



St Bartholomew's and The Royal London Charitable Foundation

Trustees' Annual Report
2005/06



Welcome

Who we are

St Bartholomew's and The Royal London Charitable Foundation is the independent registered charity for the three world-renowned hospitals of Barts and The London NHS Trust – Barts in The City (Britain's oldest hospital – founded 1123), The Royal London in Whitechapel (founded 1740) and The London Chest in Bethnal Green (founded 1848).

As well as the hospitals themselves, we work closely with their medical, dental and nursing schools – Barts and The London, Queen Mary's School of Medicine and Dentistry and St Bartholomew School of Nursing and Midwifery at City University.

We also assist Tower Hamlets Primary Care Trust (including Mile End Hospital), Newham Primary Care Trust, City and Hackney Primary Care Trust and East London and The City Mental Health Trust (including St Clement's Hospital) with the management of their charitable funds.



Why we are here

The main purpose of the Charitable Foundation is to award grants to help the beneficiaries achieve excellence in health care. We aim to support a world-class infrastructure and outstanding clinicians with state-of-the-art equipment, to improve lives of patients, staff and local communities, and to push back the medical frontiers through innovative research projects.

The funding of health care always struggles to keep pace with the need. Over the centuries, hospital patients and other generous donors have helped to bridge the gap. Their donations are the legacy we inherit today – just under £200 million of net assets generating an annual income of £10 million-£12 million, which makes us the second largest NHS-related charity in the country.

As Trustees, we are responsible for investing these assets to gain the highest possible return – commensurate with a prudent level of risk – in order to provide maximum support to our related beneficiaries. Although funds can be invested for long periods, we still rely on the generosity of donors via contributions or legacies.

You can help us

You can support the work of our Charitable Foundation in a number of ways (see page 14).

◀ The new square at The Royal London between the historic front block and the new buildings (pictured) will provide a civic space for patients, staff and visitors, as well as local communities. The square was one of a number of improvements to The Royal London design as a result of widespread consultation.

Chairman's foreword



As I make my way round the locations and buildings that comprise the hospitals of Barts, The Royal London and The London Chest, I find it hard not to be overawed by the history that enfolds them. Their stories are intimately linked with the history of London: the roller-coaster of the political and commercial life of the capital has a direct impact on the hospitals. What is more, like London, in spite of such turbulence, the hospitals have survived. Barts and The London NHS Trust states that together, the hospitals have provided medical care for more than 1,250 years. They are supremely resilient.

I have found it important to keep this thought at the front of my mind over the last year, particularly as we watched the toing and froing in the debates over the future of the hospitals. However, on 23 December 2005 my faith in the survival instincts of the hospitals took something of a nosedive. That day saw the announcement that after years of negotiation and millions of pounds of costs, the Department of Health had requested that Barts and The London NHS Trust reconsider its new hospitals on the grounds of need and cost.

To say that we at the Charitable Foundation were dismayed would be an understatement. Our planning for some time had been based on the promised rebuilding of the hospitals and the expectation that at last the underinvestment of the previous decades would be remedied. The prospect of rejection of the PFI proposals at this stage was grim.

But my faith in the hospitals was not misplaced. Their ability to rise to the challenge of the 'slings and arrows of outrageous fortune', as they have done countless times before, was inspiring. Between January and March 2006, we witnessed a response from the staff, the local community, local and national government, not to mention the media, that generated a tidal wave of support, and which I am sure played a crucial role in persuading the Department of Health of the validity of the scheme.

A handwritten signature in purple ink that reads "Clare Maurice". The signature is fluid and cursive, written in a matching purple color to the page's design.

Clare Maurice
Chairman

The negotiations between Barts and The London NHS Trust and the Department of Health were very tricky – balancing the need to reduce the annual costs against the desire to ensure that there would be no cut in the planned services for the people of The City and East London. Near the eleventh hour, we were approached by the Trust and asked whether we would be prepared to assist their negotiations. In particular, we were asked whether we would commit to fund state-of-the-art, large items of medical equipment to be deployed in the new hospitals. Our funding of such equipment would help reduce the unitary charge and thus make the proposals more affordable. Whilst the equipment may not be required immediately, the Trust was looking for a grant of £25 million.

As the Trustees wrestled with this request we reflected that we were probably on the threshold of a new era for the hospitals. There have been countless critical moments in the past centuries in the lives of the hospitals, but this was likely to be seen as one for the 21st century. We concluded that our support at this time was the essence of our purpose – to enable the hospitals to provide world-class services to the people of The City and East London and for Barts to continue to be a specialist centre of excellence. We did not want to over-exaggerate our influence, but there was certainly a sense that if ever there was a moment to stand up to be counted, it was then.

A decision to commit to a grant of £25 million against that background was not hard. On 8 March 2006, the Secretary of State for Health announced approval of the new hospitals, and on 27 April, financial close was reached with the Skanska Innisfree Equion consortium. The rebuilding began immediately.

