

Trustees' Report and Financial Statements

For the year ended 31 March 2019

Mildmay Mission Hospital

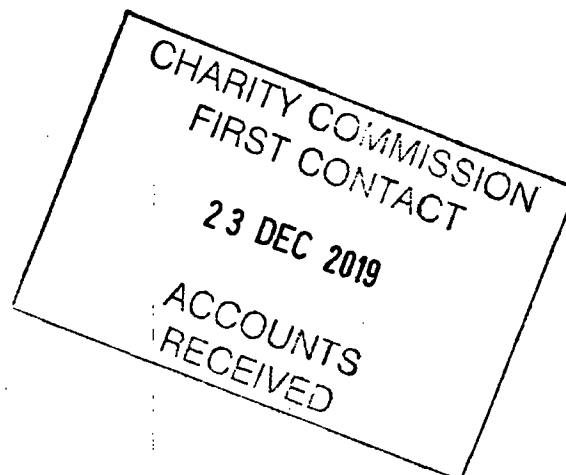
Consolidated Accounts

Charity Reg No.

292058

Company Reg No

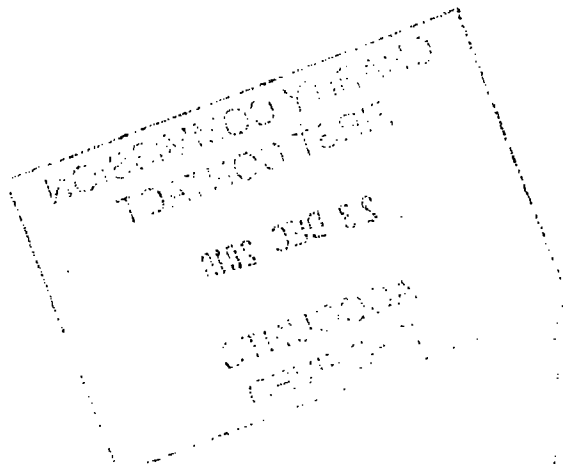
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Mildmay Mission Hospital

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Mildmay Mission Hospital

INTRODUCTION

The 2018/19 financial year proved to be one of the more challenging in the Mildmay story. Patient numbers for both Inpatient and Day Therapy have significantly reduced over previous financial years. This has had a dramatic effect on the charity's income and as a result action was taken to mitigate the risks.

In the autumn we had a major review of staffing to try to meet the new challenges faced by a decrease in patient numbers. Some departments were affected more than others were, especially as we tried to focus cost efficiency savings away from clinical areas.

During the 2018/19 year Mildmay achieved in-patient occupancy of 68% against the 79% achieved in 2017/18. Over the year 72% of inpatients had been discharged home (80% in the previous year), 16% were transferred into an acute centre (8% in the previous year) and 4% requiring a long-term continuing care setting (9% in previous year). There were 3 deaths in 2018/19 at Mildmay (three the previous year). These statistics show the continuing trend towards more complex referrals to Mildmay.

During the year there were training, student and intern placements in the following areas: Medicine: 8 GP trainees a year as well as 26 medical student placements of which 4 were International (6 and 30 in the previous year), Nursing 11 placements (30 the previous year), Chaplaincy 2 placements (2 the previous year), Social Work 1 placement (3 the previous year), Volunteer Intern 1 (0 the previous year).

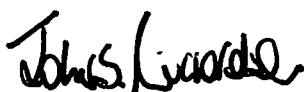
During the year there were a number of visits to our programmes in Kenya and Uganda. Since 2012 Mildmay Uganda has been a stand-alone NGO and we will not be reporting on their work or figures in this set of accounts. However, as a sister organisation we continue to maintain strong links with them in 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.

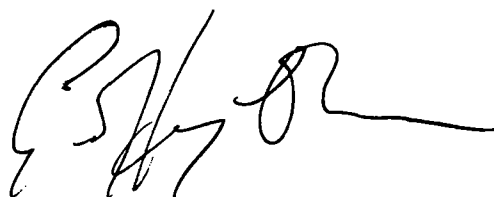
The charity played host to a number of visitor throughout the year including Lord Fowler who gave a talk at our Thirtieth Anniversary year of providing HIV services and a number of local MPs representing some of our patient's constituencies.

