

2808390

HOSPITAL OF ST JOHN & ST ELIZABETH

ANNUAL REPORT & ACCOUNTS

For the year ended 31 December 2002

Registered charity number 235822



BDO

CONTENTS

Page:

1	Legal and administrative information
2-6	Trustees' annual report
7-8	Report of the independent auditors
9	Consolidated statement of financial activities
10	Balance sheet
11	Cash flow statement
12-23	Notes to the financial statements
24	St John's Hospice statement of financial activities

Legal and administrative information

Solicitors:	Bircham Dyson Bell, 50 Broadway, London, SW1H 0BL
Bankers:	HSBC Bank plc, 83 Pall Mall, London, SW1Y 5ES
Auditors:	BDO Stoy Hayward, Emerald House, East Street, Epsom, Surrey, KT17 1HS
Registered office:	60 Grove End Road, London, NW8 9NH

TRUSTEES' ANNUAL REPORT

for the year ended 31 December 2002

The Trustees of the Hospital of St John and St Elizabeth are pleased to present their annual report for the year ended 31 December 2002.

Governing Instrument and Objects

The Charity is known as the Hospital of St John & St Elizabeth. It is a registered charity, number 235822, and is governed by a Charity Commission Scheme dated 21 May 1993, and amended 2 February 1998. On 13 April 1994, a company limited by guarantee was formed for the purpose of being the sole trustee of the Hospital. The company's name is "The Hospital of St John & St Elizabeth". It has incurred no financial transactions since incorporation, and is therefore dormant for accounting and audit purposes. The directors of the company have passed a resolution that removes the need for the accounts of that company to be audited. The directors who are also trustees of the Charity who served during the year are as follows:

The Viscount Bridgeman	(Chairman)
Mr Antony Chambers	
The Hon Dominic Elliot	
Mr Nicholas Goddard	
Lord Mark Fitzalan Howard	
Mr Charles Fitzherbert	
Mrs Aida Hersham	
Prince Rupert zu Löewenstein	
Rev Terence Phipps	
Mr Simon Scrope	
Mr Charles Weld	

Method Of Appointment

As outlined in section 11 of the Articles of Associations directors other than the two nominated directors hold office for three years. At each AGM one third retire from office based on length of tenure of office. Retiring directors are eligible for re-election. Additionally a vacated position can be filled by election of a person recommended to it by the board.

Objects

The objects of the Charity are:

- To provide a hospital for the reception, care and treatment of patients without distinction and in particular for patients requiring palliative care; and
- To serve the sick and dying and to care for the physical, spiritual and emotional needs of patients irrespective of nationality or religion.

All these objects are to be carried out in accordance with the spiritual and ethical principles of Roman Catholic teaching and traditions.

The Hospital of St John & St Elizabeth

The Hospital of St John & St Elizabeth was founded in 1856 on the site of the Sick Childrens' Hospital, Great Ormond Street by the Sisters of Mercy returning from nursing in the Crimean War. The Hospital relocated to its present site in St John's Wood at the turn of the 20th Century and the Hospital has today a total of 110 registered beds which will be increasing to 155 during 2003. Its facilities include four operating theatres, dedicated orthopaedic and surgical wards, an internationally renowned birth unit, specialised physiotherapy and a full range of outpatient services including cardiology, Rapid Access Prostate, BUPA Accredited Breast Unit and a full range of specialist clinics. The Hospital runs a successful shoulder unit as well as a trauma unit for the older person.

The Hospital also supports a number of charitable activities the largest of which is St. John's Hospice.

St. John's Hospice

The Hospice offers palliative care for people with a life threatening illness, incorporating inpatient, home and day care facilities. The care afforded to patients is under the direction of a consultant and is a recognised training centre for junior doctors in palliative medicine and recently appointed a GP trainee. Working with the NHS care is free of charge to patients from eleven primary care trusts.

The demand for the services of the Hospice continued to grow during 2002 with more patients referred for support at the earliest stages of their illness. This has significantly increased activity within the day care and inpatient units whilst at the same time developing a model of care that encourages people to benefit from expertise in symptom control following active treatment. This model also encourages people to access psychological support during difficult times for the patients, their carers and frequently also children affected by illness.

Corporate Governance

The Trustees strongly support the principles of corporate governance and aim, where appropriate, to comply with the requirements imposed on listed companies.

