

**Company No: 3450832**

**Charity No: 1065963**

**PAINTINGS IN HOSPITALS  
(a company limited by guarantee)  
Report and Financial Statements  
31 December 2016**

# PAINTINGS IN HOSPITALS (a company limited by guarantee)

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# **PAINTINGS IN HOSPITALS (a company limited by guarantee)**

## **Reference and administrative information**

**Royal Patron:** HRH the Prince of Wales

**Patrons:** Dame Stephanie Shirley, DBE, FEng, FRSA, FBCS;  
Lord Browne of Madingley, FRS, FEng;  
Dr Richard Cork;  
Rt Revd and Rt Hon Dr Richard Chartres KCVO;  
Mr Roger Phillimore

**Artist Patrons:** Sir Antony Gormley OBE;  
Bridget Riley CH, CBE;  
Maggi Hambling CBE;  
Ian Davenport

### **Trustees:**

Mr James Prichard – Chairman  
Mr Andrew Hochhauser QC – Vice Chairman  
Mr Stephen Crampton-Hayward – Treasurer  
Ms Elizabeth Derbyshire (retired 31 October 2016)  
Mr Justin May (retired 31 October 2016)  
Mr David Wherrett (retired 31 October 2016)  
Dr Catherine Walsh  
Ms Deborah Roslund  
Ms Lindy Mason  
Mr Christopher Annus  
Mr Krishna Omkar  
Mr John Porter (appointed 1<sup>st</sup> November 2016)  
Dr Victoria Tischler (appointed 1<sup>st</sup> November 2016)  
Dr Mary Black (appointed 1<sup>st</sup> November 2016)  
Mr David Cleaton-Roberts (appointed 1<sup>st</sup> November 2016)

### **Executive Management:**

Mr Ben Pearce – Director

### **Head Office**

Floor One,  
Menier Chocolate Factory  
51 Southwark Street  
London SE1 1RU

### **Statutory Auditor**

Lindeyer Francis Ferguson Limited  
North House  
198 High Street  
Tonbridge,  
Kent, TN9 1BE

### **Bank**

HSBC plc  
London Bridge Branch  
28 Borough High Street  
London SE1 1YB

### **Legal advisors**

Reed Smith LLP  
Broadgate Tower,  
20 Primrose Street,  
London EC2A 2RS

# **PAINTINGS IN HOSPITALS (a company limited by guarantee)**

## **Trustees' report (incorporating the report of the directors) for the year ended 31 December 2016**

The Trustees hereby present their annual report and the audited accounts for the year ending 31 December 2016. These financial statements have been prepared on the basis of the accounting policies set out in Note 1 of the financial statements and comply with the charity's trust deed, applicable law and the requirements of the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)).

### **Objectives and Activities**

In setting Paintings in Hospitals' objectives and planning its activities, the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit as required in section 17 of the Charities Act 2011 and, in particular, its supplementary public benefit guidance on fee charging.

Paintings in Hospitals fulfils its public benefit duty by using art and creative activity to improve the health, wellbeing and quality of life of people with illness, injury, autism and disability. The charity works across the health and social care spectrum and provides support to service users, their families and the people that care for them.

### **Paintings in Hospitals works to:**

- Transform care experiences: Using art to help make people's time in health and social care uplifting, reassuring, and inspiring, wherever possible.
- Support care services: Offering creative advice and art services that have the best interests of the health and social care systems at heart, aiming to: reduce recovery periods, reduce drug consumption, and increase staff morale and retention.
- Help the well stay well: Creating surroundings that support care staff, the friends and families of those in care, and everyone working in or around care services to stay healthy and well.
- Empower people: Enabling patients and service users to have a say in their care experience and a personal effect on their care environment by putting them at the centre of the charity's art activities and the creation of meaningful art displays.
- Remove social barriers: Aiming to ensure that people of all ages and backgrounds can access our art services and support for their wellbeing. The charity strives to reach those who are isolated or excluded.
- Pursue excellence in art: Pursuing the highest standards in the development of the Paintings in Hospitals art collection and projects, striving for the best art lending services and world-class art, both tailored to people's needs and pushing the boundaries of what is expected.
- Champion the power of arts in health: Continually evaluating the charity's work, contributing to the growing body of research, and advocating for all who believe in the ability of art to support physical and mental wellbeing.

