a relatively swift pathway.

CASE STUDY – NEURO IORT

Professor Keyoumars Ashkan and Mr Ranj Bhangoo, both consultant neurosurgeons at the London Neurosurgery Partnership, and Dr Matt Williams, Consultant Oncologist, are leading The London Clinic's participation in the clinical trial and are asking consultant oncologists and neurologists to put patients forward for the clinical trial.

“This is an innovative technique because a high dose of radiation is given at the same time as the tumour is surgically removed. So it essentially helps sterilise the surgical cavity from residual tumour cells. In a way it helps to bridge the treatment gap between surgery and post-operative radiation.”

Professor Keyoumars Ashkan

“Participation in this trial reflects our approach to research and innovation. It will offer some of our patients an additional, new treatment option.”

Mr Satya Bhattacharya, Medical Director

In radiotherapy we pioneered a **new technique to deliver radiotherapy without the need to tattoo the patient**. This means women undergoing treatment for breast cancer are no longer left with a tattoo following treatment. 25% of radiotherapy patients have taken the option to have either one or no tattoos instead of the usual two tattoos.

Strategic Report

TRAINING AND EDUCATION

In 2019, we joined in the global workforce strategy by investing in our nursing establishment and the 'International Year of the Nurse'. In 2020, we will be offering a trainee nursing associate programme, allowing our future workforce to broaden their skills and experience and maximise their learning opportunities in adult healthcare provision. To further support our education plan, the hospital is striving to attain university accredited status in 2020. This will allow us to provide clinical education and training to future and current healthcare professionals and support those involved in medical research. We also established a healthcare assistant forum to grow and develop talent within the organisation.

The Charity supports **13 clinical fellowships** across the hospital by providing a significant financial support to specialising junior doctors working towards becoming a registrar or consultant. We currently have fellows in oncology, intensive care, reconstructive surgery, haematology and urology.

CASE STUDY – THE CLINICAL FELLOW PROGRAMME

The funding of the clinical research studies is a key component of The London Clinic's charitable purpose. It helps the hospital and the Clinical Fellows as they progress towards becoming Consultants.

Dr Jia Liu Stevens, an Intensive Care Clinical Fellow, combines working at The London Clinic's Intensive Care Unit with her PhD research, looking at the relationship between metabolic responses (how the body recovers after surgery) and patient outcomes following major surgery. She is under the supervision of Dr Daniel Martin and the mentorship of Dr John Goldstone, both Consultants at The London Clinic.

Her PhD research is mainly laboratory-based and she hopes it will help us to understand how the body recovers following surgery, and the role played by mitochondria and other factors.

Mitochondria are the key energy generators within the cells found in our body. They utilise the food consumed in the

form of sugars, fats and proteins and convert these into usable energy, which can be used to withstand the stress of surgery.

Dr Stevens explains:

“The London Clinic has been a sponsor for my PhD in the past two years and has funded my PhD fees during this time, supporting my academic development and offering flexibility in my work schedule so I can work on my research project. This allows me to plan the competing demands of my working life more effectively. Life is busy, especially juggling a PhD programme, working part-time and raising a young family. I'm very thankful for the support I get from The London Clinic.”

In line with our charitable objectives, staff are encouraged to share the learnings from their research with other healthcare teams so that the wider healthcare community may benefit. Our highly trained teams have presented their research, learnings and initiatives at a number of **global conferences and events** throughout 2019. These have included:

- Presentation to National Acute Pain Symposium relating to The Use of Pentrox for Complex Procedural Pain
- Presentation at the International Society of Radiosurgery Biennial World Conference on the first UK experience of Hydrogels to enhance Rectal Sparing during Prostate Stereotactic Body Radiotherapy
- Support for the publication of The Pelvic Floor Bible, published by Mrs Jane Simpson, consultant nurse specialist at The London Clinic.
- Communication collateral provided to the British Association of Critical Care Nurses relating to Pain Assessment in ICU – Post Operative Wound Care.

In November, we held the inaugural **The London Clinic Grand Rounds**. Held every two months, these lectures are given by senior doctors and nurses from the hospital and invited external speakers. These talks are not just educational, they provide an opportunity for the entire hospital community to come together. Everyone is invited including nurses, consultants, resident doctors, therapists, support services staff, administrative and management teams. The first talk was given by Dr John Goldstone, Consultant Intensive Care Physician and Anaesthetist, regarding: “Who survives ITU – is there any method in the madness?”

The Charity has renewed its sponsorship of **The Royal Society of Medicine Lectures** for a further five years. The objective of the sponsorship is to increase visibility of key issues to the medical community and wider public. In 2019, Dr Donald Berwick gave a lecture on consultant-led change Mr Christopher Peters will discuss: “What Robotic Surgery can do for Physicians.”

- Funded five clinical assistant posts for oncology fellow to progress their studies with practical placements and access to consultant mentors
- We held 32 GP training events including Basic Life Support and study events with specialist topics such as diabetes, dermatology, digestive diseases and orthopaedics amongst others. 568 local GPs from the private sector and NHS attended CIPD training at The London Clinic
- 56 staff benefited from funding from The London Clinic's Staff Training and Education Fund for further professional development at post graduate level certificates or qualifications
- Provided work placements for one student from Kings University studying BSc in Physiotherapy, 39 radiographer and three nurse placements from City University
- We provided free access to our radiology equipment for four days in the year to St Georges Radiological Protection Centre (RPC) who use the facility to deliver an IRMER course to ionising radiation workers
- We have used funding from the national apprenticeship levy to provide training for five non-qualified staff members to become pharmacy technicians and pharmacy assistant technical officers.

Strategic Report

OUR STAFF AND COMMUNITY

The Charity carries out an **annual employee engagement survey**. In 2019, 92% of our employees completed the survey (2018: 89%). 73% would recommend The London Clinic as a place to work which is a slight improvement compared to the previous year (2018: 72%) but still below our target of 75%. Throughout 2018 and then 2019 there was a focus on delivering improved communication between team members and the leadership of the Charity: 'From Ward to Board'. Initiatives such as Executive Board Roadshows, management team meetings and departments showcasing their initiatives in communal areas have led to improved confidence with the leadership of the Charity. Continuous focus on performance appraisals is helping two way conversations between staff and managers and aligning personal objectives with organisational goals.

The London Clinic is the first and only independent hospital to receive the **National Inclusion Standard (Bronze Level)**. The standard was launched last year by Inclusive Employers to support organisations assess progress with their inclusion journey and award those meeting the National Inclusion Standard with accreditation. In 2019, we celebrated cultural diversity through National Inclusion Week and held a number of events which brought people from different cultures together to promote inclusivity. A policy for 'Transitioning at Work' was launched, along with enhancements to the Family Friendly Policy, specifically supporting mothers returning to the workplace.

The Charity is supportive of **gender pay equality** and published its gender pay statistics which show a mean or average pay gap of 9.9% in 2019 (2018: 11.8%). This means that on average across all salaries men are paid 9.9% more than women. Our median pay gap is (11.6%) (2018: (8%)). This means that at the midpoint of salaries paid, women are paid 11.6% more than men. The mean pay gap is a result of there being more men in higher paid roles within the organisation. The median negative pay gap is as a result of having a predominantly female workforce with a larger number of

women earning salaries at the median point. Whilst the hospital has a pay gap lower than the national average it is committed to reducing this further. Initiatives such as a Women in Leadership panel of speakers' forum and the appointment of three women to the Executive Board in 2018 and 2019 have supported this commitment.

In 2019, we launched an **'Inspiring Speakers' programme** for external speakers to give their leadership lessons to staff from across the Charity. We are grateful to the following leaders for donating their time to the programme:

- Cathryn Edwards – Consultant Gastroenterologist
- Charles Green – CEO, The Office Group
- Joanne Grenfell – Bishop of Stepney
- Kate Lee – CEO, Clic Sargent
- Jason Stockwood, – CEO, Simply Business

An investment in the hourly pay of Hotel Services staff during the year **lifted the lowest paid salaries above national living wage**.

A further investment will be made in 2020, supporting our commitment to attracting and retaining the best people. We also brought in enhancements to our benefits package, including pension scheme contributions for all which are more generous than required by statute.

To reduce the environmental footprint of the hospital, we established **The Energy and Environment Committee**.

The Committee is made up of a cross-section of clinical and non-clinical employees from across the organisation.

The Committee meets once a quarter to review progress on a number of initiatives. The focus for 2020 will be how to reduce the levels of energy used without

affecting patient or staff safety. The Charity also joined the **Baker Street Quarter Partnership** business improvement district which includes in its priorities 'quality spaces and streets' and 'sustainable future' with a specific reference to improving air quality.

“We are proud to be recognised as an inclusive workplace and be awarded our first National Inclusion Standard. Members of our team come from 34 different countries and deliver high quality care in our hospital to people from all over the world. To do this successfully, our team has to respect each other's diversity and embed an inclusive culture within our organisation.”

Geoff Cox, HR & Operations Director

1152 PEOPLE EMPLOYED AT THE LONDON CLINIC

Highlights from the year:

- Mental Health Awareness Week in May to support our teams with managing pressures of their own mental health
- Family Summer Party in Regent's Park to bring people together to thank them for their commitment to our purpose
- Community Fund launched, supporting ways to bring teams across the Charity together to socialise on sporting, cultural and culinary events
- Aqua Ai Chi Classes for staff to promote health and wellbeing
- 12 middle managers were part of the Steps to Leadership programme which helps them to develop their careers.