Throughout the year Mildmay took part in a number of events including London Pride 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 2019

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 2019

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

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

Mildmay Mission Hospital

Report of the Trustees for the year ended 31 March 2019

Trustees	Jim Bennett (Resigned May 2019)
	Emma Buchan (Resigned January 2019)
	Diana Forrest (Resigned October 2019)
	Ros Furlong
	Christabel Kunda
	Barry Rowan
	Carol Stone
	Ronald Swann
	Anna Turco (Resigned November 2018)
	Andrew Warrilow

Company Secretary	Jennifer Dean
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Mildmay Mission Hospital

Report of the Trustees for the year ended 31 March 2019

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 5th 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 2019

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

A world in which everyone with HIV and AIDS can have life in all its fullness.

Mission

Mildmay is a pioneering HIV charity whose mission is to respond effectively to HIV and related health issues through care and treatment; and through training, education and research.

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 2019

STRATEGIC & BUSINESS PLANNING

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

KEY ORGANISATIONAL OBJECTIVES 2018-19

Mildmay Mission Hospital

At the end of January 2019 the key organisational objectives were reviewed and a new Vision, Mission and Strategy were agreed, however for the majority of the year under review the following were appropriate.

Developments

- Ward utilisation to average 17 beds
- Extend the scope of activities provided in Day Therapies
- Extend the scope of partnership working
- Extend the training provision

Stability & Visibility

- Plan and organise the charity's finance to enable stability and growth
- Support Mildmay's overseas partners
- Continue to raise Mildmay's profile externally
- Continue to grow Mildmay's fundraising income

Organisation & Infrastructure Development

- To be an organisation where the leadership, management and governance of the organisation assures the delivery of high-quality person-centred care, supports learning and innovation and promotes an open and fair culture where everyone has a voice
- To be a place where people are supported in their roles
- To improve our information governance and IT systems
- To continue to develop the faith and celebration of faith within the organisation

Quality

- To be a safe, clean, well-maintained and appropriately-staffed organisation, where people are protected from abuse.
- To be an organisation where people's care, treatment and support achieves good outcomes, promotes a good quality of life and is based on the best available evidence
- To be an organisation where staff involve and treat people with compassion, kindness, dignity and respect, with a view to continually improve the experience of people who use our service
- To be an organisation which is designed to meet people's needs, is welcoming, adaptable, and responds appropriately and quickly to ideas, praise, criticism and complaint; and where all are encouraged to make a contribution

Mildmay Kenya

- To continue the work in the Bondo and Rarieda Sub County areas in Siaya which is a high HIV prevalent area. **(24.8% against the national figure of 5.1%)**
- To continue its expansion of programming to include fisher folk and youth out of school to include testing for HIV.

Mildmay Mission Hospital

Report of the Trustees for the year ended 31 March 2019

- Introduce SHUGA, a video based dialogue approach to enable youth to talk about HIV, Sexual and Reproductive Health issues that make them vulnerable to HIV and how to prevent them.
- To devise a food security programme and launched an appeal in the UK to support it.

Reflection of the Key Organisational Objectives for 2018-19

This was a challenging year for the charity and whilst much progress was made in important areas that became a priority during the year, such as senior appointments, many of the key organisational objectives for the year were not achieved. Some of these, where appropriate, will be extended into 2019/20 whilst others will not be a priority going forward.

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 suffering from HIV and AIDS. In addition they are satisfied that the charity's training and educational programmes directly affect 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 20. Mildmay Mission Hospital incurred a deficit of £449k (2018: deficit of £20k) and Mildmay International Ltd results were a deficit of £nil (2018: nil).

Income and expenditure are allocated to two funds, the general fund and the restricted fund. Total income for the year was £3,176k (2018: £3,446k), a decrease on the previous year of £270k. Resources expended for the year amounted to £3,625k (2018: £3,466k), an increase of £159k.

