

# Trustees' Report and Financial Statements

For the year ended 31 March 2020

## Mildmay Mission Hospital Consolidated Accounts

Charity Reg No. 292058

Company Reg No 1921087



# Mildmay Mission Hospital

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# Mildmay Mission Hospital

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## INTRODUCTION

The 2019/20 financial year once again proved to be extremely challenging and the final quarter was perhaps one of the most exciting in many years. Patient numbers for both Inpatient and Day Therapy continued to significantly reduce over the course of the year when compared to previous financial years. This has had a dramatic effect on the charity's income and as a result the plan was to cease clinical activities in order to save the wider charity at the end of March. This did not happen as planned because of COVID19 and Mildmay Hospital was block booked for over half its beds for the four month period beyond the end of the financial year.

The first nine months of the year the charity's management team worked with NHS commissioners to try to find a way in which the hospital could continue to provide either the current HIV services or a combination of different services that met the needs of the NHS. Ultimately this failed and whilst there were a number of options that were considered, none proved to be viable for both parties.

During the year there were a number of visits to our programmes in Kenya and Uganda. Since 2012 Mildmay Uganda has been a stand-alone NGO and we will not be reporting on their work or figures in this set of accounts. However, as a sister organisation we continue to maintain strong links with them in order to benefit the patients that we care for in both the UK and Africa. Mildmay Kenya continues to over deliver on its programme targets in spite of very limited resources. It is a sub-recipient of a Global Fund grant via the Kenyan Red Cross, and their work focuses on marginalised communities within very high HIV prevalent areas of Kenya bordering Lake Victoria.

The charity continues to benefit from a good sized Board with a range of both business and clinical experience.

Throughout the year Mildmay took part in a number of events including the NAZ Countdown to Zero, Fast-Track Cities, the Red Run and various other World Aids Day activities as well as our annual Christmas Concert.

We would like to thank all of our supporters, staff, volunteers, churches, trusts, The Friends of Mildmay and our statutory partners for supporting the charity through what has been one of its more challenging years.



Rev John Richardson  
Chair of Trustees



Geoff Coleman  
Chief Executive Officer

# Mildmay Mission Hospital

## Report of the Trustees for the year ended 31 March 2020

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### REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2018

The trustees are pleased to present their report together with the financial statements for the charity for the year ended 31 March 2020

#### Reference and Administrative Details

Mildmay Mission Hospital is a registered charity and is a company limited by guarantee. It is a non-denominational Christian charity.

Charity Number: 292058

Company number: 1921087

The Charity currently has one subsidiary company, through which it fulfils its mission - Mildmay International Ltd (Company number: 3172032).

**Registered office** Mildmay Mission Hospital  
19 Tabernacle Gardens  
London E2 7DZ

**Auditors:** Chariot House  
Chartered Accountants and registered Auditors  
44 Grand Parade, Brighton BN2 9QA

**Overseas Auditors** Obwanga and Associates  
Certified Public Accountants  
Kisumu, Kenya

**UK Bankers** Royal Bank of Scotland  
London St Mary Axe Office  
54 Lime Street  
London EC3M 7NQ

**Overseas Bankers** Standard Chartered Bank Kenya Ltd  
Standard Chartered Bank Tanzania Ltd

**Investment Managers** CCLA Investment Management Limited  
80 Cheapside  
London  
EC2V 6DZ

# **Mildmay Mission Hospital**

## **Report of the Trustees for the year ended 31 March 2020**

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### **Trustees**

All trustees of Mildmay Mission Hospital are members of the Company and are directors of the Company. The trustees had no beneficial interest in loans or other transactions with the company and received no emoluments during the year in respect of their duties as trustees.

The trustees serving during the year and since the year end were:-

Chair of Trustees            John Richardson

Trustees                      Ros Furlong  
                                     Christabel Kunda  
                                     Barry Rowan  
                                     Carol Stone  
                                     Ronald Swann  
                                     Andrew Warrilow  
                                     Naggib Chakhane  
                                     Anthony Curwen (Appointed November 2019)  
                                     Lorna Priddle (Appointed November 2019)

Company Secretary        Jennifer Dean (Resigned March 2020)  
                                     Geoff Coleman (Appointed March 2020)

# **Mildmay Mission Hospital**

## **Report of the Trustees for the year ended 31 March 2020**

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### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

#### **Governing Document**

Mildmay Mission Hospital is a company limited by guarantee governed by its Memorandum and Articles of Association dated 10 June 1985 and amended to allow for current governance arrangements on 27 April 1992, 24 March 1997 and 5th December 2016. It is a registered charity with the Charity Commission. Anyone over the age of 18 can become a member of the Company and each member agrees to contribute £1 in the event of the charity winding up.

#### **Appointment of trustees**

The directors of the company are also charity trustees for the purposes of charity law. Under the requirements of the Memorandum and Articles of Association, one third of the trustees retire by rotation each year and must be re-elected at the annual general meeting.