The Charity's employment practices give full consideration to employment applications from disabled persons where the candidate's particular aptitudes are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

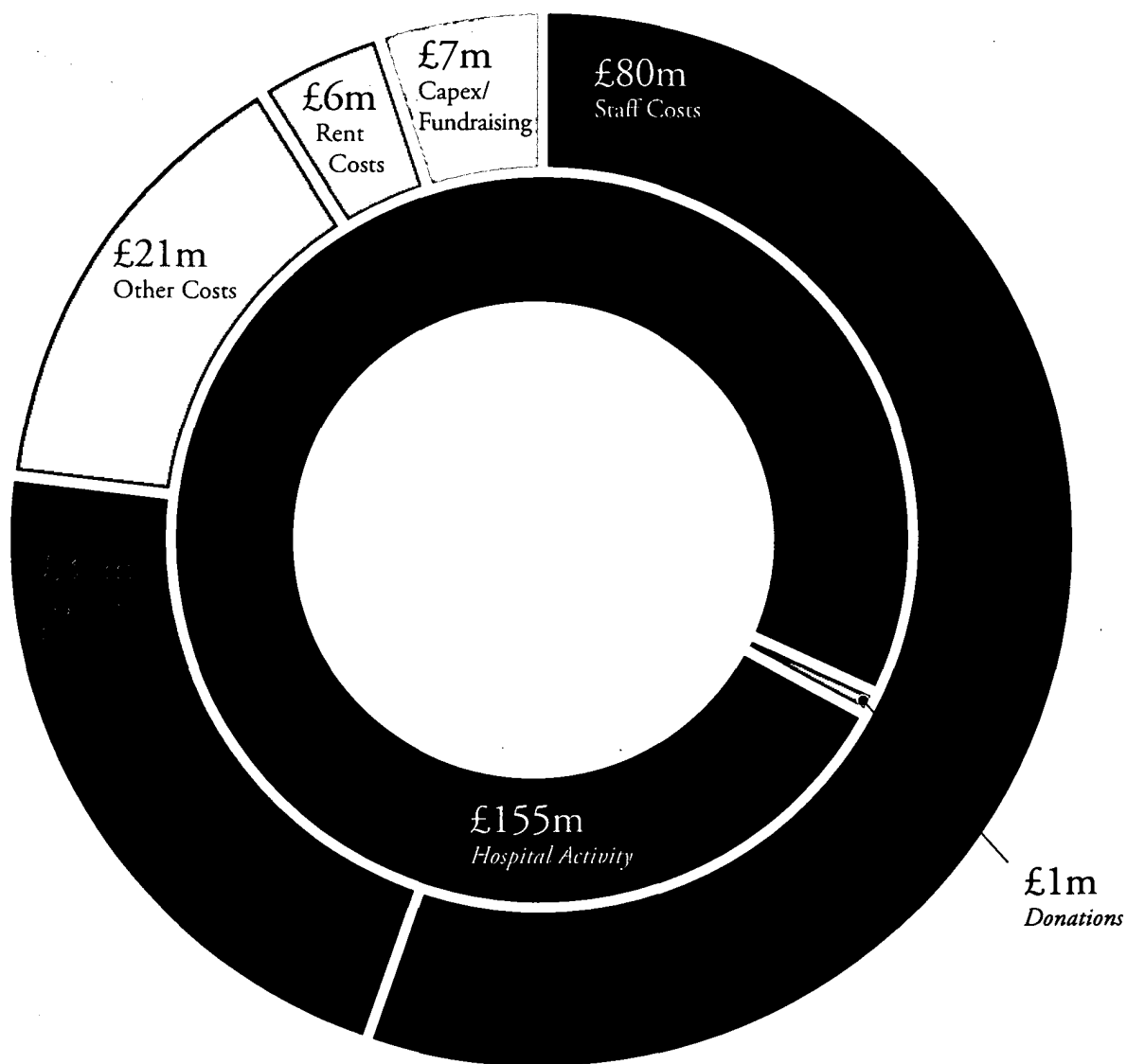
Support for the Community:

- The London Clinic provided four work placements in the kitchens for students at Westminster Kingsway College and two further student work placements in the Finance department for secondary school pupils
- We provided two work experience placements for students at the Local Marylebone High School
- In 2019 we started to work with Springboard, a charity which helps people from disadvantaged backgrounds start a career in hospitality. We supported two work placements in our kitchen and 10 paid work experience placements during a two-day private dining fund raising event. £1,321 was raised for Springboard through two private dinners
- We brought our patient communities together at our annual memorial service at St Marylebone Parish Church
- At the annual Macmillan Coffee Morning we raised £872 for the MacMillan cancer charity

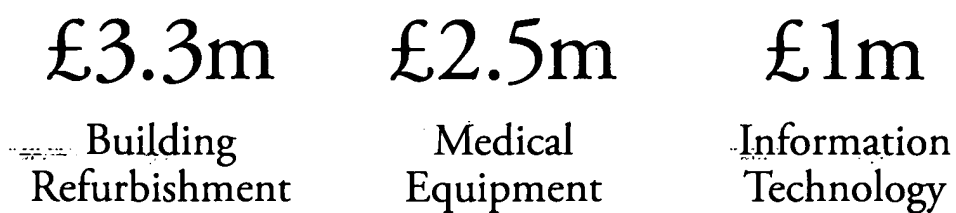
- Our Chief Executive and three of our team joined the Howard De Walden London to Paris cycle ride which collectively raised £52,553 for the West London Mission which supports shelter for homeless people in London.

Above: Through work experience in the kitchen, students can learn for our top chefs

INCOME AND EXPENDITURE



HOW WE HAVE INVESTED BACK INTO THE HOSPITAL



THE COMING YEAR

LOOKING FORWARD TO 2020

The coronavirus pandemic had understandably changed the objectives of the Charity for at least the first half of 2020 if not beyond. Our original objectives for 2020 are below and the Charity will work on delivering as many of these as possible during the crisis period. However, whilst the pandemic has a significant impact on normal business, the priorities for the Charity are as follows:

Keeping People Safe

Supporting the Community

Safeguarding Our Institution

We will continue with our three-year strategy in 2020, focusing on investment in patient facilities and technology whilst looking to continually improve the patient experience by refining processes and developing more wellbeing initiatives.

We will also plan for our longer term future to 2030 and beyond.

£3m

Refurbishment

- Improve the surroundings in which patients receive treatment throughout the hospital
 - Continue to modernise the environment, whilst respecting the history of our 1930s buildings
 - Rolling programme to upgrade our older style inpatient rooms.

Healthcare Technology

- New surgical robot to support The London Clinic Centre for Robotic Surgery
 - Expand stem cell storage facilities
- Upgrading and improving of our diagnostic imaging capabilities.

Process Improvements

- Making it easier and faster to admit surgical patients into the hospital
- Provide better information to our patients about their stay with us and the care required after they leave us
 - The provision of more timely scanning facilities for our patients
- Helping our patients be fully aware and updated on the expected final costs of their treatment.

Launch of our Patient Community Programme

- Bring people together during and post treatment
- Provide access to support networks and events to encourage wellbeing
- Fundraising to support our future work.

Bring More Art and Music into our Hospital

- Installing a baby grand piano permanently in our Reception (currently on loan)
- Continuing partnership with The Royal Opera House
- Displaying art from local artists and photographers.

Strategic Report

FINANCIAL REVIEW

The Charity considers the below to be its key operational and financial performance indicators.

KEY CLINICAL PERFORMANCE INDICATOR	2019	2018	2017
Total admissions	23,638	22,527	21,579
Total patient days	45,429	40,570	41,314
Hospital activity income (£000)*	155,372	134,622	136,246
EBITDA margin	11.3%	8.0%	8.6%

**Excludes asset disposals, fundraising and investment income*

Total admissions continue to grow and in 2019 were up 5% reflecting the continued strength of reputation of the hospital's consultants and quality of care and patient experience. Growth in admissions was strongest in inpatient admissions, at 12%, reflecting increased surgical activity and this was also as key factor in the growth of total patient days, also up 12%. Additionally the Charity saw growth in day case and outpatient activity.

The increase in activity came from all payor groups with revenues from embassies, up 47%, but also from insurance groups up 8% and, meeting one of our objectives for the year, self-pay increased by 7%. A focus on developing new relationships saw growth of revenues from patients sponsored by companies and organisations grow by 38%. This included a small increase in NHS block contract work which remains below 1% of revenues.

The significant increase in activity resulted in a 15.4% growth in hospital activity revenue and an increase in staffing and supplies costs. However implementation of cost management programmes and a high fixed cost base resulted in a significant improvement in EBITDA margin which rose to 11.3%.

Incoming Resources

The Charity's total incoming resources grew by 6.6% to £156.9m (2018: £147.1m). As stated above, incoming resources from hospital activities (stated net of charitable and related discounts) were the key source of growth offset by the absence of revenue from the disposal of tangible fixed assets (2018: £12.4m). Income from donations was £1.3m (2018: £nil).

Net Incoming/Outgoing Resources

Net outgoing resources before other recognised gains and losses were £1.2m (2018: net incoming resources of £4.7m). The hospital's expenditure on charitable activities of £157.1m (2018: £141.4m) increased largely due to increased activity and depreciation costs.

Capital Expenditure

Tangible fixed assets, comprising buildings, equipment and construction in progress had a net book value of £199.0m (2018: £211.9m). The Charity invested £6.5m in 2019 with a focus on replacing medical equipment, this has been offset by depreciation, amortisation and disposal of assets throughout the year.