## **PAINTINGS IN HOSPITALS (a company limited by guarantee)**

### **Trustees' report (incorporating the report of the directors) for the year ended 31 December 2016 (continued)**

The work of Paintings in Hospitals is recognised by the Department of Health, the Care Quality Commission (CQC), the NHS, and are the health partner of the Arts Council Collection. The charity's approach is based on a range of robust research and evidence demonstrating the positive effects of displaying and creating visual art in a health and social care context.

#### **Structure, Governance and Management**

Paintings in Hospitals was established by Trust Deed in 1959 and registered with the Charities Commission in May 1972. The organisation is a charitable company limited by guarantee and operates in accordance with its memorandum and articles of association. The strategy and policies of the charity are agreed by the Trustees and its operations are managed by the charity's Director and the Staff Team.

#### **Risk management and Fraud**

The Trustees have a Risk Management Register, and processes which comprises:

- An annual review of the risks that Paintings in Hospitals may face, undertaken by the Finance Committee on the behalf of the Board of Trustees;
- The establishment of systems and procedures to mitigate those risks identified in the plan;
- The implementation of procedures to minimise any potential impact on Paintings in Hospitals should those risks materialise.

This work has identified a small number of key risks but ongoing review has resulted in improvements through the implementation of management and mitigation procedures, and increased contingency planning. Both financial and non- financial risks (including fire, health and safety) have been included in the plan. The register was last reviewed by the Trustees in April 2016 and will be reviewed again in June 2017.

The three biggest risks identified were: Staff turnover, a reduction in income (from grants), and the risk of ICT hardware failure. Under the direction of the Finance Committee, the risk management plan for each of these risks was agreed as follows –

For Staff turnover, Paintings in Hospitals resolved to continue to invest in staff development and to ensure that staff benefits and remuneration are reviewed annually. All staff, whether full time or part-time get an annual PDP (Personal Development Plan) review, which includes training opportunities, designed to benefit both them and the charity.

For income from grants, the charity resolved to adopt a more diverse approach to fundraising, including targeting a broader range of trusts, foundations, statutory funders, individuals, and corporate sponsorships. In addition, the charity plans to further invest in digital giving, and planning future fundraising events for individual donors.

For ICT failure, the Director carried out an audit of needs, and the Finance Committee resolved to re-tender our ICT hardware and services, acknowledging both a larger team, who needed more ICT support, and the potential for remote-desktop and cloud-based working. As part of the tender, the charity has moved from desk-based to cloud based software packages. Manual backups became automated and all hardware and software was renewed by the end of Q2, 2016.

## **PAINTINGS IN HOSPITALS (a company limited by guarantee)**

### **Trustees' report (incorporating the report of the directors) for the year ended 31 December 2016 (continued)**

Paintings in Hospitals has robust procedures in place to prevent fraud. Trustees have appropriate controls to minimise this risk. Dual signatures are required for all payment including those made electronically by BACS and all transactions are cross-checked and reconciled by an external bookkeeper, monthly. An independent bookkeeper prepares the charity's monthly accounts. They report to both the Director and the Treasurer. The Finance sub-Committee additionally monitors this quarterly.

#### **Achievements and Performance**

Paintings in Hospitals holds one of the UK's oldest art collections dedicated to supporting health and wellbeing. The charity is best known for its loans programme and it is through this programme that over 70% of the collection is on public display. The collection was created to provide comfort and relief for those in health and social care sites, helping users to interact and better cope with their environments. In 2016, the charity subsidised 251 loans of art, which provided support to at least 2 million people (including patients, service users, carers and the public) across 178 hospitals, hospices, mental health centres, GP surgeries and other types of social care sites we work within.

In 2016 we began working with 22 new partners, including: Maggie's Centres (Cheltenham), Brynawel House, HM Prison Winchester, the British Association of Art Therapists and Central & Cecil Housing Trust. We delivered these loans using our 'co-curated' model where patients and staff were involved in the selection of artworks for their environments. This people-centred approach allowed them to feel co-owners of their environments, and be at the centre of decision-making process.