The exceptional financial position of the Charitable Foundation with total gross income generating assets of £239 million at 31 March 2006 has made it possible to support the grant of £25 million while still being able to support an active annual grant programme. The

property and financial investments have produced a total return of some 24% for property investments and 21% for financial investments, taking advantage of the exceptional market conditions in the financial year ended 31 March 2006. It is anticipated through the management of the property and financial investments over the next few years, the funds should be realised for this special grant, while not significantly affecting the long-term ability of the Charitable Foundation to continue its grant-making programme.

I believe that not only are we beginning a new chapter in the histories of the hospitals, but we are opening a new volume. The promise of the plans now has to be realised, which will bring further challenges; however, we at the Charitable Foundation look forward with great excitement. I for one am confident of the future of these great hospitals and proud of the role the Charitable Foundation has played in bringing them thus far. I thank my co-Trustees, Advisers and all the staff for their support during this past year – it has been a truly momentous one.

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Supporting world-class infrastructure

State-of-the-art equipment for Europe's biggest hospital redevelopment – £25 million

This year has seen the start of the largest hospital redevelopment in Europe, as building work for the £1 billion project got underway at Barts in The City and The Royal London in Whitechapel. The redevelopment will transform Barts and The Royal London Hospitals: Barts as a cancer and cardiac centre of excellence, while clinical services at The Royal London – including London's leading trauma centre, one of the UK's largest children's hospitals and one of Europe's largest renal units – will be brought together in a landmark new building.

In support of the new hospital development, we have awarded a grant of £25 million towards state-of-the-art equipment to help enable these two historic hospitals to deliver world-class medical facilities for the people of East London and beyond, as well as assisting Barts to maintain its pre-eminent position in cancer and cardiac services.

Pathology and Pharmacy building – £22.8 million

The £58 million Pathology and Pharmacy building at The Royal London is one of a number of new developments opening in advance of the main new hospitals scheme.

The five-storey facility, to which the Charitable Foundation contributed £22.8 million over the last three years, is home to pathology, which processes over seven million tests every year, and pharmacy, which dispenses in the region of 10 million drug doses annually. With the largest automated testing laboratory in the NHS, and a robotic drug dispenser, both services are among the most advanced in the country.

The building was officially opened in June by the Health Minister Lord Warner, who said: "Barts and The London is an excellent example of how consolidating pathology services has improved efficiency within the Trust, and means that it has the capacity to provide services for patients across a much wider area in north east London and further afield."



- ◀ The new £58 million Pathology and Pharmacy building includes a robotic drug dispenser – among the most advanced in the country.
- ◀◀ Artist's impression of the health mall at The Royal London.
- ◀◀◀ Artist's impression of the spectacular atrium at Barts.

Improving the lives of patients

This year has seen a major focus on support for facilities that will improve the patient experience during treatments. Here are two examples:

Clinical Decision Unit – £650,000

The new Clinical Decision Unit (CDU) at The Royal London Hospital provides care for patients who need to stay in hospital for up to 12 hours. The new 12-bay unit provides a safe and clinically appropriate setting, where investigations can be performed to rule out potentially serious conditions, and patients can be observed for a period of time prior to discharge.

The busy A&E is an inappropriate place for patients in this group, and they were often admitted into hospital unnecessarily. Patients are now admitted to the Clinical Decision Unit under the care of the A&E consultants. The unit has reduced unnecessary admissions considerably – in its first four months, it received 1,521 patients of which only 12% were admitted for longer-term care.

State-of-the-art filtered air facility – £3.1 million

The Charitable Foundation is funding a £3.1 million 14-bed High Efficiency Particulate Air (HEPA) filtration facility for patients of Barts and The London's adult bone marrow transplantation unit, one of the largest in the UK.

The unit provides potentially life-saving procedures to patients with leukaemia, lymphoma and myeloma, and has also pioneered so-called 'mini-transplants' – a new, safer form of bone marrow transplantation.


The HEPA facility uses filtered air and positive pressure to prevent external air from coming into areas treating patients with low resistance to airborne infections, who include those undergoing bone marrow transplants, and is now a pre-requisite to managing patients with blood cancers in a safe environment.



“Improving patient care through awards such as these is the essence of what the Charitable Foundation is here to do.”

Sir John Chalstrey, Trustee

The Charitable Foundation provides core support for Vital Arts, Barts and The London's pioneering arts project. Work this year included a programme of music on the wards. Charlotte Church's official harpist, Rhodri Davies (pictured), and sitar player Jonathan Mayer are among musicians who have brought their music to the wards.

A close-up photograph of a man with a shaved head, wearing a dark blue shirt, playing a harp. He is looking down at his hands as they move across the strings. The harp has a wooden frame and many strings, some of which are red. The background is blurred, showing what appears to be a stage or a rehearsal space.