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 14 within the accounts and a reconciliation of the movement on accumulated funds is shown on page 13. Taking Mildmay Mission Hospital's funds in total (i.e. the charity and its subsidiaries together), there was a net deficit for the year of £449k (2018: deficit of 20k). There was an unrestricted deficit of £440k for the year (2018: surplus of £23k).

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 £906k to £1,812k.

"Free reserves" at 31 March 2019 were £1,067 (2018: £1,564k).

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

Mildmay Mission Hospital

Report of the Trustees for the year ended 31 March 2019

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 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 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 2018/19 financial year the Board and stakeholders reviewed the charity's strategic objectives for the next five years. With the treatment of HIV successfully developing it was clear that the charity's focus will need to change if it is to continue to deliver on its charitable objectives. The plans for the future of the charity focus on the development of new services, in particular identifying new specialties and pathways of care for Mildmay to deliver.

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.

Mildmay Mission Hospital
Report of the Trustees for the year ended 31 March 2019

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: 4th December 2019

Independent auditors' report to the Trustees of Mildmay Mission Hospital

Opinion

We have audited the financial statements of Mildmay Mission Hospital (the parent 'charitable company') and its subsidiary for the year ended 31 March 2019 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 2019 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

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. 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**

M Thacker

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: *5 Dec 2019*

Mildmay Mission Hospital

MOVEMENT IN CONSOLIDATED ACCUMULATED FUNDS

During the year ended 31 March 2019

	General	Restrict ed	Total	Total
	Fund	Funds	Funds	Funds
	2019	2019	2019	2018
	£'000	£'000	£'000	£'000
Balance brought forward at 1 April 2018	6,077	71	6,148	6,168
Net (deficit) /surplus in year	(440)	(9)	(449)	(20)
Balance carried forward at 31 March 2019	<u>5,637</u>	<u>62</u>	<u>5,699</u>	<u>6,148</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 2019

	Unrestricted	Restricted	Total Funds	Total Funds
	2019	2019	2018	2018
	£'000	£'000	£'000	£'000
INCOMING RESOURCES				
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)	2,909	267	3,176	3,446
RESOURCES EXPENDED				
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)	3,349	276	3,625	3,466
NET OPERATIONAL (OUTGOING)/INCOMING RESOURCES	(440)	(9)	(449)	(20)
Transfer between Funds	-	-	-	-
NET MOVEMENT IN FUNDS	(440)	(9)	(449)	(20)
Total funds brought forward at 1 April	6,077	71	6,148	6,168
Total funds carried forward at 31 March	5,637	62	5,699	6,148

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 2019

	Notes	Group 2019	MMH 2019	Group 2018	MMH 2018
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	8	4,448	4,412	4,461	4,427
Investments	9		150		150
		<u>4,448</u>	<u>4,562</u>	<u>4,461</u>	<u>4,577</u>
CURRENT ASSETS					
Debtors	10	213	212	404	401
Escrow Account	21	528	528	528	527
Cash	11	971	949	1,188	1,176
		<u>1,712</u>	<u>1,689</u>	<u>2,120</u>	<u>2,104</u>
CREDITORS: Amount falling due within one year	12	(461)	(552)	(433)	(533)
		<u>1,251</u>	<u>1,137</u>	<u>1,687</u>	<u>1,571</u>
NET CURRENT ASSETS					
Total assets less current liabilities		<u>5,699</u>	<u>5,699</u>	<u>6,148</u>	<u>6,148</u>
RESERVES					
Unrestricted funds:					
General fund	14	1,077	1,077	1,574	1,574
Designated funds:	14	4,560	4,560	4,503	4,503
Total unrestricted funds		<u>5,637</u>	<u>5,637</u>	<u>6,077</u>	<u>6,077</u>
Restricted funds	13	62	62	71	71
Total funds	14	<u>5,699</u>	<u>5,699</u>	<u>6,148</u>	<u>6,148</u>

Approved by the Board of Trustees on 4 December 2019

and signed on its behalf by



John Richardson
Chair of Trustees

Mildmay Mission Hospital

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2019

	Notes	2019 £'000	2018 £'000
Net cash inflow/(outflow) from operating activities	17(a)	(149)	(687)
Returns on investments and servicing of finance			
Interest received		16	-
Capital expenditure and financial investment			
Escrow account			-
Purchase of tangible fixed assets		(84)	(9)
		<u>(217)</u>	<u>(696)</u>
Increase (Decrease) in cash	17(b)	<u>(217)</u>	<u>(696)</u>

Mildmay Mission Hospital
Notes to the financial statements
For the year ended 31 March 2019 (continued)

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 2019 was £449k (2018: outgoing £20k), as shown in note 6 to the financial statements.