Investments

The Charity currently holds investments with a market value of £1.1m (2018: £1.0m). The Charity's investment policy is to generate income while protecting capital from the effects of inflation. It achieves this by investing in the M&G Charifund, a recognised income fund for charities. M&G is a signatory to the United Nations Principles for Responsible Investment. The policy was maintained throughout the year and is still currently in force. The hospital monitors the performance of the investment manager against various benchmarks and responds accordingly.

Working Capital and Liquidity

The Charity has generated net cash inflows from operating activities of £5.4m (2018: £4.8m). The improved cash generation reflects improved trading activity offset by an increase in trade debtors from Middle Eastern embassies.

The hospital produces working capital forecasts, covering a period of at least 18 months, identifying the liquidity requirements on a regular basis. These are reviewed regularly by the Executive Board and Trustees to ensure that there is sufficient cash and borrowing facilities in place to meet on going and future requirements.

At 31 December 2019, the Charity held cash and cash equivalents of £6.7m (2018: £9.1m) and had unutilised banking facilities of £24.0m (2018: £23.5m). Net debt has increased from £17.4m to £19.3m.

The Charity has lending facilities and support from its bankers to maintain its existing operations and has in place a revolving facility maturing in 2021 with options to extend. Under the terms of the agreement the maturity date of the facility was extended by 12 months during the year. The cost of this extension was £0.1m which was capitalised and amortised on a straight line basis over the remaining term of the loan. Under the facility the hospital pays a variable interest rate linked to LIBOR and in early February 2016 we put in place an interest rate cap to manage exposure to rising interest rates. As a result of a reduction in interest rate expectations, a fair value loss of £21k has been incurred at year-end.

Taxation

As a registered charity, the Charity is potentially exempt from taxation to the extent that its income and gains are applied for charitable purposes.

Accounting Policies

The Charity adopted FRS 102 on 1 January 2015 and the principal accounting policies remain unchanged over the last period of accounts.

Current and Future Trading

Trading in 2020 has been significantly impacted by Covid-19, and in March 2020 we entered into a contract that made all our facilities available to the NHS to support the national fight against the pandemic. This continued until early September 2020 and underlying trading now (mid November) continues to return towards normal levels despite the recent commencement of the second national lockdown. Our financial plans beyond 2020, anticipate modest revenue growth, ongoing focus on delivering cost efficiencies such that we anticipate an increase in capital investment in medical equipment, property and IT systems in support of our charitable purpose of advancing healthcare for the wider community.

Strategic Report

GOING CONCERN

After making appropriate enquiries and reviewing the revised financial projections, the Board of Trustees has a reasonable expectation that the hospital has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in note 2 of the notes to the financial statements.

RELATED PARTIES

During the year, fees of £133k (2018: £133k) were paid to London Haematology Limited in respect of professional clinical services provided to the Charity to support delivery of the haematology and oncology service. Professor John Gribben is a Trustee of the Charity and a director and shareholder of London Haematology Limited.

After making enquiries, the Trustees confirm there were no further relationships with related parties to disclose.

The Trustees are assured that there were no relationships with related parties which might inhibit the Charity from pursuing independently its own charitable objectives.

RESERVES AND RESERVES POLICY

The majority of the Charity's unrestricted funds are represented by its investment in the functional fixed assets that comprise The London Clinic. These assets provide security for the bank facility that allows further investment in the Charity. The Charity has reserves of £184.3m as at December 2019 (2018: £181.6m).

The reserves policy of the Charity is reviewed annually in the light of operating and capital expenditure budgets and longer-term financial projections presented to the Board of Trustees. As part of the Charity's long-term re-development and expansion programme the Trustees consider the level and appropriate forms of funding that are likely to be required. The Charity maintains a full suite of insurances including buildings and business interruption policies to protect its functional fixed assets and believe it maintains sufficient reserves to continue to trade in furtherance of its charitable objectives.

The Charity recommenced proactive fundraising activity in 2018 resulting in donations of £1.3m in 2019. The Charity is yet to set targets for its fundraising because the strategy is still developing. The majority of funds received have been designated by the Trustees to be invested in the expansion of haematology services, planned for 2020. The designated reserves of the Charity also comprise a fund used to provide staff with access to education and training to further the Charity's mission to provide the highest quality care to its patients.

During the year, the valuation of the defined benefit pension scheme resulted in an unrealised actuarial gain of £3.8m (2018: £6.2m). The deficit in the scheme, under FRS 102 section 28 assumptions, decreased from £21.7m to £13.5m due to recovery plan payments, a change of assumptions for valuing obligations, the latest mortality tables and outperformance of the scheme assets. During the year, the Trustees agreed with the Pension Scheme's independent Trustee to offer early and flexible retirement options to all scheme members from Q1 2020. The change will allow members, who wish to, to take more of their pension benefits sooner in their retirement. These changes provided a one off reduction in scheme liabilities of circa 1%.

The Charity intends to maintain and develop the functional fixed assets and consequently the unrestricted reserves to a level that will ensure the Charity is able to fund capital expansion and maintain adequate working capital to operate in furtherance of its charitable objectives.

Strategic Report

RISK MANAGEMENT

The Trustees are jointly responsible for the overall management of the administration of the Charity and for ensuring that there are appropriate systems of controls, clinical, financial and otherwise in place. The Trustees are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements comply with the Companies Act 2006. Decisions by the Trustees concerning the Charity are taken by the Trustees, acting collectively. Where the Trustees delegate duties, additional controls are in place in order to ensure an appropriate level of reporting and oversight by the Trustees, and that the delegated duties are being properly discharged.

The corporate risk register is scrutinised by the Executive Board on a monthly basis, and the Audit and Risk Committee review it on a quarterly basis. Risks are reviewed by theme and actions are followed up and tracked.

The Trustees are also responsible for safeguarding the assets of the Charity and hence for ensuring that reasonable steps are taken to aid the prevention and detection of fraud and other irregularities and to provide reasonable assurance that:

- The Charity is operating efficiently and effectively;
- The assets are safeguarded against unauthorised use or disposition;
- Proper records are maintained and financial information used for publication is reliable; and
- The Charity complies with relevant laws and regulations.

The systems of internal control are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. They include:

- A strategic plan and an annual budget approved by the Trustees;
- Regular consideration by the Trustees of financial results, variances from budgets and non-financial performance indicators;
- Delegation of authority and segregation of duties, and
- Identification and management of risks.

The Audit and Risk Committee reviews the Trustees' annual report and the financial statements before their submission to the Board of Trustees and considers the corporate governance of the Charity. This includes consideration of the major risks to which the Charity is exposed, the effectiveness of its internal controls, the appropriateness of the going concern basis and accounting policies in preparing its financial statements and its policy on reserves. The Charity has an extensive clinical audit function and in 2019 the internal audit of financial and operational performance was again performed by Grant Thornton alongside which were some internally resourced compliance audits. The Audit and Risk Committee reviews the internal audit reports, which are also circulated to the Charity's external auditor.

PRINCIPAL RISKS AND UNCERTAINTIES

Like all hospitals, the principal inherent risks faced by the Charity are clinical risks and consequently The London Clinic ensures clinical risk registers are maintained across all clinical services taking an integrated and proactive approach to risk management. All risks (clinical and non-clinical) are identified through multiple channels including: risk assessments, key performance indicators, policy, complaints/claims, incident trends, assurance reviews, regulatory assessment, staff, patient and consultant surveys, external accreditation, national recommendations and audit.

Principal risks faced by the Charity include:

Clinical Risks

Managed as an integral part of the clinical governance framework which ensures key hospital decisions take into account the likelihood of unplanned events and the impact to the hospital and ensures the hospital is able to mitigate unplanned events. Monthly risk register updates are provided to clinical and non-clinical services in addition to the integrated corporate risk register.

Financial Risks

The Charity faces a number of financial risks including being subject to fluctuations in the demand for its services whilst having significant fixed costs. This creates a risk that short term cash generation would decline impacting the ability to reinvest in services and the ongoing development of the hospital. This risk is mitigated by establishing a flexible long-term borrowing facility (and an interest rate cap) and by adopting a prudent cash management policy within this. International business brings with it an increased risk of non-recovery of debtors. This risk is mitigated by the requirement that business conducted through overseas embassies is supported by a letter of guarantee.

Concentration and Competition Risk

The Charity operates in a very competitive London market and provides healthcare to a significant number of patients funded by a few key payors (e.g. Bupa and AXA PPP). There is a risk that other existing hospitals, new entrants or new models of healthcare provision reduce the flow of patients to the Charity. However, the risk is mitigated as the Charity seeks to diversify its customer base by building relationships with smaller insurers and by building its self-pay and international business. The current three year strategy (launched in February 2018) capitalises on

the Charity's strengths. We are improving processes to deliver better operational effectiveness and asset utilisation as well as growing the number of partnerships with other charities and healthcare organisations.

Pension Arrangements Risk

The Charity has a defined benefit pension scheme whose liabilities are subject to a number of uncertainties that could increase (or decrease) the current deficit. The scheme is now closed and managed by a sole Corporate Trustee. The Charity and the pension scheme Trustee both receive external independent advice on investment strategy to assist in the management and understanding of pension risk. In 2018, the scheme implemented a plan to de-risk the investment strategy by determining to hold around half of scheme assets in liability driven investments (LDIs). At the year-end LDIs represented 48% of assets reflecting strong performance of non LDI investments in Q4. The employer and pension fund trustee review the asset mix in their quarterly meetings with the investment manager and rebalance the portfolio when appropriate.