“ Elderly people have broken spontaneously into song, and one patient said she felt so relaxed she would be able to sleep for the first time in a fortnight. ”

Catrin Jones
Music programme manager, Vital Arts

Improving the lives of staff and our communities

Recognising the need to support and promote health care in our communities, the Charitable Foundation provides funding for a number of projects outside the hospitals. Here are two examples:

Barts City Life Saver – £37,500

Barts City Life Saver (BCLS) is an independent charity established in 1986 and based at Barts Hospital. Through life-saving education, training and research, the charity trains individuals and groups in resuscitation techniques. The funding provided by the Charitable Foundation has enabled them to re-organise their recruitment and training approach to ensure that the skills learned are appropriate, effective and long lasting. Trainee instructors with cardiac expertise are recruited from the medical and nursing schools, and the programme is being trialled in firms based within the City of London, and in the City of London Police.

The Haven – £60,000

The Haven, in Whitechapel, is an independent specialised sexual assault referral unit supported by Barts and The London NHS Trust and the local police force. It offers a confidential service and brings together, under one roof, a dedicated team of specially trained NHS doctors, nurses and other healthcare professionals offering counselling services to help and support victims through the trauma of a sexual assault.

The grant provided by the Charitable Foundation has enabled the Haven to recruit a development worker, who will liaise with Asian women in East London to ensure that they are aware of the facility and the services it provides. This will be done via advocacy and community-based outreach, which will work to empower Asian women to challenge the stigma associated with rape/sexual assault within their communities.

Staff Benefits – £338,600 total awards

The Charitable Foundation continues to support staff through a range of staff awards, training and education opportunities, social events and working exchanges with hospitals abroad.

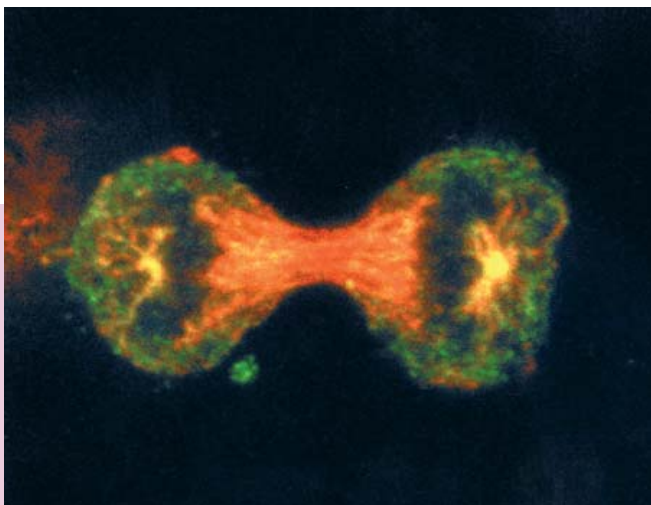
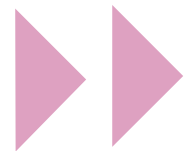


Barts City Life Saver

providing services to the City

Pushing back the medical frontiers

The Charitable Foundation has a long-term commitment to funding high quality leading edge research and to this end, we support researchers in the hospitals, medical, dental and nursing schools. This year has seen support for both 'blue skies' research projects – where the impact will be realised at some point in the future – and projects that translate research into patient care within a shorter time frame.



◀ A cancer cell dividing.

Imaging tumour response following gene therapy – £99,000

A specialised form of imaging routinely used in the management of cancer and heart disease will now be used to test the effectiveness of experimental therapies such as gene therapy in cancer treatments. The results of this research should allow improvements in the use of gene therapy in cancer patients in the future.

Developing strategies for the management of disruptive patient behaviours – £99,000

Disruptive patient behaviours jeopardise the safety of staff and patients and affect the quality of care being provided. Beginning with the renal unit, this study will try to identify what contributes to disruptive patient behaviours and how they can be overcome.

Impact of cancer on patients' immune systems – £45,000

Patients with cancer have abnormal immune systems, which often lead to complications during treatment. Genetic defects have been found in one type of leukaemia and this study will look at how these defects arise, their consequences and if similar defects occur in other cancers. The aim is to understand how these can be repaired to boost the patients' own immune system so that they are better able to fight their cancer.

Identification of novel pathways of Staphylococcus aureus adhesion to human cells – £86,000

In Britain, many hospital-acquired infections are caused by bacteria called Staphylococcus aureus, which have become resistant to antibiotics. These so-called methicillin resistant Staphylococcus aureus (MRSA) bacterial infections are difficult to treat and can be fatal, so finding new drug targets is vital. This study will look at identifying proteins called adhesions, which allow the bacteria to bind to cell surfaces – the first step of an infection – with a view to targeting them to prevent binding and infection by MRSA.