The Trustees main responsibility is to protect the long term security of the Charity by ensuring that the Hospital is well managed and that it maintains the highest possible standards of clinical care. The Trustees meet on a quarterly basis and are provided with detailed reports, adequate to ensure that they are able to exercise their fiduciary responsibilities.

The Trustees also participate in a number of sub committees of the Board which are responsible for strategic, financial and operational issues.

During 2002 the Trustees also set up a Steering Committee with the intention of ensuring even closer involvement on financial issues and strategic planning. This committee met monthly.

The Audit Committee is chaired by Charles Fitzherbert and meets at least once a year with the Hospital auditors in attendance. The principle responsibility of the Committee is to review the Trustees' annual report and financial statements prior to their submission to the Board and the Annual General Meeting, to which all members of the company are invited. The Committee formally reviews, on an annual basis, the effectiveness of the Hospital's internal controls, financial controls, the

appropriateness of the going concern basis in preparing financial statements, the major risks to which the Hospital is exposed, and its policy on reserves.

After making enquiries the Trustees are aware of no relationships between the Charity and its Trustees and other related parties which require disclosure.

Clinical Governance

A structure of policy setting and monitoring is well established in line with the requirements of the Care Standards Act 2000 and the Trustees welcome the national framework that supports commitment to ensuring the standards and quality of care are maintained. Issues of clinical governance are reviewed regularly by the Specialty Committees and their findings and recommendations are reported to the Medical Advisory Committee, the chairman of which is a Trustee.

The Medical Advisory Committee is a long established Committee which advises the Board on clinical matters and which comprises of senior clinicians committed to the Hospital, and representing all the major specialties. In addition to their advisory role to the Trustees they also review all consultant applications for practising privileges.

Quality

The Hospital has been associated with the Kings Fund from its inception and achieved HQS recognition, once again, during 2002. The Hospital's ongoing commitment to external quality audit and accreditation was demonstrated in 2001 with CPA accreditation for the Pathology service. The introduction of standards set by the Care Standards Commission have been embraced and overwhelmingly supported by the Trustees.

The Hospital actively supports the Independent Healthcare Association and has implemented many of its policies.

Activity Review

During the year over 5100 patients were admitted as inpatients or as day cases, an increase of more than 10% on 2001. There were over 32,000 outpatient attendances during 2002 an increase over the previous year of 56%, this despite a reduction of consulting rooms as a result of the installation of MRI and CT scanning. Activity in the imaging department increased by 68% during the year, the number of day cases increased by 21% and the number of operations performed increased by 13.7%. Clearly this rate of growth is unsustainable as a number of key facilities are close to operating at full capacity although to date the increased workload has been met by expanding theatres and outpatient consulting rooms elsewhere in the Hospital.

Financial Review

The Hospital generated revenues in the year of over £19.0 million (2001 - £15.2 million) of which £3.2 million was restricted funds. The reported surplus for the year was £2.4 million after recording a operating deficit of £128,000 on unrestricted funds. Income from fee paying patients rose by 15% mainly as a result of increased activity, whilst fund raising income increased by 7%, mainly due to legacy income. Therefore overall income increased by 26%. At the same time costs increased by 13%, the main causes being:

- Increased activity
- Public sector pay awards being greater than the rate of general inflation

In addition there was an unrealised loss on investments of £59,000 due to the general decline in stock markets world wide

Recent Developments

In line with previous years the Hospital has developed an extensive capital expenditure programme in order to fund major upgrades and developments of facilities as well as replacing and purchasing of new equipment. The aim has been to ensure that the facilities offered are of the highest possible standard and that the Hospital strives to keep abreast of modern technology. Capital expenditure in the year was £4.7 million (2001: £3.5 million).

During the year the Hospital opened a new 15 bedded general surgery ward, a 19 bedded orthopaedic ward, a new operating theatre and installed MRI and CT scanning. At the same time work to the new 45 bedded inpatient unit continued on the Wiseman House site. This unit is expected to open in the summer of 2003.

Negotiations with Railtrack (now Network Rail) continue over the long term future use of the car park site situated in Grove End Road. This site is owned by Network Rail and has been leased to the Hospital since 1899. In 1997 Railtrack indicated that they wished to dispose of this site.

Policy on Reserves

The general fund is maintained primarily in case the Hospital suffers a sudden and unforeseen contraction of activities. The fund is however, on a day to day basis, required to provide for working capital and to maintain necessary expenditure on fixed assets. The Trustees consider that the general reserve should be sufficient to service 4 months costs.