We also delivered an innovative project called Works Like People II with the world-renowned Wallace Collection. We worked with the Wallace Collection's public engagement team to commission four site-specific paintings for four London GP surgeries by the acclaimed contemporary artist Tom Ellis. Alongside the paintings, Paintings in Hospitals worked with the Wallace Collection on a number of engagement activities with patients and staff.

As part of London Creativity and Wellbeing Week in June 2016, Paintings in Hospitals organised a major networking event, 'Connect', in partnership with the London Arts in Health Forum (LAHF). Over 80 people attended and wider dialogue on arts and health was initiated, which continued on social media.

2016 saw the conclusion of the touring exhibition 'Alphabet' by Michael Craig-Martin. In partnership with Hayward Touring, the exhibition toured health and social care sites, including a GP surgery and Spinal Injuries Unit, and helped patients and staff engage with contemporary art.

Finally, we delivered 'Beside the Sea', a touring exhibition of six artworks based around the theme of the sea, on loan to us from the Ingram Collection of Modern British Art. We partnered with two care homes (Woodland Grove, Essex and Mulberry House Court in East Sussex). The exhibition was accompanied by a programme of activities for residents and staff – including a storytelling session, seaside themed film screening with a fish & chip supper, and a drawing workshop using found items from nearby beaches. This pilot project has grown our experience of partnership working and created a model of working for other care homes nationally.

# **PAINTINGS IN HOSPITALS (a company limited by guarantee)**

## **Trustees' report (incorporating the report of the directors) for the year ended 31 December 2016 (continued)**

### **Financial Results**

2016 was a challenging year in many respects. Despite the ongoing challenges affecting the economy, the NHS and our wider health and social care sector partners, we are very satisfied that the charity has remained financially sound and we are pleased to report an acceptable end to the year. Paintings in Hospitals ended the year with a deficit of £25,659, compared to a surplus in the previous year (2015: £50,066).

Income for the year was £395,065, a decrease on £512,515 in 2015. Following the financial successes of 2015, we took the decision to invest our surpluses to increase operational resources and capacity (principally in ICT upgrades, art collection storage, and more time for Regional Coordinators in certain regions). Despite a challenging year for grant and event fundraising, our income was boosted principally by continued high occupancy of our leased Menier Gallery, which generated £164,023; as well as recharged fees towards new loans of artworks and a number of smaller unrestricted grants and donations. We would like to give additional thanks to The Shirley Foundation who have continued to support us with generous unrestricted funding this year.

Total expenditure in the year was £427,083. This represents an 8% decrease on the previous year (£460,010), which was due to careful spending and ongoing expenditure reductions, to increase our resources for future investments and so as not to deplete reserves. We achieved our aim of both sustaining the charity's performance and financial results in 2016. The Director and Finance Committee continue to monitor the charity's income, expenditure and cashflow closely in order to fully advise the Board on income and expenditure projections into 2017.

### **Investment Policy**

The Trustees invested funds that are surplus to the immediate needs of the charity in investments that generate reasonable rates of return whilst minimising the risk of loss. Investment gains and losses are taken through the Statement of Financial Activities to unrestricted reserves. At 31 December 2016, our investments had a market value of £117,009, a pleasing increase compared to £110,650 in December 2015.

### **Reserves**

The aim of the Trustees is to establish a level of unrestricted reserves that will enable Paintings in Hospitals to operate from a financial perspective with certainty and flexibility. At 31 December 2016, unrestricted reserves were £114,844. The charity's cash position was £142,765. These funds were largely generated through the receipt of art loan rental income in advance; they are committed to paying the charity's outgoings over the rental period, typically three years. At 31 December 2016, restricted reserves were £4,500.

### **2017 – a new 3 Year Plan**

Following a year of development and consultation, in October 2016 the Trustees and Director signed off a new 3 Year Plan for the charity, leading Paintings in Hospitals up to its 60<sup>th</sup> birthday, at the start of 2019. The charity will continue its drive to expand its activities across the UK, ensuring that anyone using health and social care sites can experience the therapeutic benefits that art provides. Working in partnership with a greater range of health and social care providers, we will provide more engagement and outreach activities that involve local people, regionally.