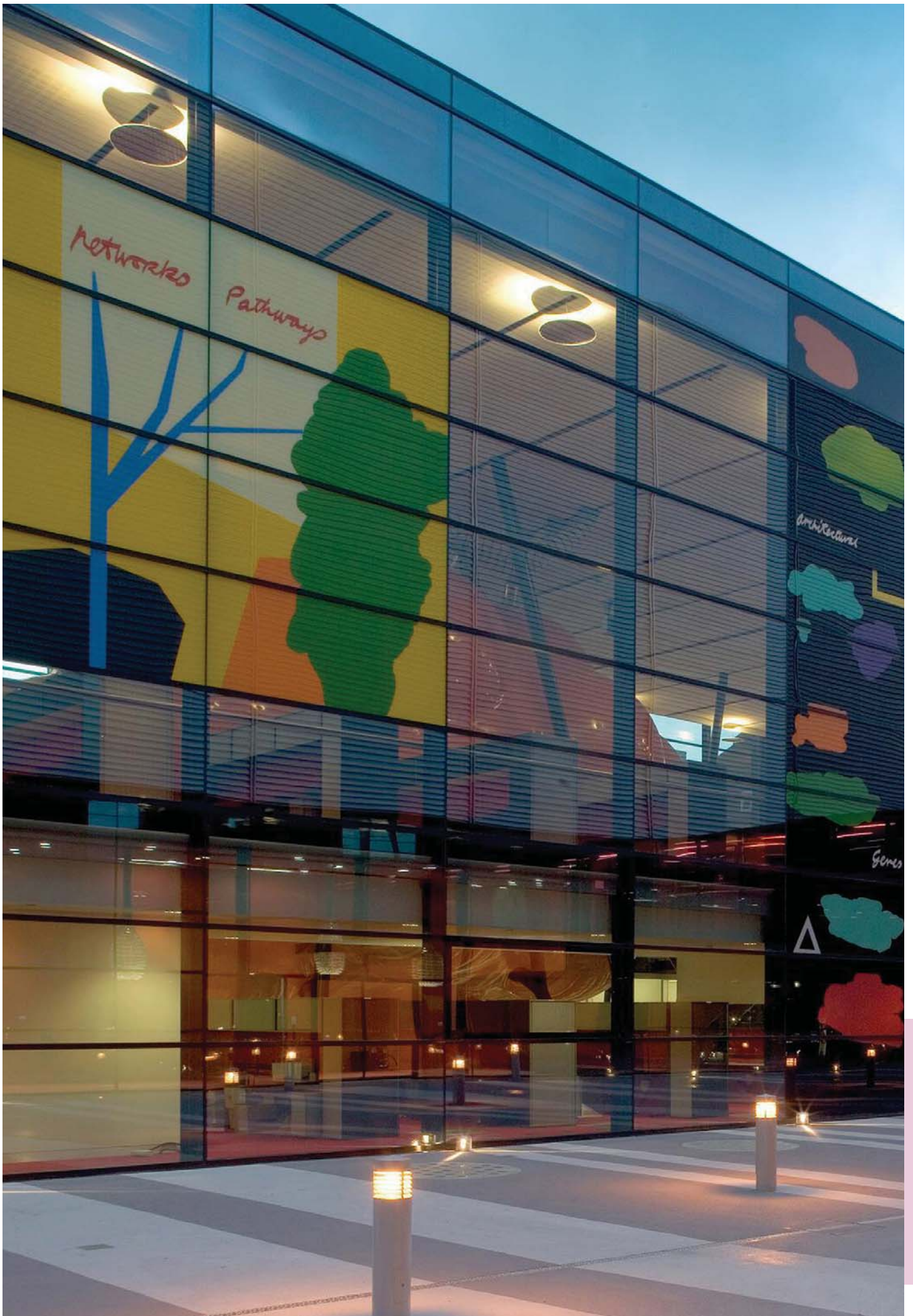
Support for research

The recruitment and retention of new researchers is critical to the upward trajectory of high quality research and research staff. To enable this, the Charitable Foundation, through the Research Advisory Board, has ensured that dedicated support is provided for PhD students, recently qualified research scientists or clinicians as well as newly appointed researchers.

Total spend on new researchers – £528,000

Total spend on PhDs – £661,000

Total spend on fellowships – £479,000



Large-scale research

In addition to project and training grants, the Charitable Foundation supports large-scale research programmes within the hospitals and medical school. Here are two examples:

Genetic models of human disease – £900,000

Professor Michael Curtis, Director of the Institute of Cell and Molecular Sciences, has received an award for a five-year research programme aimed at identifying genes in simple organisms such as yeast, flies and worms. DNA sequencing has already demonstrated that many genes found in humans are also found in these simple organisms. Professor Curtis and his team will set out to identify genes that may be implicated in human disease and then look for ways to treat these.



Heart stem cells clinical trial – £600,000

The Charitable Foundation has made a contribution to help kick start the UK's first large-scale clinical trial designed to find out if a patient's own stem cells can be used to treat heart disease. The ground-breaking research, which is also being supported by the Heart Cells Foundation, will involve 700 patients over the next four years. Doctors are testing three different stem cell therapy techniques as part of the trial. Some patients will have stem cells extracted from bone marrow in their hip and injected into their major coronary arteries or directly into their heart in a minimally invasive operation. Others will receive injections of growth factor drugs to try to cause stem cells to spill out of their bone marrow and into their blood without the need for the operation.