Employment Policies

The Hospital is an equal opportunities employer and as such will apply objective criteria to assess merit both in relation to appointment and promotion. It aims to ensure that all applications from prospective or existing employees will receive equal treatment. Selection criteria and procedures are reviewed regularly to ensure that individuals are selected, promoted and treated on the basis of the relevant merits and abilities. The Hospital is also committed to providing a safe environment for all its staff, patients and visitors.

The Hospital has continued its practice of keeping employees informed of developments and progress through regular meetings of senior managers, induction and staff information programmes and newsletters.

Volunteers

The Hospice is extremely grateful for the generous support given by those individuals who give up their time in either working within the unit or helping to support the fund raising department to raise much needed funds.

Risk Management

The Trustees are, with advice from the auditors, implementing a formal risk management process to assess the risks to which the Charity may be exposed, and to implement risk management strategies. This involves identifying the types of risk the Charity faces, prioritising them in terms of potential impact of occurrence and identifying means of mitigating the risks.

Key controls include detailed terms of reference for all committees, comprehensive strategic and operational planning, budgeting and financial reporting, established organisational and management structure, financial and operational policies and clear levels of authorisation and approval.

Trustees' Responsibilities

Company law requires the Trustees, who are the directors, 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 of the income and expenditure of the charitable company for that period. In preparing those financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

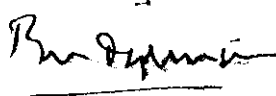
Auditors

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

Staff and benefactors

This report would not be complete without thanking the staff for all their hard work and everyone who has supported the Hospital over the past year. Without such generosity the Hospital could not continue to undertake its charitable commitments.

This report was approved by the Trustees on 21 May 2003 and signed on their behalf by:



The Viscount Bridgeman

REPORT OF THE INDEPENDENT AUDITORS

To the Trustees of the Hospital of St John & St Elizabeth

We have audited the financial statements of the Hospital of St John & St Elizabeth on pages 8 to 23, which have been prepared under the accounting policies set out on pages 12 and 13.

Respective responsibilities of Trustees and auditors

The Trustees' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Responsibilities of the Board of Trustees on page 6.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards. We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993. We also report to you if, in our opinion the Trustees' Report is not consistent with the financial statements, if the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charity is not disclosed.

We read the Report of the Board of Trustees and consider the implications for our report if we become aware of any apparent misstatements within it. We have been appointed auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act.

Our report has been prepared pursuant to the requirements of the Charities Act 1993 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Charities Act 1993 or has been expressly authorised to do so by our prior written consent. Save as above we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liabilities.

Basis of opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examinations, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimate and judgement made by the Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

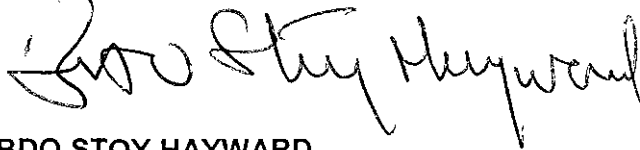
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Fundamental uncertainty

In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements concerning the contingent liability in respect of pension rights. The future settlement of these rights could result in additional liabilities. Details of the circumstances relating to this fundamental uncertainty are described in note 20. Our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the charity and of the group as at 31 December 2002 and of the group's incoming resources and resources expended, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Charities Act 1993.



BDO STOY HAYWARD
Chartered Accountants
and Registered Auditors

Epsom, Surrey

Date: 6 June 2003

HOSPITAL OF ST JOHN & ST ELIZABETH
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 December 2002

		2002		2001
	Notes	Unrestricted funds	Restricted funds	Total
		£000	£000	£000
Incoming resources				
Voluntary income:				
Donations and Legacies		385	712	1,097
Income from operating activities:				
Fee paying patients		13,757	-	13,757
Health authority Income		1,638	2,528	4,166
Gross income from trading subsidiary			-	-
Investment income		9	-	9
Total incoming resources	2	15,789	3,240	19,029
Resources Expended				
Cost of generating funds				
Trading subsidiary		-	-	-
Fundraising & Publicity		(183)	-	(183)
Total cost of generating funds	3	(183)	-	(183)
Available for charitable expenditure		15,606	3,240	18,846
Charitable expenditure				
Medical, nursing and ancillary costs		(12,210)	(43)	(12,253)
Establishment costs		(1,002)	-	(1,002)
Other charitable costs		(71)	-	(71)
Management and administration		(3,163)	-	(3,163)
Total charitable expenditure	3	(16,446)	(43)	(16,489)
Net incoming / (outgoing) resources before transfers		(840)	3,197	2,357
Transfer between Funds		712	(712)	-
Net incoming / (outgoing) resources		(128)	2,485	2,357
Other gains and losses				
Unrealised losses on investments		(59)	-	(59)
Net movement in funds		(187)	2,485	2,298
Balances brought forward		3,708	1,280	4,988
Balances at 31 December 2002	11	3,521	3,765	7,286

All operations of the Hospital continued throughout both periods and no operations were acquired or discontinued. The accompanying notes are an integral part of this Statement of Financial Activities.