Information Technology Risk

Information technology is a key component in the delivery and administration of the Charity's activity and the core IT Infrastructure is now significantly enhanced following the establishment of offsite datacentres with failover capability and enhanced data security measures. Whilst significantly mitigated, the Charity remains vigilant on matters of data security and closely monitors IT security and data related risks. The core patient information and applications operating systems are now due for replacement and remain a risk to operational effectiveness until upgraded. A plan is being developed and in the meantime system performance is closely monitored with strong support from software providers.

The Charity also considers UK and global political and economic risks and uncertainties as part of its risk management. The healthcare specific impact, such as on infection control and supply chains, are considered carefully, and the Charity feels it is well placed to mitigate any short term effects thereof.

Whilst this report primarily discusses 2019, in light of the events of 2020 risks related to the Covid pandemic are also considered and continually reviewed by the Charity.

Strategic Report

MODERN SLAVERY

In 2015 the Government published The Modern Slavery Act (the 'Act') which required all businesses in the UK with a turnover of £36 million or more to be transparent about what they are doing to tackle Modern Slavery within their organisation and supply chains.

The Charity condemns modern slavery and human trafficking. We are committed to maintaining and enforcing robust and effective systems and controls to prevent slavery within our organisation and supply chain. The Charity is dedicated to best practice in the procurement of goods and services in all areas. The London Clinic's supply chain management and supplier due diligence checks ensure we maintain confidence in the oversight of our compliance with the Act.

The Charity has a robust policy in place which aims to minimise the risk of modern slavery, which is supported by our Whistleblowing/Raising Concerns policy and our Safeguarding of Vulnerable Patients policy.

PAY POLICY FOR SENIOR STAFF

The Trustees consider that together the Board of Trustees, who are the company's statutory directors, and the Executive Board comprise the key management personnel of the Charity responsible for directing and controlling, running and operating the Charity on a day to day basis. All Trustees give their time freely, detail of Trustees' expenses are disclosed in note 5 of the financial statements.

The pay of senior staff is reviewed annually and normally increases in accordance with average earnings. The recruitment of Senior Roles involves an external market review with advice from recruitment agents. The remuneration policy is to pay appropriately, not excessively, for the role. As recommended by the Charity Governance Code for Larger Charities, the process for setting remuneration of senior staff and their remuneration levels will be available publically when the 2019 Annual report is made available on our website in 2020.

SECTION 172 STATEMENT

The Trustees take seriously their duty to promote the success of the Charity, in particular with reference to long-term impact of decisions, interests of key stakeholders and impact on the environment and community. This statement describes how the Trustees have had regard to the matters set out in section 172(1) (a) to (e) when performing their duties as required by the Companies (Miscellaneous Reporting) Regulations 2018. Section 172 (1) (f) does not apply as we do not have shareholders.

Key stakeholders include: patients, staff, consultants, GPs, embassies, private medical insurers, landlord, local healthcare community, regulators, suppliers, business customers, financiers.

Engagement with key stakeholders in a variety of individualised ways including: patient satisfaction surveys; Patient Forum (page 17); annual employee engagement survey (page 24); Executive Board Roadshows; staff and consultant communications; consultant specialty user groups; the Medical Advisory Committee; consultant relationship management team; GP education sessions (page 23); relationship meetings with embassies, private medical insurers, landlord, financiers, significant suppliers and major business customers; membership of Harley Street Medical Area organisation; membership of Baker Street Quarter Partnership (page 24).

Example of Key Decisions in the Year:

1. Outsourcing of IT Infrastructure Services

This year's decision to outsource the Charity's IT infrastructure services (more on page 18) was approved by the Board following a comprehensive assessment of the requirements of the business and its employees in order to transform into a more digitally enabled and efficient business. Our staff and consultants have provided regular feedback on the current electronic patient record (EPR) system and moving forward with a replacement is a priority for them. Senior management held multiple meetings with employees within the IT directorate to receive their input and consult them on the proposal and took the feedback to the Board. The Board took external advice from multiple sources and via deliberations throughout the year at both committee and board level, took the decision to move ahead subject to contract.

2. Capex Decision to Investment in Refurbishment

Feedback from patients, received both via the patient satisfaction questionnaires and the Patient Forum, clearly demonstrated

themes around the disparity in the standard of decoration between older and newer inpatient bedrooms, as well as inconsistencies in the style of signage across the hospital. The decision taken in 2019 to invest significant capital funds into a rolling programme of refurbishment of patient bedrooms in the main site, as well as investment into outpatient physiotherapy facilities, were approved by internal capital control processes following detailed assessment by the property department. Valuable feedback was received from the Patient Forum (on which a trustee sits) on the new decoration schemes and the new signage, particularly with reference to easy-to-read colour schemes for those affected by dementia.

3. Investment in Employees

As outlined on page 24 the Charity received a substantial response to its employee engagement survey. This feedback was scrutinised by the Executive Board and presented to the Trustees. Individualised actions plans were formulated by department heads to address feedback at a local level and the Executive team addressed employee wide issues. Key areas of focus based on the feedback from the survey are: annual leave harmonisation; staffing levels and better communications; and strengthening the clinical training provision. The decision by the Trustees was to support a cultural investment in the Charity in line with the strategic aim of recruiting and retaining the best people. The Charity also made changes to the defined benefit pensions scheme to allow staff to take early retirement and provide flexible options to better meet the needs of its workforce, many of whom have physical demanding roles.

Impact of the Charity on the Community and the Environment

See pages 24-25.

Reputation for High Standards

The Charity is committed to maintaining its reputation for high standards and quality of its services which is demonstrated throughout this report. This is particularly shown by: our desire to hear from and respond to our key stakeholders as outlined in this statement; our continuous improvement agenda to better our processes (see pages 16 and 27); and the ongoing effort to ensure we retain our accreditation marks (more information on page 16).

Financials

TRUSTEES' RESPONSIBILITIES STATEMENT IN RELATION TO THE FINANCIAL STATEMENTS

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

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgments and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

In so far as the trustees are aware:

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

Auditor

Each of the Trustees at the date of approval of this report confirms that:

- So far as the Trustee is aware, there is no relevant audit information of which the Charity's auditor is unaware
- The Trustee has taken all the steps that he/she ought to have taken as a Trustee in order to make himself/herself aware of any relevant audit information and to establish that the Charity's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

A resolution for the re-appointment of Deloitte LLP as the Charity's auditor was passed at the Annual General Meeting on 30 April 2019 and their appointment was reconfirmed in September 2019 following a tender process.

This Trustees' report and financial statements were approved and authorised for issue by The Board of Trustees on 26 November 2020 and were signed on its behalf by:



Hamish Leslie Melville
Chairman of the Board of Trustees
Date: 26 November 2020

2019

2018

2017

2016

2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRUSTEES OF THE LONDON CLINIC LIMITED

Report on the Audit of the Financial Statements

Opinion

In our opinion the financial statements of Trustees of the London Clinic (the 'charitable company') and its subsidiaries (the 'group'):

- Give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 December 2019 and of the group's incoming resources and application of resources, including the group's income and expenditure, for the year then ended
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- Have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- The consolidated statement of financial activities (including consolidated income and expenditure account)
- The consolidated balance sheet
- The charity balance sheet
- The consolidated statement of cash flows
- The related notes 1 to 23.

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).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and of the parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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

We are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

Other Information

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

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

We have nothing to report in respect of these matters.

Responsibilities of Trustees

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Report on Other Legal and Regulatory Requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- The information given in the Trustees' report, which includes the strategic report and the directors' report prepared for the purposes of company law for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The strategic report and the directors' report included within the Trustees' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report included within the Trustees' report.

Matters On Which We Are Required to Report by Exception

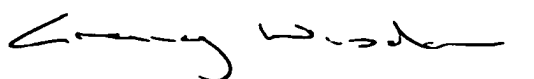
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- Adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- The parent charitable company financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of Trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of Our Report

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



Craig Wisdom FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

St Albans, United Kingdom

Date: 26 November 2020

Financials

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 2019

INCOME	NOTE	UNRESTRICTED FUNDS £000	RESTRICTED FUNDS £000	2019 TOTAL £000	2018 TOTAL £000
Charitable activities					
Provision of hospital activities		155,372	–	155,372	134,622
Donations		1,293	9	1,302	–
Investment income	6	98	–	98	113
Other income		–	–	–	12,408
Gain on disposal of tangible fixed assets					
Total income		156,763	9	156,772	147,143
EXPENDITURE					
Expenditure on Charitable activities					
Provision of hospital activities		157,047	9	157,056	141,385
Other Expenditure					
Expenditure on raising funds		945	–	945	929
Cost associated with fundraising		81	–	81	–
Total Expenditure	3	158,073	9	158,082	142,314
Gain/(Loss) on investment assets	7	143	–	143	(153)
Net income/(Loss) for the year		(1,167)	–	(1,167)	4,676
OTHER RECOGNISED GAINS/(LOSSES)					
Actuarial Gain on defined benefit pension scheme	18	3,830	–	3,830	6,210
Net movement in funds		2,663	–	2,663	10,886
Total funds at 1 January		181,640	–	181,640	170,754
Total funds at 31 December		184,303	–	184,303	181,640

The notes on pages 44 to 60 form part of these financial statements. All results for the current and previous year are derived from continuing operations. In 2018 all funds were unrestricted therefore no SOFA split by fund has been included.