## **PAINTINGS IN HOSPITALS (a company limited by guarantee)**

### **Trustees' report (incorporating the report of the directors) for the year ended 31 December 2016 (continued)**

In addition, we will further evaluate the health benefits associated with our work and the effectiveness of our loan programmes, and advocate for partner organisations with whom we hope to work.

#### **Trustees**

In 2016, the charity carried out a recruitment drive to bring in new Trustees. Following a high number of applications, the Board approved the recruitment of four new Trustees from the 31<sup>st</sup> October, at the Q3 Board meeting. Once appointed, the new Trustees will have attended orientation and/or induction activities, and been made aware of their obligations under charity and company law; the content of the memorandum and articles of association; the sub-committees and decision-making processes, the business plan/ 3 Year Plan, and our recent financial performance. Our new Trustees have also been able to attend external events appropriate to their expertise.

#### **Patrons**

Paintings in Hospitals are particularly grateful to the unwavering support and guidance of all our Patrons. We would particularly like to thank Ian Davenport for the production and donation of a new print edition in 2016 to benefit the charity.

#### **Our Thanks**

We were pleased to receive grants and donations from a number of benefactors and foundations during the year. It is through the continued support of these generous donors that we are able to benefit those most in need through our work.

We are grateful again to the entire staff team for their devotion and hard work throughout 2016. Our thanks must again go to the Arts Council Collection, the Ingram Collection and the Wallace Collection, with whom we have completed collaborative projects or who have donated or lent artworks to our loan collection. It is with their support that we are able to continue diversifying and offering loans of amazing art at subsidy. We are also grateful to the many health and social care facilities that benefit directly from our services, and through evaluation and feedback help us to refine and improve them. The staff team would additionally like to thank all of our volunteers and volunteer teams, who help us deliver multiple loans and projects, tours, selection activities and care for the collection across England and Wales. Without them, we would be unable fully to meet our objectives.

This report has been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.



## **PAINTINGS IN HOSPITALS (a company limited by guarantee)**

### **Trustees' report (incorporating the report of the directors) for the year ended 31 December 2016 (continued)**

#### **Statement of Trustees' responsibilities in respect of the Trustees' report and the financial statements**

The Trustees (who are also the Directors of Paintings in Hospitals for the purposes of company law) are responsible for preparing a Trustees' annual report and accounts in accordance with applicable law and regulations and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accountancy policies and then apply them consistently;
- observe the methods and principles in the Charities SORP FRS 102;
- make judgements and estimates that are both prudent and reasonable;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any one time the financial position of the charity and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Provision of information to Auditors**

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable company's auditors are unaware; and
- that Trustee has taken all the steps that ought to have been taken as a trustee in order to be aware of any information needed by the charitable company's auditors in connection with preparing their report and to establish that the charity's company's auditors are aware of that information.

#### **Auditor**

Following a re-tendering exercise undertaken by the Director and the Finance Committee, Lindeyer Francis Ferguson Limited (LFF) were appointed the new auditors of the charity and company in December 2016.

This was approved by the Trustees on 24 July 2017 and signed on their behalf by:



JAMES PRICHARD - Chairman

## **PAINTINGS IN HOSPITALS (a company limited by guarantee)**

### **Independent Auditors' statement to the members of Paintings in Hospitals**

We have audited the financial statements of Paintings in Hospital for the year ended 31 December 2016, which comprise the Statement of Financial Activities, the Balance Sheet, the statement of cash flows and the related notes. 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) including the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

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 its members, as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of Trustees and Auditor**

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 charity law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we will consider the implications in our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2016 and of its 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.

## PAINTINGS IN HOSPITALS (a company limited by guarantee)

### Independent Auditors' statement to the members of Paintings in Hospitals (continue)

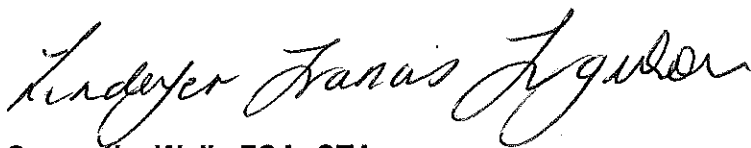
#### Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit, the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and the Trustees' report has been prepared in accordance with applicable legal requirements.