HOSPITAL OF ST JOHN & ST ELIZABETH

BALANCE SHEETS

31 December 2002

		Group		Hospital	
		2002	2001	2002	2001
	Notes	£000	£000	£000	£000
Fixed Assets					
Tangible assets	6	16,715	12,297	16,715	12,297
Investments	7	225	284	225	284
		16,940	12,581	16,940	12,581
Current assets					
Stock		284	261	284	261
Debtors	8	2,134	1,572	2,134	1,618
Cash at bank and in hand		1,033	52	1,033	27
		3,451	1,885	3,451	1,906
Creditors					
Amounts due within one year	9	(5,273)	(3,339)	(5,273)	(3,337)
Net current liabilities		(1,822)	(1,454)	(1,822)	(1,431)
Creditors					
Amounts due in more than one year	9	(7,832)	(6,139)	(7,832)	(6,139)
Net assets		7,286	4,988	7,286	5,011
Represented by:					
General fund	11	3,521	3,708	3,521	3,731
Restricted funds	11	3,765	1,280	3,765	1,280
		7,286	4,988	7,286	5,011

The financial statements on pages 9 to 23 were approved by the Trustees on 21st May 2003 and signed on their behalf by



The Viscount Bridgeman

The accompanying notes are an integral part of this balance sheet.

HOSPITAL OF ST JOHN & ST ELIZABETH

CASH FLOW STATEMENT

for the year ended 31 December 2002

	Notes	2002		2001	
		£000	£000	£000	£000
Net cash inflow from operating activities	13		3,646		1,751
Returns on investments and servicing of finance					
Loan interest paid		(119)		(232)	
Interest element of finance lease rental payments		(122)		(22)	
Investment income		9		9	
Net cash outflow from returns on investments and servicing of finance			(232)		(245)
Capital expenditure					
Purchase of tangible fixed assets		(3,036)		(3,491)	
Sale of tangible fixed assets		-		5	
Net cash outflow from capital expenditure			(3,036)		(3,486)
Net cash inflow/(outflow) before financing			378		(1,980)
Financing					
Additions to Loan		388		2,314	
New hire purchase arrangements		-		392	
New lease agreements		-		73	
Repayment of loans		(240)		(240)	
Hire purchase repayments		(53)		(57)	
Lease repayments		(169)		(130)	
Net cash inflow / (outflow) from financing			(74)		2,352
Increase in cash	13,14		304		372

The accompanying notes are an integral part of this cash flow statement.

HOSPITAL OF ST JOHN & ST ELIZABETH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2002

1 ACCOUNTING POLICIES

Basis of accounting

The accounts have been prepared under the historical cost convention, as modified by the revaluation of investments to market value, and are in accordance with Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities", issued in October 2000.

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Basis of consolidation

The consolidated accounts incorporate the financial statements of E & J Trading Limited, the Hospital's trading subsidiary. The trading subsidiary did not trade during the current year.

Statement of financial activities and income and expenditure account

The consolidated statement of financial activities (SoFA) is set out on page 9 of these financial statements. A separate SoFA for the hospital's own activities has not been prepared since gross income and expenditure of the subsidiary undertaking are separately disclosed within the consolidated SoFA. The movements in the unrestricted and restricted income funds columns disclosed in the SoFA furthermore identify the separate components of the Hospital's income and expenditure account.

Depreciation

Freehold land, stated at estimated cost, is not depreciated. Other fixed assets are written off by equal annual instalments over their expected useful lives as follows:

- (a) Buildings are stated at cost and are depreciated from 1 January 1978 or later date of acquisition over 50 years.
- (b) Machinery, equipment, fixtures and fittings are stated at cost and depreciated over 3 to 10 years.
- (c) Motor vehicles are depreciated over a 5 year period.
- (d) Assets under construction at the year end are stated at cost, depreciation will be provided once the assets are complete.