“ This is a potentially revolutionary treatment for heart disease ”

Dr Anthony Mathur,
Consultant Cardiologist at
Barts and The London Heart Centre

- ◀ Research base – the-state-of-the-art new complex of Barts and The London, Queen Mary's School of Medicine and Dentistry, adjacent to The Royal London in Whitechapel.
- ◀ Barts and The London is conducting the UK's first large-scale clinical trial into stem cell therapy as a treatment for heart disease.

How you can help us

There are a wide range of opportunities to help us support the hospitals and medical research.

Last year, many patients, families, friends, local people, trusts and corporations helped us raise money and make a big difference to the care provided by our beneficiaries.

Our fundraising team is pleased to advise donors about how they can support aspects of our work that are of particular interest to them, and can co-ordinate any events with other fundraising activities.

Our current appeals provide a range of options.

Barts and The London Centres of Excellence

We are fundraising for £25 million-worth of state-of-the-art medical equipment for the new hospitals at Barts and The Royal London, which will transform health care for the people of The City, Canary Wharf and East London.

Barts and The London Children's Hospital

This charitable appeal will help provide the latest medical equipment for the children's high dependency unit and A&E department at The Royal London Hospital, building on the successful Neonatal Intensive Care appeal.

Cancer and cardiac care and research

Generous charitable support has already enabled us to create the award-winning Barts and The London Breast Care Centre in the refurbished West Wing at Barts Hospital, and we are now building on this success to provide prompt access to the best modern diagnostic and treatment techniques, in a calming and friendly environment throughout the hospitals.

Heart Cells Appeal

This appeal, run in partnership with the Heart Cells Foundation, is funding ground-breaking research, which takes stem cells from a patient's own bone marrow and injects them directly in to the heart to determine whether the procedure is effective and should be made available to patients in the UK.

Fundraising at The London Chest Hospital, which is at the forefront of cardiac care with its recently opened 24-hour heart attack centre, supports the Heart Cells Appeal as well as important medical equipment for wards.

Ways to support us

Whether you are an individual, a company or a trust, there is a range of ways in which you can support us. These include making a donation, pledging a legacy, providing an in memoriam gift, organising a fundraising event or undertaking sponsorship. If you are a UK taxpayer, we can reclaim the tax, making your donation worth even more, at no extra cost to you. There are also several opportunities for company giving or fundraising at work, which include 'adopting' a ward or department, making product or service surcharges, undertaking staff challenges, cause-related marketing and payroll giving.

For further information about how you can get involved and support our beneficiaries, please contact our Fundraising Department on 020 7601 7288 or e-mail appeals@bartsandthelondon.nhs.uk.

For further information on how we make our grants, please call **020 7601 7187**.
For further information about how you can support us, please call **020 7601 7288**,
e-mail appeals@bartsandthelondon.nhs.uk
or visit www.bartsandthelondon.nhs.uk/fundraising

Barts and The London offers some of the very best children's care in the country, and in five years' time, dedicated new children's facilities will open as part of the redeveloped Royal London. The fundraising team is now appealing for charitable funds to help provide the latest medical equipment for the children's high dependency unit and A&E department. This appeal builds on their previous, successful appeal which by 2006 had raised almost £300,000. ▶



The Trustees

The Trustees have been appointed by the Secretary of State for Health under Section 11(1) and (2) of the National Health Service and Community Care Act 1990 and have dual responsibility to the Charity Commission and the Secretary of State.

**Mrs. Clare Maurice, Chairman
(Chairman of the Grants Committee; In attendance at the
Audit Committee)**

Partner, Allen & Overy, Solicitors; Director of The Sage Group and First Combined Trust; Trustee of Ingram Trust, Drayson Foundation, Bellhouse Foundation and Jean Shanks Foundation.

**Mr. John Ashworth
(Member of the Grants Committee and the Audit
Committee)**

Chairman of Barts and The London NHS Trust; Deputy Chairman of Institute of Cancer Research.

**Mr. Victor Benjamin
(Chairman of the Investment Committee and the
Investment Sub Committee – Property; Member of the
Audit Committee from October 2005)**

Solicitor and businessman; Former Deputy Chairman of Tesco; Trustee of National Maritime Museum.

**Ms J. Ann Burdus, CBE, BA
(Member of the Investment Committee; Chairman of the
Investment Sub Committee – Financial from September
2005; Member of Audit Committee)**

Former Non Executive Director of Next PLC and of Prudential PLC.

**Sir John Chalstrey, JP, MA, MD, DSc, FRCS
(Member of the Investment Committee, the Investment
Sub Committee – Property and the Grants Committee)**

Emeritus Surgeon, Barts and The London NHS Trust; Consultant Surgeon and Senior Lecturer in Surgery at St. Bartholomew's Hospital from 1969 to 1996; Surgeon-in-Chief and Chairman of the Medical Board, St. John Ambulance 1993-1999; Hospitaller, Order of St. John (Priory of England) 1999-2002; City of London Alderman 1984-2001, Councilman 1981, Sheriff 1993-94, Lord Mayor 1995/96; Executive Chairman of Barts and The London Fundraising Planning Committee; Hon. Colonel, 256 (City of London) Field Hospital (Volunteers) 1996-2000.