#### 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; or
- the Trustees were not entitled to prepare the accounts in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Trustees' report.



**Samantha Wells FCA, CTA**  
**Senior Statutory Auditor**  
for and on behalf of  
**Lindeyer Francis Ferguson Limited**  
**Chartered Accountants and Statutory Auditor**

Date: 20 SEPTEMBER 2017

North House, 198 High Street  
Tonbridge  
Kent  
TN9 1BE

## PAINTINGS IN HOSPITALS (a company limited by guarantee)

### Statement of Financial Activities (incorporating an income and expenditure account) for the year ended 31 December 2016

	Notes	Unrestricted £	Restricted £	2016 Total £	2015 Total £
<b>Income from:</b>					
Donations and legacies		75,124	45,750	120,874	147,012
Charitable activities	2	268,588	-	268,588	259,553
Other trading activities		1,068	-	1,068	102,146
Investment income		4,535	-	4,535	3,804
<b>Total income</b>		<b>349,315</b>	<b>45,750</b>	<b>395,065</b>	<b>512,515</b>
<b>Expenditure on:</b>					
Raising funds	3	56,994	-	56,994	83,573
Charitable activities	4	318,839	51,250	370,089	376,437
<b>Total expenditure</b>		<b>375,833</b>	<b>51,250</b>	<b>427,083</b>	<b>460,010</b>
<b>Net (expenditure) /income</b>		<b>(26,518)</b>	<b>(5,500)</b>	<b>(32,018)</b>	<b>52,505</b>
<b>Net gains / (losses) on investments</b>		<b>6,359</b>	<b>-</b>	<b>6,359</b>	<b>(2,439)</b>
<b>Net movement in funds</b>		<b>(20,159)</b>	<b>(5,500)</b>	<b>(25,659)</b>	<b>50,066</b>
<b>Total funds brought forward</b>		<b>135,003</b>	<b>10,000</b>	<b>145,003</b>	<b>94,937</b>
<b>Total funds carried forward</b>		<b>114,844</b>	<b>4,500</b>	<b>119,344</b>	<b>145,003</b>

The statement of financial activities includes all gains and losses recognised in the year. All incoming resources and resources expended derive from continuing activities. The notes on pages 14 – 18 form part of these financial statements

## PAINTINGS IN HOSPITALS (a company limited by guarantee)

### Statement of Financial Activities (incorporating an income and expenditure account) for the year ended 31 December 2015

	Notes	Unrestricted £	Restricted £	2015 Total £	2014 Total £
<b>Income from:</b>					
Donations and legacies		136,972	10,040	147,012	121,502
Charitable activities	2	259,553	-	259,553	250,145
Other trading activities		102,146	-	102,146	47,577
Investment income		3,804	-	3,804	3,645
<b>Total income</b>		<b>502,475</b>	<b>10,040</b>	<b>512,515</b>	<b>422,869</b>
<b>Expenditure on:</b>					
Raising funds	3	83,533	40	83,573	62,165
Charitable activities	4	376,437	-	376,437	343,091
<b>Total expenditure</b>		<b>459,970</b>	<b>40</b>	<b>460,010</b>	<b>405,256</b>
<b>Net income</b>		<b>42,505</b>	<b>10,000</b>	<b>52,505</b>	<b>17,613</b>
<b>Net gains / (losses) on investments</b>		<b>(2,439)</b>	<b>-</b>	<b>(2,439)</b>	<b>6,776</b>
<b>Net movement in funds</b>		<b>40,066</b>	<b>10,000</b>	<b>50,066</b>	<b>24,389</b>
<b>Total funds brought forward</b>		<b>94,937</b>	<b>-</b>	<b>94,937</b>	<b>70,548</b>
<b>Total funds carried forward</b>		<b>135,003</b>	<b>10,000</b>	<b>145,003</b>	<b>94,937</b>

The statement of financial activities includes all gains and losses recognised in the year. All incoming resources and resources expended derive from continuing activities.