Investments

Investments are stated at their market value at the balance sheet date. All movements in value arising from investment changes or revaluation are shown in the Statement of Financial Activities. Realised gains or losses on investments are calculated as the difference between the disposal proceeds and the historical cost. Unrealised gains or losses are derived from the movement in market values during the year.

Investments received by way of legacies and donations are taken to revenue at their market value.

Stocks

Stocks are valued at cost after making due allowance for any obsolete items. Replacement cost is not considered to differ materially from bought in cost.

Private patient income

Income from private patients' services is taken to revenue when the service is provided.

HOSPITAL OF ST JOHN & ST ELIZABETH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2002

1 ACCOUNTING POLICIES (continued)

Donations and legacies

Donations and legacies are accounted on an accruals basis. For legacies, this is when entitlement occurs, either at the date when the estate is finalised and the proceeds are determinable, or when proceeds are received.

Grants

Revenue grants are accounted for on a receivable basis.

Expenditure

All expenditure is accounted for on an accruals basis.

- (a) Direct charitable expenditure: Expenditure which is directly attributable to pursuing the Hospital's charitable objects.
- (b) Fundraising and publicity: Expenditure incurred on staff specifically employed for fundraising and the cost of specific campaigns and events for the raising of donations.
- (c) Management and administration: Expenditure relating to the management of the Hospital's assets, organisational administration and compliance with statutory and constitutional requirements.

Fund accounting

Donations received for specific purposes, such as the Hospice redevelopment, are treated as Restricted Funds. Related costs, including depreciation, are charged against these funds.

Unrestricted Funds comprise accumulated surpluses and deficits on the income and expenditure account. They are available at the discretion of the Trustees in furtherance of the general charitable objectives of the Hospital.

Finance and Operating Leases

Rentals applicable to Operating leases are charged to the SOFA over the period in which the cost is incurred. Assets purchased under finance lease are capitalised as fixed assets. Obligations under such agreements are included in creditors. The difference between the capitalised cost and the total obligation under the lease represents the finance charges. Finance charges are written-off to the SOFA over the period of the lease so as to produce a constant periodic rate of charge.

Pension

Contributions to the Hospital's defined contribution pension scheme are charged to the SOFA in the year in which they become payable. The assets of the scheme are held separately from those of the company in independently administered funds.

HOSPITAL OF ST JOHN & ST ELIZABETH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2002

2 INCOMING RESOURCES

(a) Income in respect of the Total Funds:

	2002	2001
	£000	£000
Donations	642	677
The trustees of the Will of the late Lady Brampton	70	70
Legacies	385	275
Health Authority Income	4,166	1,892
Gross income from trading subsidiary	-	243
Investment income	9	9
	<u>5,272</u>	<u>3,166</u>
Income from fee-paying patients	13,757	12,023
	<u><u>19,029</u></u>	<u><u>15,189</u></u>

Income in respect of fee paying patients includes income from private rooms, geriatric wards, renal services and other departments.

(b) Income in respect of the Restricted Funds:

	2002	2001
	£000	£000
Donations - Hospice	712	-
Wiseman House Development - Grant	2,528	560
	<u>3,240</u>	<u>560</u>

Wiseman House Development income relates to a development of part of the hospital site in respect of an NHS contract to build and manage an elderly care centre. The expenditure is included within fixed assets.

HOSPITAL OF ST JOHN & ST ELIZABETH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2002

3 EXPENDITURE ANALYSIS

	2002			2001
	Staff costs	Other	Depreciation	Total
	£000	£000	£000	£000
Cost of generating funds				
Trading subsidiary	-	-	-	194
Fundraising & publicity	96	87	-	198
	<u>96</u>	<u>87</u>	<u>-</u>	<u>392</u>
Direct charitable expenditure				
Medical, nursing & ancillary costs	7,142	4,514	597	10,948
Establishment costs	184	809	9	942
Other charitable costs	-	71	-	48
Management & administration	1,589	1,297	277	2,685
	<u>8,915</u>	<u>6,691</u>	<u>883</u>	<u>14,623</u>

Staff costs include both employee and agency staff costs.