The Trustees have considered the basis of preparation of the financial statements and consider that 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 2019 (continued)

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 2019 (continued)

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 2019 (continued)

2 INCOMING RESOURCES

	Mildmay Internation al Ltd	Mildmay Mission Hospital	Total 2019	Total 2018
	£'000	£'000	£'000	£'000
Donations, grants and gifts	-	290	290	321
Legacies	-	39	39	118
NHS Contract Income	-	2,570	2,570	2,870
International contract income	234	-	234	123
Investment and interest income	-	16	16	-
Other income	-	27	27	14
	<u>234</u>	<u>2,942</u>	<u>3,176</u>	<u>3,446</u>
Split by geographical region:				
UK		2,942	2,942	3,289
Overseas	234		234	157
	<u>234</u>	<u>2,942</u>	<u>3,176</u>	<u>3,446</u>
Split by funds:				
Unrestricted		2,909	2,909	3,289
Restricted	234	33	267	157
	<u>234</u>	<u>2,942</u>	<u>3,176</u>	<u>3,446</u>

3 RESOURCES EXPENDED

	Staff Costs £'000	Direct Costs £'000	Allocated Costs £'000	Total 2019 £'000	Total 2018 £'000
Fundraising and publicity costs	153	104	55	312	277
UK residential healthcare	1,576	145	948	2,669	2,692
UK adult day-care services	113	110	102	325	289
International Alliance Support	-	42	9	51	36
The Mildmay Centre, Uganda	-	20	-	20	19
Training & Consultancy - Kenya	67	181	-	248	153
Support costs	474	640	(1,114)	-	-
	<u>2,383</u>	<u>1,242</u>	<u>-</u>	<u>3,625</u>	<u>3,466</u>

Mildmay Mission Hospital
Notes to the financial statements
For the year ended 31 March 2019 (continued)

3 RESOURCES EXPENDED (cont)

<u>Support Costs Comprise:</u>	Staff Costs £'000	Direct Costs £'000	Total 2019 £'000	Total 2018 £'000
Human Resources	75	60	135	84
Information Technology		36	36	34
Other Services	100	95	195	294
Building Services	220	332	552	522
Finance	79	26	105	102
Depreciation		91	91	106
	474	640	1,114	1,142
	474	640	1,114	1,142

The above costs include:	2019 £'000	2018 £'000
Auditors' remuneration:		
Audit of charity	11	11
Audit of overseas projects	3	3
Depreciation	99	118
Loss on Disposal	0	4
Exchange rate loss/(profit)	3	1

4 STAFF COSTS	2019 £'000	2018 £'000
Wages and salaries	1,673	1,575
Social security costs	154	139
Other pension costs	79	84
Agency fees and other staff related costs	477	545
	2,383	2,343
	2,383	2,343

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

	2019 Number	2018 Number
£60,000- £70,000	1	0
£90,001 - £100,000	1	1
	2	1

The pension contributions made by the employer on behalf of the 2 employee above was £17,491 (2018: £13,816).

Mildmay Mission Hospital
Notes to the financial statements
For the year ended 31 March 2019 (continued)

4 STAFF COSTS (cont)

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

	2019 Number	2018 Number
Patient care – Mildmay Hospital UK	49	49
Administration and support – Mildmay Hospital UK	6	6
Patient care and training – International	3	3
Administration and support – International	2	2
Fundraising and publicity	4	4
Governance and administration	1	1
	<u>65</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 (2018: Nil), and there was no related party transaction as outlined in Note 20.