The board of trustees has power to appoint a trustee during the year. Any trustee so appointed must be re-elected at the subsequent annual general meeting.

Following an amendment to the governing documents on 5<sup>th</sup> December 2016 there is now no age restriction upon the appointment of trustees and no requirement to retire based on age.

#### **Trustee Induction and Training**

Potential new trustees are invited to attend a board meeting prior to appointment. Following appointment, new trustees undergo an orientation day to brief them on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the board of trustees and decision making processes, the business plan and recent financial performance of the charity. During the induction day they meet key employees and other trustees, and are given an overview of the activities of the charity. Trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

#### **Organisation**

The board of trustees, which can have up to 15 members, administers the charity.

The Articles of Association require that there should be a minimum of 5 and a maximum of 15 trustees. During the year there were 10 trustees (on average).

The Board meets approximately four times a year. All have given their time and advice outside and beyond the board meeting. All new Trustees receive orientation and induction training.

# **Mildmay Mission Hospital**

## **Report of the Trustees for the year ended 31 March 2020**

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### **Management**

The Board has delegated responsibility for the implementation of the charity's objects and the operation of the charity's programmes. An Executive Director is appointed by the trustees to manage the day to day operations of the charity. To facilitate effective operations, the Executive Director has delegated authority, within terms of delegation approved by the trustees, for operational matters including finance and employment.

### **Risk Management**

The trustees have conducted a review of the major risks to which the charity is exposed. Where appropriate, systems or procedures have been established to mitigate the risks the charity faces. Internal control risks are minimised by the implementation of procedures for authorisation of all transactions and projects. Procedures are in place to ensure compliance with health and safety of staff, volunteers, clients, and visitors to the charity's projects. Clinical Risk oversight is exercised through the Clinical Governance Committee. A key element in the management of financial risk is the establishment of a reserves policy and its regular review by the trustees.

## **OBJECTIVES AND ACTIVITIES**

The objects of the charity are:

- (1) the relief, healing and prevention of sickness as an expression of the Christian Faith demonstrating the love of Jesus Christ in action, and
- (2) the promotion of the effective use of charitable resources for the benefit of the public by the provision of services (including programme support, education, technical input and the sharing of clinical developments) to organisations involved in the relief, healing and prevention of sickness as an expression of Christian Faith demonstrating the love of Jesus Christ in action.

The charity's main objectives and activities are expressed in its vision and mission.

### **Vision**

Life in all its fullness for everyone in Mildmay's care.

### **Mission**

To transform and empower lives through the delivery of quality health services, treatment and care in the UK and Africa.

### **Values**

An inclusive Christian charity committed to:

- 1) improving the health of our service users
- 2) listening and responding to need
- 3) development, innovation, partnership and learning
- 4) high standards and good stewardship of resources
- 5) celebrating achievement

# **Mildmay Mission Hospital**

## **Report of the Trustees for the year ended 31 March 2020**

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### **STRATEGIC & BUSINESS PLANNING**

Each year the organisation updates a Business Plan on a Page to meet the longer Strategic Objectives. These strategic objectives were reviewed in the financial year 2019/20.

#### **STRATEGIC OBJECTIVES 2019-20**

- To continually improve standards and quality of care
- To expand the impact and reach of the charity's services within the community both in the UK and Africa
- To become a more cost effective charity demonstrating good stewardship of the resources that we have

#### **Reflection of the Strategic Objectives for 2019-20**

This was a challenging year for the charity and whilst there were significant financial challenges the hospital was able to maintain the high standards for which it has become known. Our work in the UK contracted significantly whilst our work in Africa grew by equal measure, almost doubling the charity's impact and reach. Because of the decrease in patient numbers in the UK, whilst having to maintain the levels of quality and service, the charity became less cost effective. We identified ways in which we could reduce expenditure but maintaining the clinical mix with a lower number of patients meant that we became more costly per patient.

### **PUBLIC BENEFIT**

The trustees receive and consider reports quarterly from all projects of the group. After review the trustees are satisfied that the objectives of the charity are being met and that its activities have a significant benefit in terms of health and quality of life of its clients both in the UK and Kenya. In addition they are satisfied that the charity's training and educational programmes have a direct and positive affect on the quality of health care being delivered by healthcare professionals.

Trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities.

### **FINANCIAL REVIEW**

Mildmay Mission Hospital carries out its objectives through two organisations, Mildmay Mission Hospital Ltd and its subsidiary Mildmay International Ltd. The results of the subsidiaries are shown in note 6 to the accounts on page 21. Mildmay Mission Hospital incurred a deficit of £450k (2019: deficit of £449k) and Mildmay International Ltd results were a deficit of £0 (2019: nil).

Income and expenditure are allocated to two funds, the general fund and the restricted fund. Total income for the year was £2,944k (2019: £3,176k), a decrease on the previous year of £232k. Resources expended for the year amounted to £3,394K (2019: £3,625k), a decrease of £231k.