**Professor James S. Malpas, DPhil, FRCP, FRCR, FRCPC
(Member of the Investment Committee, the Investment
Sub Committee – Financial, the Grants Committee and the
Research Advisory Board)**

Qualified in medicine at St. Bartholomew's Hospital (1955); Director of Imperial Cancer Research Fund Medical Oncology Unit at the Hospital (1976) and Professor of Medical Oncology (1979); Dean of the Medical School (1969-72) and subsequently Vice President (1987-95); Director of Clinical Research, Imperial Cancer Research Fund (1985-90); Chairman of Joint Council of Clinical Oncology, Royal College of Physicians (1992); Senior Physician at St. Bartholomew's (1993); President of Association of Cancer Physicians (1994-99); Emeritus Professor of Medical Oncology (since 1995); Master of the London Charterhouse (1996-2001).

**Mr. Richard G. Scriven, CBE, C.St.J, JP, FRSA, MIEEx, CC
(Resigned August 2005)
(Chairman of the Investment Sub Committee – Financial)**

Banker; Past Chairman of the Finance Committee of the Corporation of London; Elected Member of The Court of Common Council; Past Chief Commoner; Fellow of the Royal Society for the Encouragement of Arts, Manufactures & Commerce; Member of the Institute of Export.

Advisers to the Board, who are appointed for their expertise in various fields, are:

Miss Loretta Balfour

(Member of the Investment Committee, the Investment Sub Committee – Property and the Grants Committee)

Business Consultant; Senior Vice President/Regional Director Europe, Estée Lauder International, Inc. 1988-98.

Mr. Martin Landau

(Member of the Investment Committee, the Investment Sub Committee – Property and the Grants Committee)

Chartered Accountant, formerly Merchant Banker; Director of UK publicly quoted companies; Member of Supervisory Board and Executive Director of various private companies in several European countries; Main Sponsor/Governor of Landau Forte College, Derby; Governor of Ben Gurion University, Israel; Trustee of the Technology Colleges Trust; Former Trustee of Geffrye Museum, London.

Mr. Alexander Ninian, BSc, MBA.

(Resigned September 2006)

(Member of the Investment Committee and the Investment Sub Committee – Financial)

Chair of the Advisory Board for the Community Service Volunteers; Director of a number of companies.

Professor Norman S. Williams

(Resigned September 2006)

(Member of the Grants Committee)

Professor of Surgery, Barts and The London, Queen Mary's School of Medicine and Dentistry, University of London; Trustee of The Royal College of Surgeons of England; President of Ileostomy and Internal Pouch Support Group; Chairman and Trustee of Bowel and Cancer Research; Chairman of The Whitechapel Society for the Advancement of Knowledge of Gastroenterology.

Mr. Nicholas Woolf

(Chairman of the Audit Committee; Member of the Investment Committee and the Investment Sub Committee – Financial)

Chartered Accountant, Chartered Tax Adviser; Former Partner, Arthur Andersen; Trustee and Treasurer of The Princess Alice Hospice, Esher, Surrey; Former Trustee of the Heart Cells Foundation.

The Senior Management

Chief Executive

Ms Connie Jackson, BA, MBA, FRSA
(employment ended 12 June 2006)

Director of Finance

Mrs. Donna Foxwell, BA, CPA

Director of Grants

Dr. Veronica McCabe
(employment commenced 3 April 2006)

Estate Manager

Mr. Geoff Peters

Governing documents and powers

The Charitable Foundation is governed by a Scheme of the Charity Commission dated 31 May 2005, which deals with the various charities which comprise the Foundation. These charities are 1) St Bartholomew's and The Royal London General Charitable Fund; 2) the Section 11 Trustees' General Charity; and 3) the Special Purpose Charities. The St Bartholomew's and The Royal London Common Investment Fund is also governed by the Scheme.

The Trustees of each of the above charities are those persons appointed as Trustees for Barts and The London National Health Services Trust or such other Trustee or Trustees as may be appointed by virtue of any other legislation in force.

The purposes for which the assets contained within the St Bartholomew's and The Royal London General Charitable fund are held and relate to hospital services (including research), or to any other part of the health service associated with any hospital as the Trustees think fit.

The purposes for which the assets contained within the Section 11 Trustees' General Charity are held for the general or any specific purposes of the NHS Trust or for all or any purposes relating to the health service. The funds held by the Charitable Foundation include funds in respect of Barts and The London NHS Trust, Tower Hamlets, City and Hackney, and Newham primary care trusts and East London and The City Mental Health NHS Trust.

The purposes of the Special Purpose Charities (of which there are currently 17) are set out in their respective governing documents. However, they are largely connected with the provision of health services and medical research.

St Bartholomew's and The Royal London Common Investment Fund enables assets of the charities comprised within the Charitable Foundation to be pooled for investment purposes.