CONSOLIDATED BALANCE SHEET

As at 31 December 2019

	NOTE	2019		2018	
		£000	£000	£000	£000
Fixed Assets					
Tangible assets	9		199,047		211,922
Cash equivalents	7,12		1,114		955
Investments	7		–		21
Investment in associate	8		–		2
			200,161		212,900
Current Assets					
Stocks	10	3,356		2,842	
Debtors: Amounts falling due within one year	11	35,443		25,629	
Cash and cash equivalents	12	5,609		8,156	
		44,408		36,627	
Creditors: Amounts falling due within one year	13	(20,032)		(18,040)	
Net current assets			24,376		18,587
Total assets less current liabilities			224,537		231,487
Creditors: amounts falling due after one year	13		(26,709)		(28,148)
Net assets excluding pension liability			197,828		203,339
Defined benefit pension scheme liability	18		(13,525)		(21,699)
NET ASSETS INCLUDING PENSION LIABILITY	15		184,303		181,640
UNRESTRICTED FUNDS					
Designated reserve	15	2,475		1,054	
General Revenue reserve	15	194,287		201,219	
Revaluation reserve	15	1,066		1,066	
		197,828		203,339	
Unrestricted funds before pension liability			197,828		203,339
Pension deficit	18		(13,525)		(21,699)
Total funds	15		184,303		181,640

The financial statements of Trustees of the London Clinic Limited, registered number 00307579, were approved and authorised for issue by The Board of Trustees on 26 November 2020 and were signed on its behalf by:

Hamish Leslie Melville

Hamish Leslie Melville, Chairman of The Board of Trustees,
Date: 26 November 2020

CHARITY BALANCE SHEET

As at 31 December 2019

	NOTE	2019		2018	
		£000	£000	£000	£000
Fixed Assets					
Tangible assets	9		199,047		211,922
Cash equivalents	7,12		1,114		955
Investments	7		–		21
Investment in subsidiaries	8		1,650		1,650
Investment in associate	8		–		2
			201,811		214,550
Current Assets					
Stocks	10	3,356		2,842	
Debtors: Amounts falling due within one year	11	35,813		25,998	
Cash and cash equivalents	12	5,609		8,156	
		44,778		36,996	
Creditors: amounts falling due within one year	13	(20,032)		(18,040)	
Net current assets			24,746		18,956
Total assets less current liabilities			226,557		233,506
Creditors: amounts falling due after one year	13		(26,709)		(28,148)
Net assets excluding pension liability			199,848		205,358
Defined benefit pension scheme liability	18		(13,525)		(21,699)
NET ASSETS INCLUDING PENSION LIABILITY	15		186,323		183,659
UNRESTRICTED FUNDS					
Designated reserve	15	2,475		1,054	
General Revenue reserve	15	196,307		201,219	
Revaluation reserve	15	1,066		1,066	
		199,848		203,339	
Unrestricted funds before pension liability			199,848		205,358
Pension deficit	18		(13,525)		(21,699)
Total funds	15		186,323		183,659

The variance to the consolidated accounts is made up from an investment in a subsidiary of £1,650k (2018: £1,650k), an intercompany receivable of £370k (2018: £369k). There are no other differences between the Charity and consolidated balance sheet. The total incoming resources for the Charity were £156,915k (2018: £146,990k) and the net loss was £(1,167)k (2018: a gain of £4,676k).

The financial statements of Trustees of the London Clinic Limited, registered number 00307579, were approved and authorised for issue by The Board of Trustees on 26 November 2020 and were signed on its behalf by:

Harnish Leslie Melville

Harnish Leslie Melville, Chairman of The Board of Trustees.

Date: 26 November 2020

Financials

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	NOTE	2019	2018
		£000	£000
Net cash flows from operating activities	19	5,264	4,858
Cash flows from investing activities			
Gain/(Loss) on investment		157	(74)
Interest received on investment income	6	98	113
Purchase of Charity's functional assets		(6,478)	(9,319)
Proceeds from the sale of property, plant and equipment		–	14,794
Net cash flows from/(used in) investing activities		(6,223)	5,514
Net cash flow before financing		(959)	10,372
Repayments of borrowing		(7,429)	(11,396)
Cash inflow from revolving credit facility		6,000	–
Net cash flows (used in)/from financing activities		(1,429)	(11,396)
(Decrease) in cash and cash equivalents		(2,388)	(1,024)
Cash and cash equivalents at beginning of year		9,111	10,135
Cash and cash equivalents at the end of the year	12	6,723	9,111
Reconciliation to cash at bank and in hand			
Cash at bank and in hand (Current and non-current)		6,723	9,111
Cash and cash equivalents	20	6,723	9,111

Financials

NOTES TO THE FINANCIAL STATEMENTS

1. Charity Status

The Charity is incorporated in England and Wales as a company limited by guarantee not having a share capital.

Every member undertakes to contribute to the assets of the Charity in the event of it being wound up while he or she is a member, or within one year after he or she ceases to be a member, such amount as may be required not exceeding £1 for the payment of the debts and liabilities contracted before he or she ceases to be a member.

The Charity is exempt from the Income and Corporation Taxes Act 2010 on its charitable activities.

2. Accounting Policies

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

A. Basis of Preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102 and Charities SORP 2015) and the Companies Act 2006.

The Trustees of the London Clinic Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

B. Preparation of the Accounts on a Going Concern Basis

The Charity meets its day to day working capital requirements through its internal cash generation supported by bank borrowings.

As a result of the Covid-19 global pandemic, we have revised our forecasts and taken into account the latest activity expectations across our main payor groups. We have also considered the impact of a second wave and potential lockdown and our ability to operate within our banking facilities as a result. Whilst short term revenue forecasts would decline, ultimately the demand for services remains strong and we are confident that we have sufficient mitigating measures to cushion any immediate financial impact.

We have a low level of existing debt, giving capacity to draw down further on our existing facility and remain compliant with our banking covenants should the need arise. As a result, no material uncertainties in this regard have been identified.

Accordingly the Trustees are satisfied that the Charity and the Group have adequate resources to continue in operational existence

for at least twelve months and as a result they continue to adopt the going concern basis in preparing the annual report and accounts.

C. Significant Judgements and Estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements have had the most significant effect on amounts recognised in the financial statements.

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

Judgements

Major Construction Programmes – Capital in Progress

The Group has assets on its balance sheet relating to design and planning costs already incurred which relate to projects that have not yet commenced. These are reviewed on an annual basis to ensure that the value does not exceed the expected value in use. Any impairment loss is recognised in the Statement of Financial Activities (SOFA).

Operating Lease Commitments

The Group has leases on the majority of the properties in which the hospital operates. The classification of such leases as operating or finance lease requires the Group to determine, based on an evaluation of the terms and conditions of the arrangements, whether it acquires the significant risks and rewards of ownership of the lease assets and accordingly whether the lease requires an asset and liability to be recognised in the Balance Sheet.

Estimates

Pension and Other Post-Employment Benefits

The cost of defined benefit pension plan is determined using actuarial valuations. The actuarial valuation, performed by an independent actuary after discussion with management, involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of the plan, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers a single equivalent discount rate for a pension scheme with a 17 year duration. The mortality rate is based on publicly available mortality tables with an adjustment

to reflect the specifics of the scheme membership. Future salary increases are based on expected future inflation rates. Further details are given in note 18.

Trade Debtor Recoverability

Trade debtors for 2019 are £32.5m and are stated net of provisions for doubtful debts. The level of provisioning involves management judgement based on reviews of accounts including the aging of debtor balances and previous experience of non-recovery of debtor balances from payors. The aggregate level of provisioning is sensitive to the change in the mix of business during the year. As a result our provision for doubtful debts increased by 17% in 2019, however the percentage of total debt provided for, reduced by 2.2 percentage points.

The Trustees do not consider there are any critical judgements or sources of estimation uncertainty requiring disclosure beyond the accounting policies listed above.

D. Basis of Consolidation

The Group financial statements consolidate the accounts of the parent Company and its subsidiaries made up to 31 December 2019. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated statement of financial activities from the date of acquisition to the date of disposal.

In accordance with section 408 of the Companies Act 2006, the Charity is exempt from the requirement to present separately its own Statement of Cash Flows.

E. Income

Incoming resources from activities in furtherance of charitable objectives are included in the consolidated statement of financial activities. Incoming resources comprise fees for the provision of treatment to patients and other hospital services, and represent the total amounts receivable in the ordinary course of business for goods and services after discounts and value added tax where applicable. Donations and gifts are accounted for on receipt except where the donation is returnable in the event that the condition of the donation is not met.

F. Expenditure and Recoverable VAT

Governance costs are associated with the governance arrangements of the Charity and relate to the general running of the Charity. These costs include audit, legal advice for the Trustees and costs associated with meeting constitutional and statutory requirements such as the cost of Trustees' meetings and the preparation of statutory accounts. Support costs are the costs which enable charitable activities to be undertaken. These include all costs within the following departments: Finance, Human Resources, Information Technology, Property Management, Marketing, Operations, Security, Clinical Governance and Corporate Services.

All expenditure is accounted for on an accruals basis. Direct charitable expenditure represents the cost of providing hospital services in furtherance of the charitable objectives.

All expenditure is recorded as costs against the activity for which the expenditure was incurred gross of VAT, the recoverable portion of VAT, which is immaterial in value, is recorded against other administrative costs.

G. Leased Assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the Charity. All other leases are classified as operating leases.

Assets held under finance leases are recognised initially at the lower of the fair value of the asset or the present value of the minimum payments at the inception of the contract. The corresponding liability of the lessor is included in the Balance Sheet as a finance lease obligation. Lease payments are apportioned between the reduction in lease obligation and interest using the effective interest method. The assets held under finance leases are included in tangible fixed assets and are depreciated and assessed for impairment losses in the same way as owned assets.