# PAINTINGS IN HOSPITALS (a company limited by guarantee)

## Balance Sheet as at 31 December 2016

	Notes	2016 £	2015 £
<b>Fixed assets</b>			
Tangible	7	9,952	273
Investments	8	117,009	110,650
		<u>126,961</u>	<u>110,923</u>
<b>Current assets</b>			
Debtors	9	102,822	114,741
Cash at banks and in hand		142,765	206,311
		<u>245,587</u>	<u>321,052</u>
<b>Creditors</b>	10	<u>253,204</u>	<u>286,972</u>
<b>Net current (liabilities) / assets</b>		<u>(7,617)</u>	<u>34,080</u>
<b>Net assets</b>		<u>119,344</u>	<u>145,003</u>
<b>Funds</b>			
Unrestricted	11	114,844	135,003
Restricted	12	4,500	10,000
		<u>119,344</u>	<u>145,003</u>

These financial statements have been prepared in accordance with the special provision for small companies under part 15 of the Companies Act 2006.

Approved by the Board of Trustees on 24 July 2017 and signed on their behalf by:



James Prichard, Chairman



Stephen Crampton-Hayward, Treasurer

Company Number 3450832

The notes on pages 14 – 18 form part of these financial statements

# PAINTINGS IN HOSPITALS (a company limited by guarantee)

## Statement of cash flows for year ending 31 December 2016

	Note	2016 £	2015 £
Cash flows from operating activities:	<b>A</b>		
Net cash (used in) / provided by operating activities		<b>(53,593)</b>	36,749
Cash flows from investing activities			
Purchase of intangible assets		<b>(9,953)</b>	-
Net cash (used in) investing activities		<b>(9,953)</b>	-
<b>Change in cash during the year</b>		<b>(63,546)</b>	36,749
Cash at the beginning of the year		206,311	169,562
<b>Cash at the end of the year</b>		<b>142,765</b>	206,311

### A Reconciliation of net (expenditure) / income to net cash flow from operating activities

	2016 £	2015 £
Net movement in funds	<b>(25,659)</b>	50,066
Depreciation	274	452
(Gains)/losses on investments	<b>(6,359)</b>	2,439
Decrease/(increase) in debtors	<b>11,919</b>	(30,535)
(Decrease)/increase in creditors	<b>(33,768)</b>	14,327
<b>Net cash (used in) / provided by operating activities</b>	<b>(53,593)</b>	36,749

# PAINTINGS IN HOSPITALS (a company limited by guarantee)

## Notes to the financial statements For the year ended 31 December 2016

### 1 Accounting policies

#### (a) Basis of accounting

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

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

Having assessed the company's financial position and plans for the foreseeable future, there are no material uncertainties about the charity's ability to continue, the Trustees are satisfied that it remains appropriate to prepare the financial statements on a going concern basis.

The accounts are presented in pounds sterling and rounded to the nearest pound.

#### (b) Income

Grants are taken to the Statement of Financial Activities as received and, to the extent that they are restricted, they are carried within restricted funds. The rental of paintings is apportioned over the period of the rental agreements. Similarly, gallery income is apportioned by reference to the periods of the respective lettings. Income received in advance is accounted for as deferred income. Other income is treated as income in the period in which it is received.

Donated paintings are included in incoming and outgoing resources at an estimate of their value. No paintings were donated during the year.

#### (c) Expenditure

Expenditure is recognised on an accruals basis as incurred and is shown inclusive of irrecoverable VAT. Expenditure has been classified under headings that aggregate all costs related to the category.

#### (d) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is charged so as to write off the cost less their residual values over their expected useful lives at the following annual rates:

Furniture and fittings - 25%  
Computer expenditure - 33.3%

#### (e) Fund accounting

The unrestricted funds can be spent on any activity within the charity's overall objectives. Restricted funds are those subject to specific conditions imposed by the donors.

#### (f) Income and expenditure account

A separate income and expenditure account has not been prepared as the figures comprising net income/(expenditure) for the year shown in the Statement of Financial Activities on page 10 gives the information required under the Companies Act 2006, together with other recognised gains and losses.