Expenses totalling £1,884 was paid to 1 trustee for travel and subsistence costs (2018: £3,642 to 2 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 £20k (2017: £94k surplus). The results of the charity and its one subsidiary are summarised below.

	Mildmay Mission Hospital £'000	Mildmay Internatio nal Ltd £'000	Total 2019 £'000	Total 2018 £'000
Total income	2,942	234	3,176	3446
Total expenditure	(3,360)	(265)	(3,625)	(3,466)
	<u>(418)</u>	<u>(31)</u>	<u>(449)</u>	<u>(20)</u>
Mildmay Mission Hospital Funding	(31)	31	-	-
	<u>(449)</u>	<u>-</u>	<u>(449)</u>	<u>(20)</u>

The net assets in Mildmay International Ltd at 31 March 2019 was £150,100 (see note 18) (2018: £150,100).

Mildmay Mission Hospital
Notes to the financial statements
For the year ended 31 March 2019 (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

Group	Vehicle £'000	Building £'000	Fixtures and Fittings £'000	Equipment £'000	Total £'000
COST					
At 1 April 2018	52	4,756	35	98	4,941
Additions	6	72	-	5	84
Disposals					-
At 31 March 2019	58	4,828	35	103	5,025
DEPRECIATION					
At 1 April 2018	(39)	(339)	(15)	(87)	(480)
Charge for the year	(3)	(86)	(1)	(7)	(99)
Exchange rate variance	1			1	2
At 31 March 2019	(41)	(426)	(16)	(93)	(577)
NET BOOK VALUE					
At 31 March 2019	17	4,402	19	10	4,448
At 31 March 2018	13	4,416	21	11	4,461
Split of assets held by country					
Kenya	17	-	18		35
UK	-	4,402	1	10	4,413
Net book value	17	4,402	19	10	4,448

Mildmay Mission Hospital
Notes to the financial statements
For the year ended 31 March 2019 (continued)

9 INVESTMENTS

	Group 2019 £'000	MMH 2019 £'000	Group 2018 £'000	MMH 2018 £'000
Balance at 1 April 2018	-	150	-	150
Balance at 31 March 2019	<u>-</u>	<u>150</u>	<u>-</u>	<u>150</u>

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

	Group 2019 £'000	MMH 2019 £'000	Group 2018 £'000	MMH 2018 £'000
Other debtors	163	162	370	367
Prepayments and accrued income	50	50	34	34
	<u>213</u>	<u>212</u>	<u>404</u>	<u>401</u>

11 CASH

	Group 2019 £'000	MMH 2019 £'000	Group 2018 £'000	MMH 2018 £'000
Cash at bank and in hand	971	949	1,188	1,176
	<u>971</u>	<u>949</u>	<u>1,188</u>	<u>1,176</u>
Unrestricted cash and deposit balances	934	949	1,149	1,176
Restricted cash and deposit balances	37	-	39	-
	<u>971</u>	<u>949</u>	<u>1,188</u>	<u>1,176</u>

Mildmay Mission Hospital
Notes to the financial statements
For the year ended 31 March 2019 (continued)

12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2019	MMH 2019	Group 2018	MMH 2018
	£'000	£'000	£'000	£'000
Sundry creditors	112	111	176	175
Tax and social security creditors	38	37	38	37
Amounts owed to Mildmay International Limited	311	96		106
Accruals and deferred income		308	219	215
	<u>461</u>	<u>552</u>	<u>433</u>	<u>533</u>

13 RESTRICTED FUNDS

	Balance 1 April 2018	Incoming Resources	Expenditure	Transfer between Funds	Balance 31 March 2019
	£'000	£'000	£'000	£'000	£'000
Contractual, grant & training income	<u>71</u>	<u>267</u>	<u>(276)</u>	<u>-</u>	<u>62</u>

At 31 March 2019 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 2019 (continued)

14 ANALYSIS OF TOTAL FUNDS

	General Fund £'000	Designated Funds £'000	Restricted Funds £'000	Total Funds £'000
Fixed assets				
Tangible assets	10	4,402	36	4,448
Escrow account	284	244		528
Cash	934		37	971
Other current assets	212		1	213
Current liabilities	(363)	(86)	(12)	(461)
Total funds	<u>1,077</u>	<u>4,560</u>	<u>62</u>	<u>5,699</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 2019 there were no capital expenditure commitments, except for the building of the new Mildmay hospital (refer to note 21).