Payments of rent are expensed annually to the SOFA in accordance with the terms of the lease.

H. Tangible Fixed Assets

Expenditure on plant and machinery and on the acquisition, alteration, and reconstruction of buildings costing £1,000 or more is capitalised at cost and depreciated over the economic useful life to be held at cost less accumulated depreciation. Depreciation is charged to write off the cost or valuation less the estimated residual value of fixed assets in equal instalments over their estimated useful economic lives as follows:

50 years	Freehold property
Shorter of 50 years or length of lease	Long leasehold property
8 – 25 years	Building refurbishments <i>(Included in freehold and leasehold properties)</i>
3 – 15 years	Fixtures and equipment

No depreciation is provided on construction in progress including sites purchased for redevelopment. Capitalised construction costs include directly attributable fees and expenses excluding costs of borrowing. Interest costs incurred from borrowings for capital projects are expensed through the SOFA.

In accordance with Financial Reporting Standard 102, section 35.10 the book value of assets at cost or valuation as at 30 September 1999 has been retained and these valuations will not be updated. Subsequent additions are capitalised at cost. The value below which fixed assets are not capitalised is currently £1,000.

I. Investments

Listed investments are stated at market value as at the balance sheet date. Realised and unrealised gains and losses on investments during the year are shown in the Consolidated Statement of Financial Activities (SOFA).

Financials

J. Stocks

Stocks, which comprise goods used in the provision of services to patients and other customers, are valued at the lower of cost and net realisable value. Cost means purchase price less trade discounts. Net realisable value means estimated selling price less trade discounts and all costs of sale. Provision is made for obsolete, slow moving or defective items where appropriate.

K. Cash Flow and Liquid Resources

Cash flow comprises increases and decreases in cash. Cash and cash equivalents include cash at bank and deposits repayable on demand less overdrafts from any qualifying financial institution repayable on demand. Deposits are repayable on demand if they are available within 7 days without penalty.

L. Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

M. Creditors and Provisions

Creditors and provisions are recognised where the Charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing from any discounts due.

N. Financial Instruments

The Group has entered into an interest rate cap to manage its risk associated with interest rate fluctuations. The measurement basis adopted in the preparation of these financial statements is provided in note 7.

All other financial assets and financial liabilities are of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest rate method.

O. Pension and Other Post-Retirement Benefits

For defined benefit schemes, the amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the SOFA if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the year until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately as Other Recognised Gains/(Losses) in the SOFA. Defined benefit scheme assets are held separately from those of the Charity.

Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond.

The actuarial valuation is obtained at least triennially and is updated in the accounts at each balance sheet date. The resulting defined benefit asset or liability is shown separately on the face of the balance sheet. A pensions reserve has been created within the unrestricted funds in compliance with paragraph 10.93 of the SORP.

Pension costs for the defined contribution scheme are charged to the accounts on an accrual basis in accordance with the requirements of FRS102.28 Employment Benefits. Details of the Charity's pension schemes are disclosed in note 18 to the accounts. The difference between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

P. Fund Accounting and Reserves

Unrestricted funds comprise the accumulated surpluses and deficits of the Charity, which have not been restricted for any specific purpose, and include funds invested in the functional fixed assets of the Charity.

Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

The Trustees consider the appropriateness of the reserves from time to time and may reserve funds for special purposes or against future expenditure.

3. Total Expenditure

	DIRECT CHARITABLE (HOSPITAL) £000	SUPPORT INCLUDING GOVERNANCE £000	FUNDRAISING COSTS £000	2019 TOTAL £000	2018 TOTAL £000
Provision of Hospital Activities					
Staff costs excluding defined benefit scheme interest costs	55,175	17,532	21	72,728	66,995
Net pension interest expense (note 18)	553	–	–	553	697
Gains due to benefit changes (note 18)	(995)	–	–	(995)	–
Staff costs (note 5)	54,733	17,532	21	72,286	67,692
Auditor's remuneration	–	62	–	62	53
Depreciation of fixed assets (note 9)	17,843	–	–	17,843	16,593
Impairment of fixed assets (note 9)	1,904	–	–	1,904	–
Operating leases – Other	5,679	–	–	5,679	5,508
Stock	28,356	–	–	28,356	23,904
Other operating expenses	17,850	13,097	60	31,007	27,635
	126,365	30,691	81	157,137	141,385
Expenditure on Raising Funds					
Bank Interest Payable	896	–	–	896	880
Finance charge in respect to finance leases	–	49	–	49	49
	896	49	–	945	929
Total expenditure	127,261	30,740	81	158,082	142,314

Auditor's remuneration for audit work for the period was £62k (2018: £53k) and remuneration for non-audit work, relating to IT and tax related consultancy services was £nil (2018: £nil).

For a further breakdown of 2018 please see note 23.

Financials

4. Analysis of Governance and Support Costs

	2019 TOTAL £000	2018 TOTAL £000
Auditor's remuneration (auditing the financial statements)	62	53
Salaries, wages and related costs – Allocated on time	112	103
Other operating expenses – Legal advice	37	25
Total Governance costs	211	181
Salaries, wages and related costs – Allocated by department	17,420	16,745
Other operating expenses – Allocated by department	13,060	11,599
Total Support costs	30,480	28,344

5. Staff and Trustees

	2019 TOTAL £000	2018 TOTAL £000
Staff costs comprise:		
Wages and salaries	52,696	49,145
Social security costs	5,651	5,374
Agency & Contractors	9,657	7,630
Pension Costs	2,619	3,293
Other staff costs	1,663	2,250
	72,286	67,692

Redundancy and contract termination costs are expensed as incurred through the SOFA.

During the year, redundancy and termination costs of £328k were formally agreed under employee contracts (2018: £760k).

	2019	2018
Average monthly number of employees during the period	1,152	1,136

All staff in 2019 and 2018 were employed in fulfilling the provision of medical services, which is the purpose of the Charity.

The key management personnel of the Charity comprise the Trustees and the members of the Executive Board.

The total employee benefits of the key management personnel was as follows:

	2019 TOTAL £000	2018 TOTAL £000
Emoluments	2,524	2,445
Pension contributions	105	166
Contract termination and other payments	–	229
	2,629	2,840

Accommodation has been provided within the hospital premises, without charge to Al Russell, Chief Executive to enable him to fulfil his duties.

The Trustees received no emoluments from the Charity during the period (2018: £nil).

The Charity reimbursed travelling and other expenses of 3 Trustees for £4,580 (2018: 3 Trustees for £5,275).

5. Staff and Trustees (Continued)

The emoluments of employees earning over £60,000, excluding pension contributions, fell within the following ranges:

	2019 NO.	2018 NO.
£60,001 – £70,000	85	83
£70,001 – £80,000	25	23
£80,001 – £90,000	12	12
£90,001 – £100,000	9	8
£100,001 – £110,000	3	2
£110,001 – £120,000*	3	4
£120,001 – £130,000	2	1
£130,001 – £140,000	1	–
£160,001 – £170,000	–	3
£170,001 – £180,000	1	1
£180,001 – £190,000	1	1
£190,001 – £200,000	–	1
£200,001 – £210,000	1	–
£210,001 – £220,000	1	–
£230,001 – £240,000	1	–
£260,001 – £270,000	–	1
£290,001 – £300,000	1	–
£390,001 – £400,000	1	–
£420,001 – £430,000	–	1
Total	147	141

*Includes contractual payments in lieu of notice in 2019

In the period, the provision of money purchase benefits were provided to 142 employees of the above (2018:135 employees) and the contribution paid was £786,399 (2018: £753,531). There are 4 employees who are part of the defined benefit scheme (2018:5 employees).

Further details of the Charity's pension schemes are given in note 18.

6. Investment Income

	UNRESTRICTED FUNDS £000	DESIGNATED FUNDS £000	2019 £000	2018 £000
Interest on bank balances	42	–	42	60
Return on fixed asset investments	–	56	56	53
	42	56	98	113

Financials

7. Fixed Asset Investments

	2019		2018	
	COST £000	VALUE £000	COST £000	VALUE £000
At 1 January				
Tangible assets	564	955	564	1,101
Interest rate cap	487	21	487	43
Total at 1 January	1,051	976	1,051	1,144
Fair value gains and losses				
Listed investments	–	159	–	(146)
Interest rate cap fair value loss	–	(16)	–	(7)
Total Gains /(losses)	–	143	–	(153)
Interest rate cap impairment	–	(5)	–	(15)
Total Gains /(losses)	–	138	–	(168)
INVESTMENTS CARRIED AT FAIR VALUE AT 31 DECEMBER			2019	2018
			£000	£000
Listed investments			1,114	955
Interest rate cap			–	21
Total at 31 December			1,114	976

Listed Investments

Listed investments relate entirely to the staff training and education fund which is a designated fund for the training and education of staff from all disciplines. The fund is financed by the investment income generated by the managed M&G investment, Charifund, which is based in the UK, and donations received by the charity. £1,114k (2018: £955k). This has been included as a cash equivalent as it is a highly liquid asset.

Interest Rate Cap

The Group has entered into an interest rate cap to manage its interest rate exposure. The London Clinic pays a premium which buys the right, but not the obligation, to receive the difference between the strike, in this case 1.75% and the underlying index being 1 month GBP Libor.

The group calculates the fair value of this interest rate option using a modified Black's model using market input data for volatility and interest rates. In order to estimate forward interest rates and calculate discount factors to apply to estimated future cash flows the applicable yield curves derived from quoted interest rates are used.