# PAINTINGS IN HOSPITALS (a company limited by guarantee)

## Notes to the financial statements

For the year ended 31 December 2016 (continued)

### (g) Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

### (h) Operating leases

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

### (i) Pension contributions

The charity makes defined contributions into employee private pension schemes. Contributions are charged to the statement of financial activities as they become payable.

### (j) Status

Paintings in Hospitals is a charitable company limited by guarantee incorporated in England and Wales. The address of the registered office is Floor 1, Menier Chocolate Factory, 51 Southwark Street, London SE1 1RU.

<b>2</b>	<b>Income from charitable activities</b>	<b>2016</b>	<b>2015</b>
		£	£
	Picture rentals	104,338	112,003
	Picture sales	227	591
	Gallery income	164,023	146,959
		<u>268,588</u>	<u>259,553</u>
<b>3</b>	<b>Expenditure on raising funds</b>	<b>2016</b>	<b>2015</b>
		£	£
	Donations and grants	16,073	17,376
	Costs of projects	26,549	22,000
	Costs of events	14,372	44,197
		<u>56,994</u>	<u>83,573</u>
<b>4</b>	<b>Expenditure on charitable activities</b>	<b>2016</b>	<b>2015</b>
		£	£
	Collection and workshop costs	240,868	250,298
	Gallery expenses	82,872	79,962
	Governance costs	46,350	46,177
		<u>370,089</u>	<u>376,437</u>
<b>5</b>	<b>Net income / (expenditure) for the year</b>	<b>2016</b>	<b>2015</b>
		£	£
	This is stated after charging / (crediting):		
	Auditors' remuneration	3,080	3,000
	Auditors' remuneration for accountancy services	250	-
	Operating lease rentals	63,653	63,184
	Depreciation	274	452

# PAINTINGS IN HOSPITALS (a company limited by guarantee)

## Notes to the financial statements

For the year ended 31 December 2016 (continued)

### 6 Trustees' and staff costs

The average number of employees during the year was 7 (2015: 7).

Staff costs comprise the following:

	2016	2015
	£	£
Salaries	179,423	188,296
Pension costs	2,303	1,617
Social security costs	10,809	11,640
	<u>192,535</u>	<u>201,553</u>

No employees received employee benefits of more than £60,000 (2015: none).

No remuneration, other benefits or reimbursed expenses were paid to the Trustees for the year ended 31 December 2016 (2015: none).

### 7 Tangible fixed assets

	Furniture £	Equipment £	Total £
<b>Cost at 1 January 2016</b>	21,643	21,439	43,082
Additions	1,925	8,028	9,953
At 31 December 2016	<u>23,568</u>	<u>29,467</u>	<u>53,035</u>
<b>Depreciation as at 1 January 2016</b>	21,479	21,330	42,809
Charge for the year	163	111	274
At 31 December 2016	<u>21,642</u>	<u>21,441</u>	<u>43,083</u>
<b>Net book value</b>			
At 31 December 2016	<u>1,926</u>	<u>8,026</u>	<u>9,952</u>
At 31 December 2015	<u>164</u>	<u>109</u>	<u>273</u>

### 8 Investments

	2016	2015
	£	£
<b>Market value at 1 January 2016</b>	110,650	113,089
Net unrealised gains/(losses) arising during the year	6,359	(2,439)
Market value at 31 December 2016	<u>117,009</u>	<u>110,650</u>

	<u>Cost</u>		<u>Market value</u>	
	2016	2015	2016	2015
	£	£	£	£
COIF fixed interest shares	40,721	40,721	42,756	40,448
COIF income shares	10,482	10,482	27,342	24,815
Charinco fixed interest shares	25,000	25,000	28,241	27,156
CAF fixed interest shares	18,223	18,223	18,670	18,231
	<u>94,426</u>	<u>94,426</u>	<u>117,009</u>	<u>110,650</u>

# PAINTINGS IN HOSPITALS (a company limited by guarantee)

## Notes to the financial statements

For the year ended 31 December 2016 (continued)