	2002	2001
	£000	£000
Included within Management & administration:		
Auditors' remuneration		
- Audit fees	18	18
- Non audit services (Inclusive of VAT)	69	-
Write off on demolition of Wiseman House	-	182
	<u>187</u>	<u>200</u>
Included within Medical, nursing & ancillary costs:		
Rentals in respect of operating leases	193	257
	<u>193</u>	<u>257</u>
Depreciation is split between assets owned and those under finance leases as follows:		
Assets owned	613	557
Assets under finance leases and hire purchase	270	153
	<u>883</u>	<u>710</u>
Interest is payable as follows:		
On bank overdraft and other bank funding	119	232
Hire purchase and finance lease interest	122	22
	<u>241</u>	<u>254</u>

HOSPITAL OF ST JOHN & ST ELIZABETH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2002

4 EMPLOYEES

	2002	2001
The average number of employees during the year was	<u>301</u>	<u>275</u>
The aggregate emoluments paid to employees was:	£000	£000
Salaries and wages	7,448	6,430
National Insurance costs	666	578
Pension costs	188	160
Other staff costs	709	995
	<u>9,011</u>	<u>8,163</u>

Other staff costs relate to fees paid for agency staff.

The number of employees whose emoluments, as defined for tax purposes, amounted to over £50,000 in the year was as follows:

	2002	2001
£60,000 - £69,999	2	3
£120,000 - £129,999	-	1
£140,000 - £149,999	1	-

A contribution of 27K was made to money purchase pension schemes in respect of higher paid staff. Benefits are accruing to five higher paid staff.

5 TAXATION

The Hospital is within the exemption granted by section 505 of the Income and Corporate Taxes Act 1988 and is not liable to Corporation Tax. The Hospital has borne VAT on its expenditure where appropriate.

HOSPITAL OF ST JOHN & ST ELIZABETH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2002

6 TANGIBLE ASSETS

	Freehold land	Buildings	Machinery, equipment, fixtures and fittings	Assets under construction	Total
	£000	£000	£000	£000	£000
Cost					
1 January 2002	6	10,521	5,993	2,826	19,346
Additions	-	132	2,091	3,080	5,303
Transfers	-	3,333	-	(3,333)	-
Disposals	-	-	(27)	-	(27)
31 December 2002	6	13,986	8,057	2,573	24,622
Depreciation					
1 January 2002	-	2,508	4,541	-	7,049
Charge for the year	-	296	587	-	883
Disposals	-	-	(25)	-	(25)
31 December 2002	-	2,804	5,103	-	7,907
Net book value					
31 December 2001	6	8,013	1,452	2,826	12,297
31 December 2002	6	11,182	2,954	2,573	16,715

The net book value of tangible fixed assets includes an amount of £2,584,000 (2001: £586,000) in respect of assets held under finance leases. The related depreciation charge for the year was £270,000 (2001: £153,000).

Assets under construction

This asset relates to the redevelopment of Wiseman House in which a new facility for the older person with mental illness will be established.

Financial commitments

	2002	2001
	£000	£000
Capital commitments:		
Contracted, but not provided for	3,193	99
Authorised, but not contracted for	-	560

Operating lease commitments:

The amount payable within the next twelve months is:

	Land & buildings		Other	
	2002	2001	2002	2001
	£000	£000	£000	£000
On leases expiring:				
Within one year	-	-	5	-
Between two and five years	-	-	19	9
After five years	42	42	-	-
	42	42	24	9

The land and building lease relates to the rental of the charity shop premises.

HOSPITAL OF ST JOHN & ST ELIZABETH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2002

7 INVESTMENTS

	General fund	Total
	£000	£000
Market value		
Value at 1 January 2002	284	284
Decrease in value of securities	(59)	(59)
Value at 31 December 2002	225	225
Historical cost of investments		
At 31 December 2002	147	147
At 31 December 2001	147	147

All investments relate to COIF Charity Investment Fund Income Shares.

8 DEBTORS

	<u>Group</u>		<u>Hospital</u>	
	2002	2001	2002	2001
	£000	£000	£000	£000
Private patient accounts receivable	1,680	1,217	1,680	1,117
Amount due from subsidiary undertakings	-	-	-	146
Other debtors	138	43	138	43
Prepayments	316	312	316	312
	2,134	1,572	2,134	1,618

All amounts are recoverable within one year.