The interest rate cap has a notional value of £34,164k as at the balance sheet date (the maximum notional amount being £43,403k) and matures on the 31 October 2020. The cap settles on a monthly basis.

The cap is not designated for hedge accounting and mark-to-market movements in the fair value of the cap are recognised in the income statement as they occur.

8. Subsidiary and Associate Undertakings

	GROUP		CHARITY	
	2019 £000	2018 £000	2019 £000	2018 £000
Investment in subsidiary	–	–	1,650	1,650
Investment in associate	–	2	–	2

The investment in the associate was disposed of with a striking off date of 14 January 2020.

None of the undertakings have a material effect on the group accounts. A list of subsidiary undertakings can be obtained from the Charity's principal address at 20 Devonshire Place, London, W1G 6BW. The subsidiaries as at December 2019 are owned in full and are all registered in England and Wales.

9. Tangible Fixed Assets

	FREEHOLD PROPERTY £000	LONG LEASEHOLD £000	FIXTURES & EQUIPMENT £000	CONSTRUCTION IN PROGRESS £000	TOTAL £000
Group Cost or Valuation					
1 January 2019	4,459	245,477	101,335	12,639	363,910
Additions	–	1,592	3,931	1,375	6,898
Transfers	–	20	64	(84)	–
Disposals	–	–	(3,013)	–	(3,013)
Impairment	–	–	–	(1,904)	(1,904)
31 December 2019	4,459	247,089	102,317	12,026	365,891
Depreciation					
1 January 2019	796	81,529	69,663	–	151,988
Provided during the year	89	7,786	9,969	–	17,844
Disposals	–	–	(2,988)	–	(2,988)
31 December 2019	885	89,315	76,644	–	166,844
At 31 December 2019	3,574	157,774	25,673	12,026	199,047
At 31 December 2018	3,663	163,948	31,672	12,639	211,922

Transfers represent completed capital expenditure projects which have been transferred from construction in progress to relevant fixed asset categories during the period.

In January 2013, a mortgage debenture between the Charity and its bankers was sealed, creating a charge on the above properties with a current revolving credit facility of £26.0m (2018: £26.5m).

In 2019 the Charity reviewed and made changes to its hospital development plans. In doing so it assessed the carrying value of previously capitalised design and development fees and made an impairment of £1.9m. The design and development costs were recorded under construction in progress since inception and had not been depreciated.

The net book value of the asset purchased via a finance lease is £2.7m (2018: £3.9m).

Financials

10. Stock

	GROUP AND CHARITY	
	2019 £000	2018 £000
Raw materials and consumables	3,356	2,842

11. Debtors

	GROUP	
	2019 £000	2018 £000
Amounts falling due within one year		
Trade debtors	32,533	23,618
Other debtors	523	405
Prepayments and accrued income	2,387	1,606
	35,443	25,629

Amounts owed to the Charity by subsidiary undertakings totals £370k (2018: 369k). This consolidates to £nil at a Group level.

12. Cash and Cash Equivalents

	GROUP	
	2019 £000	2018 £000
Investment	1,114	955
Cash	5,609	8,156
Total	6,723	9,111

13. Creditors: Amounts Falling Due Within One Year

	GROUP AND CHARITY	
	2019 £000	2018 £000
Trade creditors	5,976	6,669
Taxation and social security	2,145	1,907
Other creditors	3,027	2,216
Accruals*	7,955	6,336
Obligations under finance leases	929	912
	20,032	18,040

*Includes the year end capital accrual of £1.09m (2018: £0.67m).

Creditors: Amounts Falling Due After One Year

	GROUP AND CHARITY	
	2019 £000	2018 £000
Revolving credit facility due 2 - 5 years	26,000	26,500
Obligations under finance leases 2 - 5 years	945	1,874
Borrowing costs capitalised	(236)	(226)
	26,709	28,148

Floating interest rates on revolving credit facility of £50m are based on LIBOR. The revolving credit facility is secured by a fixed and floating charge on certain assets of the Charity.

In November 2015 the Charity extended the lending facility secured in January 2013 for a 5 year term, maturing in 2020. In February 2019 the option to extend by a further one year to November 2021 was taken.

The costs of securing the financing facility for the Group are being amortised over the remaining term of the facility.

The finance lease will expire within 5 years.

Financials

14. Reserve Movements For Year

	REVALUATION RESERVE £000	DESIGNATED RESERVE £000	GENERAL RESERVE £000	TOTAL £000
Group				
1 January 2019 per prior year financial statements	1,066	1,054	179,520	181,640
Net incoming resources/(deficit)	–	1,262	(2,572)	(1,310)
Asset disposal	–	–	–	–
Gain/(Loss) on investment assets	–	159	(16)	143
Actuarial gain on defined benefit pension scheme	–	–	3,830	3,830
At 31 December 2019	1,066	2,475	180,762	184,303

The Charity has reserves of £186,323k as at December 2019 (2018: £183,659k). The variance to the Group reserves are outlined in notes 8 and 11 of the notes to the financial statements.

As at December 2019 the Restricted reserves were £nil (2018: £nil).

15. Analysis of Net Assets by Fund

2019

Group	REVALUATION RESERVE £000	DESIGNATED RESERVE £000	GENERAL RESERVE £000	TOTAL £000
Fixed asset investments	–	1,114	–	1,114
Other fixed assets	1,066	–	197,981	199,047
Non-current liabilities	–	–	(26,709)	(26,709)
Current assets	–	1,361	43,047	44,408
Current Liabilities	–	–	(20,032)	(20,032)
Total funds excluding pension liability	1,066	2,475	194,287	197,828
Pension liability	–	–	(13,525)	(13,525)
Total net assets	1,066	2,475	180,762	184,303
Charity net assets	1,066	2,475	182,782	186,323

2018

Group	REVALUATION RESERVE £000	DESIGNATED RESERVE £000	GENERAL RESERVE £000	TOTAL £000
Fixed asset investments	–	955	21	976
Other fixed assets	1,066	–	210,858	211,924
Non-current liabilities	–	–	(28,148)	(28,148)
Current assets	–	99	36,528	36,627
Current liabilities	–	–	(18,040)	(18,040)
Total funds excluding pension liability	1,066	1,054	201,219	203,339
Pension liability	–	–	(21,699)	(21,699)
Total net assets	1,066	1,054	179,520	181,640
Charity net assets	1,066	1,054	181,539	183,659

16. Capital Commitments

	GROUP AND CHARITY	
	2019 £000	2018 £000
Committed and contracted	1,442	570

The Board of Trustees have approved additional capital expenditure of £17.1m for 2020 (2019: £6.5 million).

Financials

17. Operating Lease Commitments

The Group's future minimum lease payments under non-cancellable operating leases to the term of the lease are as follows:

LAND & BUILDINGS	GROUP AND CHARITY	
	2019 £000	2018 £000
Within one year	5,550	5,468
Between one and five years	22,201	21,873
After five years	455,881	461,307
	483,632	488,648

The leases relate to the land and buildings of the main Clinic sites in London. They have been classified as operating leases since inception and continue to be treated as such under FRS 102 criteria.

18. Pension schemes

The Charity operates a UK-based defined contribution scheme, providing benefits at retirement and on death-in-service. The funded defined benefit scheme was closed to new employees and replaced with a defined contribution scheme with effect from 1 January 2002.

Costs and liabilities of the scheme are based on an actuarial valuation. A full independent actuarial valuation is undertaken every three years. Details of the latest independent valuation of the scheme are given below.

The English High Court ruling in *Lloyds Banking Group Pension Trustees Limited v Lloyds Bank plc and others* was

published on 26 October 2018, and held that UK pension schemes with Guaranteed Minimum Pensions (GMPs) accrued from 17 May 1990 must equalise for the different effect of the GMPs between men and women. As the scheme was only contracted out after 5 April 1997 it does not have GMP and so is unaffected by this legislation.

The assumptions that have the most significant effect on the results of the valuation are those relating to the overall expected rate of return on assets and the rate of increase in salaries and pensions. It was assumed that the long term return on plan assets is a weighted average of the expected long term return for equity securities, debt securities, and other assets.

Full Valuation Date: 1 January 2017

Method of Valuation: Projected Unit Method

Assumptions of Annual Increase:

3.10%	Investment returns before retirement
3.10%	Investment returns after retirement
1.47%	Gilt yield at the valuation date
2.20%	Pensionable salaries (in line with CPI after 2012)
2.50%	Salary inflation

At the date of the valuation the actuarial value of the scheme assets was sufficient to cover 71% of the benefits that had accrued to the members after allowing for future increases in earnings.

During the year the employer contributed an additional

£3,902k in respect of past service benefits. The current deficit recovery plan anticipates the scheme deficit will be eliminated by 31 December 2025. This plan will be reviewed with the scheme trustee as part of the triennial valuation which will be performed as at 1 January 2020.

The employer expects to contribute £3,902k to the defined benefit plan in the year to 31 December 2020. At 31 December 2019 there were no outstanding contributions due to the defined contribution scheme.

Total pension charge for the year including the defined contribution scheme was £2,619k (2018: £3,293k).

The actuarial valuation has been updated by an independent qualified actuary to take account of the requirements under FRS 102 in order to assess the liabilities of the scheme at 31 December 2019. The projected unit method is used to value the liabilities of the defined benefit pension scheme. As the defined benefit scheme is closed to new employees the current

service costs under the projected unit method will increase as the members of the scheme approach retirement.