<b>9 Debtors</b>		<b>2016</b>	<b>2015</b>	
		£	£	
Picture rentals and sales		83,374	88,252	
Prepayments and accrued income		8,046	5,534	
Sundry debtors		1,500	-	
VAT and tax		9,902	20,955	
		<b>102,822</b>	<b>114,741</b>	
<b>10 Creditors</b>		<b>2016</b>	<b>2015</b>	
		£	£	
Rentals of paintings in advance		102,789	117,240	
Other income in advance		116,666	142,082	
Expenses and other creditors		26,741	23,778	
Tax and social security		7,008	3,872	
		<b>253,204</b>	<b>286,972</b>	
Rentals in advance cover periods of up to three years.				
		<b>2016</b>	<b>2015</b>	
		£	£	
Deferred income brought forward		259,322	250,486	
Released during the period		(259,322)	(250,486)	
Arising in the current year		219,455	259,322	
<b>11 Movement in funds</b>		<b>2016</b>	<b>2015</b>	
	<b>Unrestricted</b>	<b>Restricted</b>	<b>Total</b>	
	£	£	£	
Funds brought forward	135,003	10,000	145,003	
(Deficit)/ surplus for the year	(20,159)	(5,500)	(25,659)	
Funds carried forward	114,844	4,500	119,344	
			145,003	
<b>12 Restricted funds</b>	<b>At 1/1/2016</b>	<b>Income</b>	<b>Expenditure</b>	<b>At 31/12/16</b>
	£	£	£	£
Nelsons	10,000	-	10,000	-
Creative Access	-	3,750	3,750	-
Friends of Cooper Gallery	-	3,000	3,000	-
Colwinston Charitable Trust	-	11,000	11,000	-
Charities Aid	-	10,000	10,000	-
John Browne Charitable Trust	-	15,000	10,500	4,500
The Wallace Collection	-	3,000	3,000	-
	<b>10,000</b>	<b>45,750</b>	<b>51,250</b>	<b>4,500</b>

The restricted funds comprise grants and donations received for activities and projects as specified above. The resources expended on those activities and projects are charged against the relevant income. Any balance at the year-end is carried forward to meet costs on those activities and projects in the following year. Restricted funds carried forward consist of £4,500 from the John Browne Charitable Trust to purchase 5 new pieces of artwork for the collection.

# PAINTINGS IN HOSPITALS (a company limited by guarantee)

## Notes to the financial statements

For the year ended 31 December 2016 (continued)

### 13 Analysis of net assets between funds

	Unrestricted Funds £	Restricted Funds £	2016 £	2015 £
Fixed assets	126,961	-	126,961	110,923
Net current (liabilities)/assets	(12,117)	4,500	(7,617)	34,080
	<b>114,844</b>	<b>4,500</b>	<b>119,344</b>	<b>145,003</b>

### 14 Paintings

The charity's loan collection is not reflected in these accounts as, in the opinion of the Trustees, it is neither practical nor beneficial to reflect the true value of the collection. At 31 December 2016 the total collection, which includes lent, purchased and donated artworks, comprised 4,012 works of art, which have been insured on a first loss basis for 3.8 million pounds. Movements on the number of artworks and insured values over the past 5 years are as follows:

	2016	2015	2014	2013	2012
<b>Number of artworks</b>	4,012	4,098	4,179	4,169	4,123
<b>Insured value</b>	£3.8m	£3.7m	£2.4m	£1m	£1m

### 15 Commitments under operating leases

At 31 December 2016 the charity had annual commitments under non-cancellable operating leases as set out below

	2016 £	2015 £
<b>Land and Buildings</b>		
Within 1 year	60,000	60,000
Between 2 and 5 years	115,000	175,000
<b>Other</b>		
Within 1 year	3,653	3,653
Between 2 and 5 years	13,204	14,611
Due more than 5 years	-	2,245

### 16 Related party transactions

There were no related party transactions during the period which require disclosure in accordance with the FRS 102 and the Charities SORP 2015 (FRS 102).

The charity's key management personnel are the trustees, the Director, and the Deputy (Head of Collections & Programming). Total employee benefits, including employer's pension contributions and employer's National Insurance, in respect of key management personnel were £85,107 (2015: £87,866). No employee benefits are payable to the trustees.