The charity's objectives and activities are financed partly by grants and contractual income, any balance required is met by voluntary funding. The trustees keep under review the strategy and return on fundraising costs; this strategy is updated annually. The fundraising team raises funds from individuals, churches, companies and trusts.

The results of the funds have been shown separately on page 13 within the accounts and a reconciliation of the movement on accumulated funds is shown on page 12. Taking Mildmay Mission Hospital's funds in



## Mildmay Mission Hospital

### Report of the Trustees for the year ended 31 March 2020

total (i.e. the charity and its subsidiaries together), there was a net deficit for the year of £450k (2019: deficit of 449k). There was an unrestricted deficit of £516k for the year (2019: deficit of £440k).

In accordance with Charity Commission guidance on charity reserves, Mildmay Mission Hospital has developed a policy as to the appropriate level of “free reserves”: “free reserves” being the general fund balance excluding funds represented by tangible fixed assets. The intention is that between 25% and 50% of annual operating costs, excluding fixed asset expenditure, is held as “free reserves”. This indicates that “free reserves” should be within the range £848k to £1,697k.

“Free reserves” at 31 March 2020 were £872k (2019: £1,077k).

The charity is experiencing shortfalls in operating income. This arises from the demand for its HIV services provided in the UK on a steady but downwards trend. In addition it also arises from the under-funded character of the basic operating model and is not a new situation. Significant amounts of income from additional fund-raising campaigns, together with regular individual giving and other sources of finance, have for several years been required to ensure the continued financial viability of the charity, and this remains the case. The cumulative effect of these circumstances gives rise to uncertainties about the charity's ability to continue as a going concern. Responding to these difficulties, and to the need to make a decisive transition towards a less vulnerable trading model, the trustees have for more than a year been exploring new specialties and new services that the hospital could provide. These efforts to secure sufficient financial backing and thus strengthen the operating model, as described below under the heading 'Future plans', are ongoing. That said, the trustees believe that, at present, it is appropriate to prepare the financial statements on a going concern basis.

#### PLANS FOR THE FUTURE

Towards the end of the 2019/20 financial year the Board and stakeholders reviewed the charity's strategic objectives for the next five years in anticipation that the clinical services would cease on 31<sup>st</sup> March 2020. With the arrival of the COVID19 pandemic these plans were put on hold. Fresh talks with commissioners will continue over the course of the year as the hospital looks to meet the immediate and ongoing needs of its NHS commissioners whilst achieving its charitable objectives.

# Mildmay Mission Hospital

## Report of the Trustees for the year ended 31 March 2020

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### STATEMENT OF TRUSTEES' RESPONSIBILITIES

Charity law requires the trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity and of the surplus or deficit of the charity for that period. In preparing those accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently.
- make judgments and estimates that are reasonable and prudent.
- follow United Kingdom Accounting Standards (UK GAAP).
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Charity will continue in operation.

The trustees are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

1. So far as the trustees are aware, there is no relevant audit information of which the charity's auditors are unaware; and
2. The trustees have taken all the steps that they ought to have taken as a trustee to make themselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.
3. In approving the trustees report, we are approving the strategic report in our capacity as directors

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

### AUDITORS

Our auditors, Chariot House, have signified their willingness to continue in office and a resolution proposing their re-appointment will be put to the annual general meeting.

In approving the trustees report, we are approving the strategic report in our capacity as directors

Signed on behalf of the trustees



John Richardson  
Chair of Trustees

Date: 27/11/2020

## **Independent auditors' report to the Trustees of Mildmay Mission Hospital**

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### **Opinion**

We have audited the financial statements of Mildmay Mission Hospital (the parent 'charitable company') and its subsidiary for the year ended 31 March 2020 which comprise the Consolidated Statement of Financial Activities, Consolidated Balance Sheet, the Charitable Company Balance Sheet, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and charitable company's affairs as at 31 March 2020 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Material uncertainty related to going concern**

We draw your attention to the financial review in report of the trustees, which indicates the charity is experiencing shortfalls in operating income which together with the charities reliance on additional funding gives rise to uncertainties about the charity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### **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 Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Opinion on other matters prescribed by the Companies Act 2006**

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

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal

## **Independent auditors' report to the Trustees of Mildmay Mission Hospital**

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requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

### **Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

### **Responsibilities of trustees**

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

In preparing the financial statements, the trustees are responsible for assessing the group's and 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 charitable company or to cease operations, or have no realistic alternative but to do so.

### **Our 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 a Report of the Independent Auditors 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 Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Independent Auditors.