In 2017 the employer added a salary sacrifice scheme to its existing stakeholder schemes. The schemes offer a range of employer pension contributions, from a minimum of 3% to a maximum of 10%, dependent on the employee's own contribution rate. In order to obtain the maximum employer contribution of 10% the employee contributes 7%.

From April 2019 new employees are offered a salary sacrifice scheme where the employer matches the employee contributions from 4% to 10%.

Employee Benefit Obligation

The amounts recognised in the Balance Sheet are as follows:

	2019 £000	2018 £000
Fair value of plan assets	94,120	84,760
Present value of funded obligations	(107,645)	(106,459)
Net liability	(13,525)	(21,699)

The amounts recognised in the Consolidated Statement of Financial Activities are as follows:

	2019 £000	2018 £000
Interest cost	(2,915)	(2,733)
Interest income	2,362	2,036
Interest expense net of return on assets	553	697
Gains due to benefit changes	(995)	–
Total included in staff costs	(442)	697
Gain during the year on plan assets	10,180	474

Changes in present value of the defined benefit obligation are as follows:

	2019 £000	2018 £000
Opening defined benefit obligation	(106,459)	(116,207)
Interest cost	(2,915)	(2,733)
Actuarial (Loss)/gain	(3,988)	7,772
Benefits paid	4,722	4,709
Gains due to benefit changes	995	–
Closing defined benefit obligation	(107,645)	(106,459)

Changes in fair value of plan assets are as follows:

	2019 £000	2018 £000
Opening fair value of plan assets	84,760	85,418
Interest income	2,362	2,036
Actuarial gain / (loss)	7,818	(1,562)
Contributions by employer	3,902	3,577
Benefits paid	(4,722)	(4,709)
Closing fair value of plan assets	94,120	84,760

Analysis of actuarial gains/(losses) recognised in Other Comprehensive Income:

	2019 £000	2018 £000
Return on plan assets excluding net interest cost gain/(loss)	7,818	(1,562)
Experience (losses)/gains on benefit obligation	(105)	(1,027)
Effect of assumptions changes on benefit obligation	(3,883)	8,799
Total actuarial gain recognised	3,830	6,210

The main categories of plan assets as a percentage of total plan assets are as follows:

	2019 %	2018 %
Equities (including property)	31%	28%
Bonds	8%	10%
Other	11%	9%
LDI (Liability Driven Investment)	48%	52%
Cash	2%	1%

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2019 %	2018 %
Discount rate at 31 December	2.0%	2.8%
Expected return on plan assets at 31 December	2.0%	2.8%
Future salary increases	2.0%	2.3%
Future pension increases	2.8%	3.3%

Amounts for the current and previous four periods are as follows:

	2015 £000	2016 £000	2017 £000	2018 £000	2019 £000
Defined benefit obligation	(98,677)	(124,155)	(116,207)	(106,459)	(107,645)
Plan assets	73,661	80,465	85,418	84,760	94,120
(Deficit)	(25,016)	(43,690)	(30,789)	(21,699)	(13,525)
Experience adjustment on obligation	838	343	821	(1,027)	(105)
Actuarial gain/(loss) on plan assets	1,286	3,983	5,185	(1,562)	7,818

Financials

19. Reconciliation of Net Income to Net Cash Inflow from Operating Activities

GROUP	2019 £000	2018 £000
Net (loss)/income for the year	(1,167)	4,676
Interest received	(98)	(113)
Depreciation of tangible fixed assets	19,747	16,593
Impairment of interest rate cap	5	15
(Gain)/Loss on investment assets	(143)	153
Net retirement benefit charge less contributions	(4,344)	(2,880)
(Increase)/Decrease in stock	(514)	4
(Increase)/Decrease in debtors	(9,814)	488
Increase/(Decrease) in creditors	1,592	(1,670)
Gain on disposal of tangible fixed assets	–	(12,408)
Net cash inflow from operating activities	5,264	4,858

20. Analysis of Changes in Net Debt

	AT 1 JAN 2019 £000	CASH FLOWS £000	AT 31 DEC 2019 £000
Cash and cash equivalents	9,111	(2,388)	6,723
Debt due within one year	–	–	–
Debt due after one year	(26,500)	500	(26,000)
Total	(17,389)	(1,888)	(19,277)

21. Taxation

Trustees of the London Clinic Limited is a registered charity and as such is exempt from tax on income and gains falling within section 505 of the Taxes Act 1988 or section 252 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects.

22. Events After the Reporting Period

We have considered the impact of the COVID-19 pandemic on our activities and assessed the risks to the assets and liabilities recognised in our financial statements. We have concluded that the event does not require a change in the amounts recognised at year end as the impact of Covid-19 is a non-adjusting event. Impairments may arise in 2020 as a result of the effects of Covid-19 however these cannot be estimated at this point in time.

Financials

23. Total Expenditure 2018

	DIRECT CHARITABLE (HOSPITAL) £000	GOVERNANCE £000	SUPPORT £000	2018 TOTAL £000
Provision of Hospital Activities				
Staff costs excluding defined benefit scheme interest costs	50,147	103	16,745	66,995
Net pension interest expense (note 18)	697	–	–	697
Staff costs (note 5)	50,844	103	16,745	67,692
Auditor's remuneration	–	53	–	53
Depreciation and impairment of fixed assets (note 9)	16,593	–	–	16,593
Operating leases – Other	5,508	–	–	5,508
Stock	23,904	–	–	23,904
Other operating expenses	16,011	25	11,599	27,635
Charity net assets	112,860	181	28,344	141,385
Expenditure on Raising Funds				
Bank Interest Payable	880	–	–	880
Finance charge in respect to finance leases	–	–	49	49
	880	–	49	929
Total expenditure	113,740	181	28,393	142,314

Appendix

REFERENCE AND ADMINISTRATIVE DETAILS

Advisers and Principal Addresses:

Principal Address	Trustees of the London Clinic Limited 20 Devonshire Place London W1G 6BW	Bank	HSBC PLC City of London Branch 60 Queen Victoria Street London EC4N 4TR
Auditor	Deloitte LLP 3 Victoria Square Victoria Street St Albans Hertfordshire AL1 3TF	Solicitors	DAC Beachcroft LLP Portwall Place Portwall Lane Bristol BS1 9HS

During the period, the Patron was:
Her Royal Highness the Duchess of Cornwall

During the period, the Life President was:
The Duchess of Devonshire DL

During the period, the Trustees were:

Hamish Leslie Melville (Chairman)

Has served as Chairman or Director of a number of UK public and private companies. A former Chairman of The National Trust for Scotland.

Lady Otton (resigned 17 December 2019)

Lady Otton trained as a nurse at the Middlesex Hospital and is a former magistrate. She has held several healthcare related positions including Chief Executive of Tommy's, as well as trustee roles at Marie Curie Cancer Care and the Institute of Cancer Research.

Manish Chande

Senior Partner of Clearbell Capital LLP, a fund management business specialising in the property sector. Co-established the Trillium Group and was Chief Executive prior to its acquisition by Land Securities, after which he joined its main board. As a Commissioner of English Heritage, he assisted in a number of important historic buildings restorations in central London. Previously a Trustee of The Canal and River Trust.

Professor John Gribben

Graduated from the University of Glasgow in 1980, trained in Haematology at University College London and in Medical Oncology at the Dana-Farber Cancer Institute, Harvard Medical School. Chair of the international workshop on non-Hodgkin's lymphoma (iwNHL) and President of the European Haematology Association (EHA) (2019-2021). He was elected as a Fellow of the Academy of Medical Science in 2009. Specialist in haematological cancers including lymphomas, leukaemias and bone marrow transplantation.

Nicholas Melhuish

Graduated from New College, Oxford in 1991. He is currently Fellow and Bursar at Corpus Christi College, Oxford. He has 27 years of financial experience in the investment and pension fund industry and is a qualified Financial Analyst. He is also a Trustee and Chairman of the Finance Committee at the Trusthouse Charitable Foundation, a UK based grant making organisation as well as being a Trustee of the Pate Foundation, an educational charity in Cheltenham, UK.

Claire Holmes (appointed 24 October 2019)

Marketing professional with over 20 years' experience across many disciplines and organisations. Joined Lambie-Nairn in 2004 and lead strategy team across EMEA working on agencies key clients including International Olympic Committee, UCL, Telefonica & O2, Natural History Museum and The Royal Foundation (Heads together campaign and Invictus Games). Today she is part of the Executive Leadership team at Superunion (Lambie-Nairn merged into Superunion 2017) and leading the largest brand strategy team in London.

Dr Michael Sinclair was appointed a Trustee in February 2020.

The Company Secretary is: Georgina Holtby

The members of the Executive Board as at 31 December 2019 were as follows:

Al Russell	Chief Executive
Sophie Auld	Director of Clinical Services
Satya Bhattacharya	Medical Director
Jonathan Coad	Property and Strategic Programmes Director
Geoff Cox	Operations and HR Director
Mark Hawken	Commercial Director
Georgina Holtby	Company Secretary/Director of Legal
James Maunder	Chief Information Officer (appointed September 2019)*
Theresa Murphy	Matron/Director of Nursing (appointed March 2019)
Simon Reiter	Chief Financial Officer (Retired July 2020)†

*Mario Tsirpis served as Interim IT Director until September 2019.

† Gerard Smith was appointed Chief Financial Officer in July 2020

All members of the Executive Board are Key Management Personnel.



Trustees of the London Clinic Limited

A Company Limited by Guarantee and Registered in England and Wales No. 00307579

A Registered Charity No. 211136