HOSPITAL OF ST JOHN & ST ELIZABETH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2002

9 CREDITORS

	<u>Group</u>		<u>Hospital</u>	
	2002	2001	2002	2001
	£000	£000	£000	£000
Amounts falling due within one year				
Bank loan (secured - see note 10)	240	240	240	240
Other Loan (See note 10)	100	-	100	-
Bank Overdraft	1,718	1,041	1,718	1,041
Trade creditors	701	1,101	701	1,101
Taxes and social security	240	221	240	221
Hire purchase and lease creditors	545	145	545	145
Other creditors	363	38	363	36
Accruals	1,109	517	1,109	517
Deferred income	257	36	257	36
	5,273	3,339	5,273	3,337
Amounts falling due in more than one year				
Hire purchase and lease creditors	2,053	408	2,053	408
Loans (secured - see note 10)	5,579	5,531	5,579	5,531
Other Creditors	200	200	200	200
	7,832	6,139	7,832	6,139

10 LOANS

Group and Hospital	2002				2001
	Nuffield Loan	HSBC Bank plc loan	Brampton Trust	Total	Total
	£000	£000	£000	£000	£000
(a) Analysis					
Balance at 1 January 2002	100	3,471	2,200	5,771	3,697
Additions	-	388	-	388	2,314
Repaid during the year	-	(240)	-	(240)	(240)
Balance at 31 December 2002	100	3,619	2,200	5,919	5,771
(b) Maturity					
Repayable by instalments					
- due within one year	100	580	-	680	240
- due within five years	-	2,320	-	2,320	2,060
- due in more than five years	-	719	2,200	2,919	3,471
	100	3,619	2,200	5,919	5,771

HSBC Bank plc hold a first fixed legal charge over the Hospital's freehold land at 60 Grove End Road in respect of the loan and overdraft. Interest is payable on this loan at the rate of 1.25% above the London Inter-Bank Offer Rate.

The Brampton Trust loans (of £1,000,000, £200,000 and £1,000,000) are interest-free and are not repayable before 31 December 2003. The Brampton Trust holds a second fixed legal charge over the Hospital's freehold land at 60 Grove End Road in respect of the loans

HOSPITAL OF ST JOHN & ST ELIZABETH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2002

11 FUNDS

		Balance at 1 January 2002	Movement in resources			Balance at 31 December 2002
			Incoming	Outgoing	Investment loss/Transfers	
		£000	£000	£000	£000	£000
Restricted funds						
Wiseman House development fund	a	560	2,528	-	-	3,088
Hospice development fund	b	720	-	(43)	-	677
Hospice Donations	c	-	712	-	(712)	-
		1,280	3,240	(43)	(712)	3,765
Unrestricted funds		3,708	15,789	(16,629)	653	3,521
Charity funds		4,988	19,029	(16,672)	(59)	7,286

a) Wiseman House development fund

A contract with Kensington, Chelsea and Westminster Health Authority was entered into to carry out a comprehensive re-development of the Wiseman House site to enable it to be used for the accommodation and care of elderly people with a mental illness.

b) Hospice development fund

An appeal was launched in 1994 to develop further the facilities provided by St John's Hospice. Allowing for the depreciation expense, the balance on this specific fund at the end of the year was £677,000, which was made up as shown in note 12.

c) Hospice Donations

These are general donations towards the Hospice as a result of the fundraising activities during the year 2002

HOSPITAL OF ST JOHN & ST ELIZABETH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2002

12 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Tangible fixed assets	Investments	Net current assets/ (liabilities)	(Liabilities) due after more than one year	Total
	£000	£000	£000	£000	£000
Restricted funds					
Hospice development fund	872	-	(95)	(100)	677
Wiseman House development	2,573	-	515	-	3,088
Unrestricted funds	13,270	225	(2,242)	(7,732)	3,521
	16,715	225	(1,822)	(7,832)	7,286

13 RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2002	2001
	£000	£000
Surplus for the year	2,357	174
Investment income	(9)	(9)
Depreciation charges	883	710
Increase in stock	(23)	27
Increase in debtors	(562)	277
Increase in creditors	759	136
Write off on demolition of Wiseman House	-	182
Interest payable	241	254
	3,646	1,751

14 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2002	2001
	£000	£000
Increase in cash	304	372
Cash outflow/(Inflow) from reduction in debt	74	(1,887)
Inception of finance leases	(2,267)	(465)
Movement in net debt	(1,889)	(1,980)
Net debt at 1 January 2002	(7,313)	(5,333)
Net debt at 31 December 2002	(9,202)	(7,313)

HOSPITAL OF ST JOHN & ST ELIZABETH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2002

15 ANALYSIS OF NET DEBT

	At 1 January 2002	Cash flow	Non-cash changes	At 31 December 2002
	£000	£000	£000	£000
Cash in hand	52	981	-	1,033
Bank overdraft	(1,041)	(677)	-	(1,718)
	(989)	304	-	(685)
Loans due within one year	(240)	240	(340)	(340)
Loans due after one year	(5,531)	(388)	340	(5,579)
Finance leases and hire purchase	(553)	222	(2,267)	(2,598)
	(7,313)	378	(2,267)	(9,202)

16 RELATED PARTY TRANSACTIONS

Travelling and entertainment expenses incurred by two of the Hospital's Trustees and reimbursed amounted to £659 (2001 - £1,108).