Trustees' responsibilities

As charity trustees, the Trustees have a number of duties under common law and statute. They are also responsible to the Secretary of State for Health. The Trustees have a responsibility to provide the maximum level of support within their means to the hospitals and services with which they are associated. The Trustees have established as a priority the need to encourage new initiatives and enhance quality. They have a responsibility to assist with the improvements to facilities for patients, improve the working conditions and amenities for staff and support clinical research for the longer-term benefit of patients.

The Trustees fully realise that funds available are relatively modest when compared with the overall funding of healthcare needs and wherever possible, grants are made available which enable funds from elsewhere to be accessed. To achieve success, the Trustees rely on the generosity of people who wish to support the work of the hospitals by donations. Many of these funds have been invested over a period that enables a continuous level of support.

Recruitment and appointment of Trustees

Each Trustee is appointed by the Secretary of State for Health (whose powers of appointment are delegated to the NHS Appointments Commission under Section 11(1) of the NHS and Community Care Act 1990). NHS bodies within the area of the North East London Strategic Health Authority (which became part of NHS London from 1 July 2006) nominate two Trustees and the remaining Trustees are recruited by way of a public advertisement. All potential Trustees must be interviewed and recommended by a panel consisting of two existing Trustees of the Foundation and one external assessor. Candidates must show a knowledge of, and an interest in, the Charitable Foundation and the community it serves and be willing to give the time necessary to carry out the role. Trustees are selected to give the Foundation a range of appropriate professional skills, e.g. finance, investment and fundraising. All Trustees are appointed for a fixed term of not more than four years (renewable to a maximum of ten years in total).

There are also individuals, with expertise in various fields who are appointed as advisers for two-year terms to assist the Trustees and are known as Advisers to the Board.

Trustee induction and training

New Trustees are provided with an induction pack consisting of the Governing documents, the previous three years' Annual Reports and Accounts, policies and procedures of the Charity and are given a tour of the hospitals. Appropriate training courses are offered in charity law and administration, and the roles and responsibilities of Trustees. The Foundation's auditors and solicitors provide much useful material, and the Association of NHS Charities (to which the Foundation belongs) runs regular conferences and symposia for Trustees. The Advisers have the same facilities.

Organisation structure

During the financial year under review, the Charitable Foundation had six Trustees and five Advisers who make up the Board and who together meet at least six times in a year. Day-to-day management is delegated to the Chief Executive and his/her management team, who are responsible for carrying out the decisions of Trustees and for working with the Professional Advisers and with the representatives of Barts and The London NHS Trust, Queen Mary's School of Medicine and Dentistry and the St Bartholomew School of Nursing and Midwifery at City University.

The Trustees have established the following committees to provide detailed scrutiny of aspects of the Charitable Foundation and to make appropriate recommendations to the Board for their areas of responsibility.

- Grants Committee
- Research Advisory Board – key task is for the provision of research awards to clinical and non-clinical researchers
- Audit Committee
- Investment Committee – separate sub committees for each of the two main categories of investments, financial and property, to monitor the performance of investments and investment advisers

The Audit Committee meets at least three times a year to ensure the financial probity of the Charitable Foundation. This is mainly achieved through the appointment of internal and external auditors; the agreement of the auditors' terms of reference and annual work programmes; the evaluation of the auditors' recommendations; and the monitoring of the implementation and outcome of the auditors' recommendations. This work provides the basis for the annual review of the effectiveness of the systems of internal controls by the Board of Trustees.

The internal control work KPMG completed in addition to the agreed 2005/6 plan related directly to the work they had to perform to reach their statutory audit conclusion. The risk management work KPMG completed did not involve them taking a decision on behalf of the Charitable Foundation in a management capacity: they supported the process of collation of identified risk rather than the identification or mitigation of risk. They also provided assistance in connection with taxation and forensic services.

Wider networks

The Charitable Foundation is one of over 400 NHS-linked charities in England, the largest of which are eligible to join the Association of NHS Charities. As a member charity, the Charitable Foundation has the opportunity to discuss matters of common concern and exchange information and experiences and to participate in conferences and seminars which offer support and education for its staff and Trustees.

Related parties

The Charitable Foundation works closely with, and provides the majority of its grants to, Barts and The London NHS Trust and also Queen Mary's School of Medicine and Dentistry and St Bartholomew School of Nursing and Midwifery at City University.

Although the Trustees are careful to consult with representatives of these organisations through their committee meetings and other, less formal contacts, they retain their independence to act in the best interest of the Foundation and the communities it serves.

The Charitable Funds

The charitable funds totalled £198,404,000 net as at 31 March 2006. The funds are divided into the following categories:

Unrestricted (General Purpose) Funds £11,737,000 (5.91% of the total)

These are general funds that may be used at the discretion of the Trustees for any purpose throughout the hospitals of Barts and The London NHS Trust. Such purposes include the encouragement of innovation and new initiatives, improvements of quality care for patients and of staff facilities, medical research and other clinical purposes, which are not normally provided from central government funds.