### **Use of our report**

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

**Independent auditors' report to the Trustees of  
Mildmay Mission Hospital**

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John Thacker FCA DChA (Senior Statutory Auditor)  
for and on behalf of Chariot House Limited  
Chartered Accountants and Statutory Auditor  
44 Grand Parade  
Brighton  
East Sussex  
BN2 9QA

Date: 27 November 2020

# Mildmay Mission Hospital

## MOVEMENT IN CONSOLIDATED ACCUMULATED FUNDS During the year ended 31 March 2020

	General Fund 2020 £'000	Restricted Funds 2020 £'000	Total Funds 2020 £'000	Total Funds 2019 £'000
Balance brought forward at 1 April 2019	5,637	62	5,699	6,148
Net (deficit) /surplus in year	(516)	65	(450)	(449)
Balance carried forward at 31 March 2020	<u>5,121</u>	<u>127</u>	<u>5,249</u>	<u>5,699</u>

This statement shows the total movement in accumulated funds during the year.

# Mildmay Mission Hospital

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 March 2020

	Unrestricted	Restricted	Total Funds	Total Funds
	2020	2020	2020	2019
	£'000	£'000	£'000	£'000
<b>INCOMING RESOURCES</b>				
Donations, gifts and legacies	324	83	407	329
Activities in furtherance of the charity's objects:				
Contractual and grant income for providing healthcare in the UK	2,037	-	2,037	2,570
Contractual and grant income for providing healthcare and training internationally	-	484	484	234
Investment and interest income	6	-	6	16
Other income	10	-	10	27
Total incoming resources (Note 2)	<u>2,377</u>	<u>567</u>	<u>2,944</u>	<u>3,176</u>
<b>RESOURCES EXPENDED</b>				
Cost of generating funds:				
Fundraising and publicity costs	166	-	166	312
Charitable expenditure:				
UK residential healthcare	2,436	-	2,436	2,669
UK adult and children day-care services	254	-	254	325
Grant to Uganda – healthcare & training	-	12	12	20
International training and consultancy	36	490	526	299
Total expended resources (Note 3)	<u>2,892</u>	<u>502</u>	<u>3,394</u>	<u>3,625</u>
<b>NET OPERATIONAL (OUTGOING)/INCOMING RESOURCES</b>	(515)	65	(4)	(449)
Transfer between Funds	-	-	-	-
<b>NET MOVEMENT IN FUNDS</b>	(516)	65	(450)	(449)
Total funds brought forward at 1 April	5,637	62	5,699	6,148
<b>Total funds carried forward at 31 March</b>	<u>5,122</u>	<u>127</u>	<u>5,249</u>	<u>5,699</u>

All activities are continuing. The charity had no recognised gains or losses during the year other than those reflected in the above statement of financial activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

# Mildmay Mission Hospital

## CONSOLIDATED AND COMPANY BALANCE SHEET

At 31 March 2020

	Notes	Group 2020	MMH 2020	Group 2019	MMH 2019
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	8	4,279	4,249	4,448	4,412
Investments	9	-	150	-	150
		<u>4,279</u>	<u>4,399</u>	<u>4,448</u>	<u>4,562</u>
CURRENT ASSETS					
Debtors	10	266	266	213	212
Escrow Account	21	1	1	528	528
Cash	11	1,155	1,030	971	949
		<u>1,422</u>	<u>1,297</u>	<u>1,712</u>	<u>1,689</u>
CREDITORS: Amount falling due within one year	12	(452)	(447)	(461)	(552)
NET CURRENT ASSETS		<u>970</u>	<u>850</u>	<u>1,251</u>	<u>1,137</u>
Total assets less current liabilities		<u>5,249</u>	<u>5,249</u>	<u>5,699</u>	<u>5,699</u>
RESERVES					
Unrestricted funds:					
General fund	14	872	872	1,077	1,077
Designated funds:	14	4,250	4,250	4,560	4,560
Total unrestricted funds		<u>5,122</u>	<u>5,122</u>	<u>5,637</u>	<u>5,637</u>
Restricted funds	13	127	127	62	62
Total funds	14	<u>5,249</u>	<u>5,249</u>	<u>5,699</u>	<u>5,699</u>

Approved by the Board of Trustees on

and signed on its behalf by



John Richardson  
Chair of Trustees

27/6/20



**CONSOLIDATED CASH FLOW STATEMENT**

**For the year ended 31 March 2020**

	<b>Notes</b>	<b>2020 £'000</b>	<b>2019 £'000</b>
<b>Net cash inflow/(outflow) from operating activities</b>	17(a)	(422)	(149)
<b>Returns on investments and servicing of finance</b>			
Interest received		6	16
<b>Capital expenditure and financial investment</b>			
Escrow account		528	
Purchase of tangible fixed assets		72	(84)
		<u>184</u>	<u>(217)</u>
<b>Increase (Decrease) in cash</b>	17(b)	<u><u>184</u></u>	<u><u>(217)</u></u>

**Mildmay Mission Hospital**  
**Notes to the financial statements**  
**For the year ended 31 March 2020 (continued)**

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**1 ACCOUNTING POLICIES**

**(a) Accounting convention**

These financial statements have been prepared under the historical cost convention, modified by the revaluation of investments to market value, and in accordance with the applicable UK accounting standards, Companies Act 2006 and the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" published in 2015.