The Hospital takes out Trustee Indemnity Insurance to indemnify trustees and officers against possible liabilities incurred by them in relation to their duties. The cost of this insurance was £1,533 (2001 - £1,496).

The Brampton Trust, whose main object is to pay its income to the charity, paid the sum of £70,000 (2000 - £70,000) towards the running costs of the Hospice. It has also provided the Hospital with interest free loans totalling £2.2m, to be repaid once the current borrowings from the Midland Bank have been cleared.

17 PENSION SCHEME

The Hospital operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Hospital in independently administered funds.

The pension cost charge represents contributions payable by the Hospital to the fund and amounted to £188,000 (2001 - £160,000). £26,000 (2001 - £36,000) was payable to the fund at the year end.

19 LEGACIES

The hospital is entitled to the reversionary share of the Glanfield Legacy. This legacy has not been fully reflected in these financial statements in accordance with the accounting policies set out in note 1. The potential further value of this estate to the hospital at the balance sheet date is uncertain and an accurate value is not available.

HOSPITAL OF ST JOHN & ST ELIZABETH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2002

20 CONTINGENT LIABILITY

A contingent liability exists in connection with certain employees and ex-employees pension rights arising out of potentially different options available to former employees of the National Health Service working for the hospital.

The trustees are proceeding with their enquiries into this matter, but are not yet in a position to reach any conclusion.

Therefore it is still not possible to ascertain the likelihood of a payment being required to satisfy those rights or estimate the level of payments, if any.

HOSPITAL OF ST JOHN & ST ELIZABETH

ST JOHN'S HOSPICE

STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 December 2002

	2002 £'000	2001 £'000
Resources expended		
Direct charitable expenditure:		
Medical and nursing salaries	1,117	1,035
Other medical, nursing and ancillary costs	547	397
Establishment costs	274	277
	<hr/>	<hr/>
	1,938	1,709
Other expenditure:		
Fundraising and publicity	183	198
Administration	277	287
Other hospice overheads	394	265
	<hr/>	<hr/>
Total resources expended	2,792	2,459
	<hr/>	<hr/>
Incoming resources		
Health Authority grants	1,638	1,332
Donations:		
Trusts and foundations	249	224
Individuals and corporate	400	489
Events	62	136
Investment income	9	9
	<hr/>	<hr/>
	2,358	2,190
	<hr/>	<hr/>
Net outgoing resources before legacies	(434)	(269)
	<hr/>	<hr/>
Income from legacies	385	275
	<hr/>	<hr/>
Net incoming/(outgoing resources)	(49)	6
	<hr/>	<hr/>

Incoming donations and legacies include funds received during the year towards the cost of the Hospice redevelopment project.

The Charity would like to thank the following major donors whose financial contributions during 2002 were invaluable to its ongoing work:

The Cadogan Charity
 The Amelia Chadwick Trust
 Harold Hyam Wingate Foundation
 Kirby Laing Foundation
 George & Esme Pollitzer Charitable Settlement
 Mr R & Mrs M Emanuel Charitable Settlement
 The Sobell Foundation
 The Accenture Foundation
 Hampstead Wells and Campden Trust
 Lennox Hannay Memorial Trust
 Edward Harvist Trust
 Sir Alec Black's Charity (Gift in Kind)
 Charlotte Marshall Charitable Trust
 The Inman Charity
 Runciman Charitable Trust
 GlaxoSmithKline

St Mary-le-Strand Charity
 The Freemason's Grand Charity
 Order of Malta
 Dowager Countess Eleanor Peel Trust
 Garfield Weston Foundation
 Monument Trust
 The Marit and Hans Rausing Charitable Foundation
 Trusthouse Charitable Foundation
 The Henry & Grete Abrahams Charitable Trust
 The Grand Lodge of Mark Master Masons Fund of Benevolence
 The Albert Hunt Trust
 Sir Harold Hood Charitable Trust
 Bridge House Estates Trust Fund
 Rose Foundation
 Brampton Trust