	Plant and machinery	
	2019 £'000	2018 £'000
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 2019 there were 40 members of the company (2018: 40)

Mildmay Mission Hospital
Notes to the financial statements
For the year ended 31 March 2019 (continued)

17 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of operating (deficit) to net cash inflow from operating activities of the group	2019	2018
	£'000	£'000
Net (outgoing) resources	(449)	(20)
Less interest received	(16)	-
Depreciation	97	118
Loss on disposal of tangible fixed assets	-	-
Decrease/(Increase) in debtors	191	(384)
(Decrease)/Increase in creditors	28	(401)
	<u> </u>	<u> </u>
Net incoming/(outgoing) cash from operating activities	(149)	(687)
	<u> </u>	<u> </u>
(b) Analysis of change in cash and cash equivalents during the year		
Balance at 1 April 2018	1,188	1,884
Net cash inflow as per the consolidated cash flow statement	(217)	(696)
	<u> </u>	<u> </u>
Balance at 31 March 2019	971	1,188
	<u> </u>	<u> </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:

	2019	2018
	£'000	£'000
Net assets	150	150
	<u> </u>	<u> </u>

In addition to the net assets disclosed above Mildmay Mission Hospital holds assets with a net book value of £nil (2018: £nil) that are utilised by Mildmay International Ltd.

Mildmay Mission Hospital
Notes to the financial statements
For the year ended 31 March 2019 (continued)

20 RELATED PARTY TRANSACTIONS

There were no related party transactions during the year (2018: £0).

21 SITE REDEVELOPMENT

Following the completion of the agreement made in March 2007 for the redevelopment of the Hackney Road site a sum of £528k is being held in an escrow account. Part of the sum held in the escrow account, £248k is a designated reserve to ensure funds are available.

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>	2019	2018
	£'000	£'000
Balance at 1 April	528	528
Property Redevelopment Charge	-	-
Interest received	-	-
Transfer into escrow account	-	-
	<hr/>	<hr/>
Balance at 31 March	528	528
	<hr/> <hr/>	<hr/> <hr/>

Mildmay Mission Hospital
Notes to the financial statements
For the year ended 31 March 2019 (continued)

22. CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 March 2018

	Unrestricted	Restricted	Total	Total
	2018	2018	Funds	Funds
	£'000	£'000	2018	2017
	£'000	£'000	£'000	£'000
INCOMING RESOURCES				
Donations, gifts and legacies	405	34	439	386
Activities in furtherance of the charity's objects:				
Contractual and grant income for providing healthcare in the UK	2,870	-	2,870	2,919
Contractual and grant income for providing healthcare and training internationally	-	123	123	164
Investment and interest income	-	-	-	2
Other income	14	-	14	19
Total incoming resources (Note 2)	<u>3,289</u>	<u>157</u>	<u>3,446</u>	<u>3,490</u>
RESOURCES EXPENDED				
Cost of generating funds:				
Fundraising and publicity costs	277	-	277	314
Charitable expenditure:				
UK residential healthcare	2,692	-	2,692	2,531
UK adult and children day-care services	289	-	289	319
Grant to Uganda – healthcare & training	-	19	19	16
International training and consultancy	20	169	189	216
Total expended resources (Note 3)	<u>3,278</u>	<u>188</u>	<u>3,466</u>	<u>3,396</u>
NET OPERATIONAL (OUTGOING)/INCOMING RESOURCES	11	(31)	(20)	94
Transfer between Funds	12	(12)	-	-
NET MOVEMENT IN FUNDS	23	(43)	(20)	94
Total funds brought forward at 1 April	6,054	114	6,168	6,074
Total funds carried forward at 31 March	<u><u>6,077</u></u>	<u><u>71</u></u>	<u><u>6,148</u></u>	<u><u>6,168</u></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.