No separate statement of financial activities is presented for the charity. The net outgoing resources dealt within the charity's statement of financial activities for the year ended 31 March 2020 was £450k (2019: outgoing £449k), as shown in note 6 to the financial statements.

The Trustees have considered the basis of preparation of the financial statements and consider that in light of the forecast income and the effects of COVID 19 it is appropriate to prepare the financial statements on the going concern basis due a reasonable assessment of forth-coming income over the next year when balanced against planned spending commitments.

**(b) Basis of consolidation**

The financial statements include the accounts of Mildmay Mission Hospital and all its subsidiary undertakings. The subsidiaries are consolidated on a line by line basis.

**(c) Fund accounting**

**Unrestricted funds**

**General funds**

Revenue grants and other income and expenditure associated with the general operations of the charity are dealt with in the general fund. The amounts of expenditure shown for each activity within the general fund include directly attributable costs plus an allocation of indirect costs and overheads, apportioned on a basis consistent with use of the resources.

**Designated funds**

Funds which are set aside for specific purposes, either by contract or other decision of the trustees, and over which the trustees remain in control as to their use, are called designated funds.

**Restricted funds**

These comprise donations where the use has been specified by the donor.

**(d) Appropriations from funds in respect of capital expenditure**

Transfers are affected from the restricted fund to the designated fund in respect of assets acquired with these funds. Depreciation of those assets is borne by the designated fund.

**(e) Resources expended**

Resources expended are accounted for on an accruals basis.

*Costs of generating funds comprise costs directly attributable to raising voluntary income.*

All charitable expenditure in furtherance of the charity's objectives relates to the provision of healthcare services under the contracts and related administrative costs.

Governance costs comprise the running costs of the charity, including any professional services required by the Trustees.

# **Mildmay Mission Hospital**

## **Notes to the financial statements**

### **For the year ended 31 March 2020 (continued)**

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Costs are allocated on a direct method basis where possible. Where costs cannot be directly attributed to particular headings, they have been allocated to activities on a basis consistent with the use of the resources.

#### **(f) Donations and legacies**

All incoming resources are included in the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. For legacies, entitlement is the earlier of the charity being notified of an impending distribution or the legacy being received.

#### **(g) Depreciation**

Tangible fixed assets, other than freehold land, are depreciated on a straight line basis so as to take account of their estimated useful lives as follows:

Freehold buildings and leasehold improvements	50 years
Fixtures and fittings	10 years
Equipment	4 - 7 years

Assets are depreciated from the time at which they are brought into use.

Assets with a value of less than £1,000 are not capitalised. In addition computer equipment with an expected life of less than three years is written off in the year of acquisition.

#### **(h) Operating leases**

Rentals payable under operating leases are charged on a straight-line basis over the term of the lease.

#### **(i) Pension contributions**

Pension contributions are charged to the statement of financial activities on an accruals basis (note 7).

#### **(j) Investments**

Investments are stated at market value at the balance sheet date. Investment income is accounted for on an accruals basis.

#### **(k) Foreign currencies**

Assets, liabilities, revenues and costs expressed in foreign currencies are translated into sterling at rates of exchange ruling on the last day of the month in which the transactions occur, except for monetary assets and liabilities, which are translated at the rate ruling at the balance sheet date. Where operations are taking place in a hyper-inflationary economy, transactions are translated into sterling at rates of exchange equating to the rates of exchange received on conversion of sterling into the foreign currency.

#### **(l) Going Concern**

As described in the Trustees' report, the charity is experiencing shortfalls in operating income. This arises from the demand for its HIV services provided in the UK on a steady but downwards trend. In addition it also arises from the under-funded character of the basic operating model and is not a new situation. Significant amounts of income from additional fund-raising campaigns, together with regular individual giving and other sources of finance, have for several years been required to ensure the continued financial viability of the charity, and this remains the case. The cumulative effect of these circumstances gives rise to uncertainties about the charity's ability to continue as a going concern.

**Mildmay Mission Hospital**  
**Notes to the financial statements**  
**For the year ended 31 March 2020 (continued)**

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Responding to these difficulties, and to the need to make a decisive transition towards a less vulnerable trading model, the trustees have for several months been exploring new specialties and new services that the hospital could provide. These efforts to secure sufficient financial backing and thus strengthen the operating model, as described in the Trustees' report, are ongoing. That said, the trustees believe that, at present, it is appropriate to prepare the financial statements on a going concern basis.

**Mildmay Mission Hospital**  
**Notes to the financial statements**  
**For the year ended 31 March 2020 (continued)**

**2 INCOMING RESOURCES**

	Mildmay Internation al Ltd	Mildmay Mission Hospital	Total 2020	Total 2019
	£'000	£'000	£'000	£'000
Donations, grants and gifts	-	284	284	290
Legacies	-	123	123	39
NHS Contract Income	-	2,037	2,037	2,570
International contract income	484	-	484	234
Investment and interest income	-	6	6	16
Other income	-	10	10	27
	<u>484</u>	<u>2,460</u>	<u>2,944</u>	<u>3,176</u>
Split by geographical region:				
UK	-	2,460	2,460	2,942
Overseas	484	--	484	234
	<u>484</u>	<u>2,460</u>	<u>2,944</u>	<u>3,176</u>
Split by funds:				
Unrestricted	-	2,377	2,377	2,909
Restricted	484	83	567	267
	<u>484</u>	<u>2,460</u>	<u>2,944</u>	<u>3,176</u>

**3 RESOURCES EXPENDED**

	Staff Costs £'000	Direct Costs £'000	Allocated Costs £'000	Total 2020 £'000	Total 2019 £'000
Fundraising and publicity costs	60	48	58	166	312
UK residential healthcare	1,354	93	989	2,436	2,669
UK adult day-care services	113	35	106	254	325
International Alliance Support	-	26	10	36	51
The Mildmay Centre, Uganda	-	12	-	12	20
Training & Consultancy - Kenya	77	413	-	490	248
Support costs	517	646	(1,163)	-	-
	<u>2,121</u>	<u>1,273</u>	<u>-</u>	<u>3,394</u>	<u>3,625</u>

**Mildmay Mission Hospital**  
**Notes to the financial statements**  
**For the year ended 31 March 2020 (continued)**

**3 RESOURCES EXPENDED (cont)**

<u>Support Costs Comprise:</u>	<b>Staff Costs £'000</b>	<b>Direct Costs £'000</b>	<b>Total 2020 £'000</b>	<b>Total 2019 £'000</b>
Human Resources	75	44	119	135
Information Technology	-	38	38	36
Other Services	147	106	253	195
Building Services	212	343	555	552
Finance	83	24	107	105
Depreciation	-	91	91	91
	<u>517</u>	<u>646</u>	<u>1,163</u>	<u>1,114</u>

The above costs include:	<b>2020 £'000</b>	<b>2019 £'000</b>
Auditors' remuneration:		
Audit of charity	11	11
Audit of overseas projects	3	3
Depreciation	97	99
Loss on Disposal	0	0
Exchange rate loss/(profit)	1	3

<b>4 STAFF COSTS</b>	<b>2020 £'000</b>	<b>2019 £'000</b>
Wages and salaries	1,518	1,673
Social security costs	132	154
Other pension costs	79	79
Agency fees and other staff related costs	392	477
	<u>2,121</u>	<u>2,383</u>

The number of staff whose emoluments for the year exceeded £60,000 was:

	<b>2020 Number</b>	<b>2019 Number</b>
£60,000- £80,000	1	1
£90,001 - £100,000	1	1
	<u>2</u>	<u>2</u>

The pension contributions made by the employer on behalf of the 2 employee above was £23,246 (2019: £17,491).

**Mildmay Mission Hospital**  
**Notes to the financial statements**  
**For the year ended 31 March 2020 (continued)**

**4 STAFF COSTS (cont)**

The average number of persons employed by the charity during the year was:

	2020	2019
	Number	Number
Patient care – Mildmay Hospital UK	50	49
Administration and support – Mildmay Hospital UK	6	6
Patient care and training – International	5	3
Administration and support – International	3	2
Fundraising and publicity	2	4
Governance and administration	1	1
	<u>67</u>	<u>65</u>

Mildmay Mission Hospital is also supported by volunteers who provide support for the patient care, administration and fundraising activities of the charity.

**5 DIRECTORS' (TRUSTEES') EMOLUMENTS**

No emoluments were paid to directors (i.e. trustees) by the charity (2019: Nil), and there was no related party transaction as outlined in Note 20.

Expenses totalling £3,932 was paid to 5 trustee for travel and subsistence costs (2019: £1,884 to 1 trustees).

No emoluments or pensions contributions were made to directors of the company for services as directors of subsidiary undertakings.

**6 RESULTS OF MILD MAY MISSION HOSPITAL**

As permitted under the Companies Act 2006, the charity has not presented its own SOFA. The net outgoing resources dealt with in the financial statements of the charity are a deficit of £450k (2019: £449k deficit). The results of the charity and its one subsidiary are summarised below.

	Mildmay Mission Hospital £'000	Mildmay Internatio nal Ltd £'000	Total 2020 £'000	Total 2019 £'000
Total income	2,460	484	2,944	3,176
Total expenditure	(2,904)	(490)	(3,394)	(3,625)
	<u>(444)</u>	<u>(6)</u>	<u>(450)</u>	<u>(449)</u>
Mildmay Mission Hospital Funding	(6)	6	-	-
	<u>(450)</u>	<u>-</u>	<u>(450)</u>	<u>(449)</u>

The net assets in Mildmay International Ltd at 31 March 2020 was £150,100 (see note 18) (2019: £150,100).

**Mildmay Mission Hospital**  
**Notes to the financial statements**  
**For the year ended 31 March 2020 (continued)**

**7 PENSIONS**

The company is an approved organisation, for the purposes of the National Health Service (Superannuation) Regulations 1980, making contributions to the National Health Service Pension Scheme. The Scheme is regarded as a statutory scheme by HM Revenue & Customs and is covered by section 22 of chapter 23 of the 1970 Finance Act. The contributions of the employer and employee are 14.38% and 5.6 – 13.5% respectively. As a statutory scheme, benefits are fully guaranteed by the Government. Contributions from both members and employers are paid to NHS Pensions, which meets the cost of the scheme benefits.

The company also operates a defined contribution scheme for those UK employees who are not eligible to join the NHS scheme. Employer contributions match the employees' contribution, up to a maximum of 7% of pensionable salary.

**8 TANGIBLE FIXED ASSETS**

<b>Group</b>	<b>Vehicle</b>	<b>Building</b>	<b>Fixtures and Fittings</b>	<b>Equipment</b>	<b>Total</b>
<b>COST</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 April 2019	58	4,828	35	104	5,025
Additions	-	-	3	10	13
Disposals	-	(85)	-	-	(85)
At 31 March 2020	58	4,743	38	114	4,953
<b>DEPRECIATION</b>					
At 1 April 2019	(41)	(426)	(16)	(94)	(577)
Charge for the year	(4)	(85)	-	(8)	(97)
Exchange rate variance					
At 31 March 2020	(45)	(511)	(16)	(102)	(674)
<b>NET BOOK VALUE</b>					
At 31 March 2020	14	4,232	22	12	4,279
At 31 March 2019	17	4,402	19	20	4,448
<b>Split of assets held by country</b>					
Kenya	13	-	19	-	32
UK	-	4,232	3	12	4,247
Net book value	13	4,232	22	12	4,279



**Mildmay Mission Hospital**  
**Notes to the financial statements**  
**For the year ended 31 March 2020 (continued)**

**9 INVESTMENTS**

	<b>Group 2020 £'000</b>	<b>MMH 2020 £'000</b>	<b>Group 2019 £'000</b>	<b>MMH 2019 £'000</b>
Balance at 1 April 2019	-	150	-	150
Balance at 31 March 2020	-	150	-	150

Included in the investments of Mildmay Mission Hospital itself is its investment in one of its subsidiary, Mildmay International Limited, of 150,100 £1 ordinary shares acquired at par at a cost of £150,100.

**10 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group 2020 £'000</b>	<b>MMH 2020 £'000</b>	<b>Group 2019 £'000</b>	<b>MMH 2019 £'000</b>
Other debtors	258	258	163	162
Prepayments and accrued income	8	8	50	50
	266	266	213	212

**11 CASH**

	<b>Group 2020 £'000</b>	<b>MMH 2020 £'000</b>	<b>Group 2019 £'000</b>	<b>MMH 2019 £'000</b>
Cash at bank and in hand	1,155	1,030	971	949
	1,155	1,030	971	949
Unrestricted cash and deposit balances	1,023	1,030	934	949
Restricted cash and deposit balances	132	-	37	-
	1,155	1,030	971	949

**Mildmay Mission Hospital**  
**Notes to the financial statements**  
**For the year ended 31 March 2020 (continued)**

**12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group 2020</b>	<b>MMH 2020</b>	<b>Group 2019</b>	<b>MMH 2019</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Sundry creditors	147	50	112	111
Tax and social security creditors	35	33	38	37
Amounts owed to Mildmay International Limited	-	98	-	96
Accruals and deferred income	270	267	311	308
	<u>452</u>	<u>447</u>	<u>461</u>	<u>552</u>

**13 RESTRICTED FUNDS**

	<b>Balance 1 April 2019</b>	<b>Incoming Resources</b>	<b>Expenditure</b>	<b>Transfer between Funds</b>	<b>Balance 31 March 2020</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Contractual, grant & training income	<u>62</u>	<u>567</u>	<u>(502)</u>	<u>-</u>	<u>127</u>

At 31 March 2020 the restricted funds are made up of tangible fixed assets in Kenya.

Other restricted funds mainly include net current assets held in Kenya and UK.

**Mildmay Mission Hospital**  
**Notes to the financial statements**  
**For the year ended 31 March 2020 (continued)**

**14 ANALYSIS OF TOTAL FUNDS**

	<b>General Fund £'000</b>	<b>Designated Funds £'000</b>	<b>Restricted Funds £'000</b>	<b>Total Funds £'000</b>
<b>Fixed assets</b>				
Tangible assets	-	4,250	29	4,279
<b>Escrow account</b>	1	-	-	1
<b>Cash</b>	1,022	-	133	1,155
<b>Other current assets</b>	266			266
<b>Current liabilities</b>	(417)		(35)	(452)
<b>Total funds</b>	<u>872</u>	<u>4,250</u>	<u>127</u>	<u>5,249</u>

The designated funds represent fixed assets and monies set aside for the build of the new UK hospital

**15 FINANCIAL COMMITMENTS**

At 31 March 2020 there were no capital expenditure commitments.

	<b>Plant and machinery</b>	
	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Operating leases which expire:		
Within 1 to 2 years	0	0
	<u>0</u>	<u>0</u>

**16 INCORPORATION**

Mildmay Mission Hospital is company limited by guarantee and does not have a share capital.

Each of the members of the company guarantees to pay a sum not exceeding £1 in the event of a winding up of the company. At 31 March 2020 there were 40 members of the company (2019: 40)

**Mildmay Mission Hospital**  
**Notes to the financial statements**  
**For the year ended 31 March 2020 (continued)**

**17 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT**

(a) Reconciliation of operating (deficit) to net cash inflow from operating activities of the group	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Net (outgoing) resources	(450)	(449)
Less interest received	(6)	(16)
Depreciation	97	97
Loss on disposal of tangible fixed assets	-	-
Decrease/(Increase) in debtors	(54)	191
(Decrease)/Increase in creditors	(9)	28
	<u>(422)</u>	<u>(149)</u>
Net incoming/(outgoing) cash from operating activities		
(b) Analysis of change in cash and cash equivalents during the year		
Balance at 1 April 2019	971	1,188
Net cash inflow as per the consolidated cash flow statement	184	(217)
	<u>1,155</u>	<u>971</u>

**18 SUBSIDIARIES**

Mildmay Mission Hospital has one wholly owned subsidiary Mildmay International Ltd.

Mildmay International Ltd has a share capital of 150,100 ordinary shares of £1 each and manages all the international business of Mildmay Mission Hospital.

Mildmay International Limited has not been audited under the exemption of s479a of the Companies Act 2006.

**19 SEGMENTAL DISCLOSURE**

The income of Mildmay International Ltd is almost entirely derived from services provided in East Africa.

All other income of the Group is derived from services provided in the UK.

The assets disclosed in the financial statements of Mildmay International Ltd are:

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Net assets	150	150
	<u>150</u>	<u>150</u>

In addition to the net assets disclosed above Mildmay Mission Hospital holds assets with a net book value of £nil (2019: £nil) that are utilised by Mildmay International Ltd.

**Mildmay Mission Hospital**  
**Notes to the financial statements**  
**For the year ended 31 March 2020 (continued)**

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**20 RELATED PARTY TRANSACTIONS**

There were no related party transactions during the year (2019: £0).

**21 SITE REDEVELOPMENT**

Demolition of the old Mildmay Hospital was completed in May 2013 and the new Mildmay Hospital was occupied in September 2014.

<u>Escrow Account Movement</u>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Balance at 1 April	528	528
Property Redevelopment Charge	(71)	-
Interest received	4	-
Transfer out of escrow account into charity bank account	(460)	-
	<hr/>	<hr/>
Balance at 31 March	1	528
	<hr/>	<hr/>

**Mildmay Mission Hospital**  
**Notes to the financial statements**  
**For the year ended 31 March 2020 (continued)**

**22. CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**

**For the year ended 31 March 2019**

	Unrestricted	Restricted	Total Funds	Total Funds
	2019	2019	2019	2018
	£'000	£'000	£'000	£'000
<b>INCOMING RESOURCES</b>				
Donations, gifts and legacies	296	33	329	439
Activities in furtherance of the charity's objects:				
Contractual and grant income for providing healthcare in the UK	2,570	-	2,570	2,870
Contractual and grant income for providing healthcare and training internationally	-	234	234	123
Investment and interest income	16	-	16	-
Other income	27	-	27	14
Total incoming resources (Note 2)	<u>2,909</u>	<u>267</u>	<u>3,176</u>	<u>3,446</u>
<b>RESOURCES EXPENDED</b>				
Cost of generating funds:				
Fundraising and publicity costs	312	-	312	277
Charitable expenditure:				
UK residential healthcare	2,669	-	2,669	2,692
UK adult and children day-care services	325	-	325	289
Grant to Uganda – healthcare & training	-	20	20	19
International training and consultancy	43	256	299	189
Total expended resources (Note 3)	<u>3,349</u>	<u>276</u>	<u>3,625</u>	<u>3,466</u>
<b>NET OPERATIONAL (OUTGOING)/INCOMING RESOURCES</b>	(440)	(9)	(449)	(20)
Transfer between Funds	-	-	-	-
<b>NET MOVEMENT IN FUNDS</b>	(440)	(9)	(449)	(20)
Total funds brought forward at 1 April	6,077	71	6,148	6,168
<b>Total funds carried forward at 31 March</b>	<u>5,637</u>	<u>62</u>	<u>5,699</u>	<u>6,148</u>

All activities are continuing. The charity had no recognised gains or losses during the year other than those reflected in the above statement of financial activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.