Restricted Funds £22,797,000 (11.49% of the total)

These funds were donated for specific purposes (eg, cancer research, or a named ward or department). Trustees may only use these funds for the specified purpose. There are over 500 of these funds, which are administered on a day-to-day basis by fund holders in the relevant departments. The Trustees expect these funds, which are often small, to be used actively so as to make the maximum impact on patient care and staff welfare.

Charitable funds held on behalf of certain primary care trusts and the East London and The City Mental Health Trust are specific to the purposes of each of these authorities and total £1,659,000. (This figure is included in the total of £22,797,000.)

Endowment Funds Capital in Perpetuity £11,303,000 (5.7% of the total)

The capital element of these funds must be held in perpetuity, as determined by the donor. Only the income may be applied for charitable purposes.

Expendable Endowment £152,567,000 (76.9% of the total)

These funds are the current value of all donations received by the hospitals of Barts and The London NHS Trust prior to 5 July 1948 (the date on which the NHS was established). Trustees are free to apply the income, and if they so desire, the capital, for such NHS related purposes as they deem appropriate.

Legacies and Donations

Legacies

The Trustees wish to acknowledge with gratitude all legacies received in addition to those detailed below (£5,000 and over):

| Benefactor | £ |
|--------------------------------|-----------------------|
| E I Abbott | 10,000 |
| A W Adams | 6,804 |
| S E Birch | 11,262 |
| R F Bradley | 40,000 |
| E Buckley | 5,000 |
| H J Deacon (Will Trust) | 38,092 |
| C Emmins | 5,000 |
| G Flavell (Will Trust) | 150,000 |
| B M Griffiths | 19,782 |
| R E Hodges | 18,304 |
| W Mapleston (Will Trust) | 28,673 |
| C M Sage | 22,316 |
| J Wakeley | 18,384 |
| | <u>373,618</u> |
| Legacies under £5,000 | 14,123 |
| Total legacies received | <u>387,741</u> |

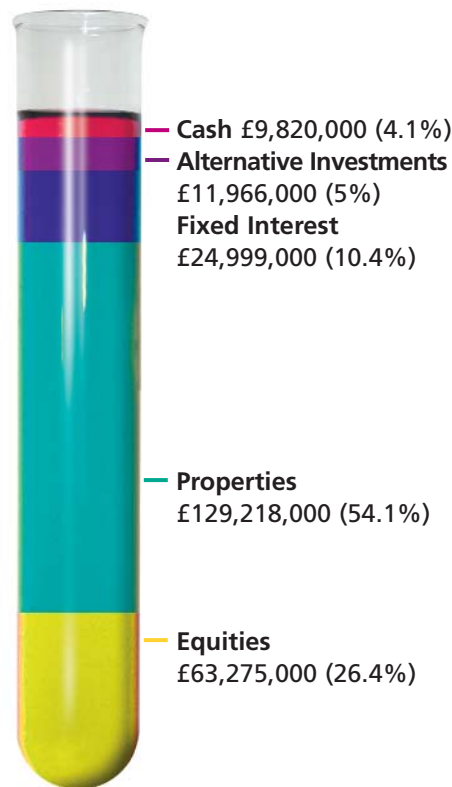
Donations

The donation income received by the Charitable Foundation is comprised of the following:

| | £ | £ |
|---|---------------|-------------------------|
| Donations over £100,000: | | |
| United Way | | 187,293 |
| Donations of between £50,000 - £100,000: | | |
| Dorset Foundation | 83,333 | |
| Roche Products Ltd | 75,000 | |
| Queen Mary, University of London | <u>50,000</u> | |
| | | 208,333 |
| Donations of between £5,000 and £50,000 from organisations: | | 474,304 |
| Donations of between £5,000 and £50,000 from individuals: | | 109,709 |
| Donations of under £5,000: | | <u>976,114</u> |
| | | <u>1,955,753</u> |

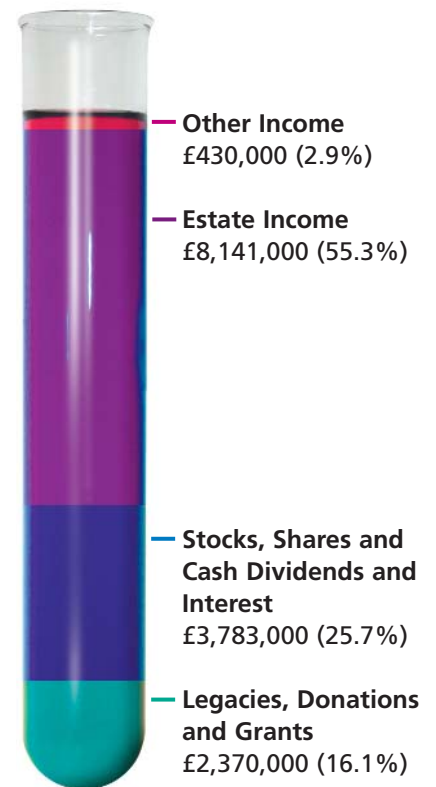


Allocation of Funds
Total Net Assets £198,404,000



All Income Generating Funds
Total Market Value £239,278,000

Gross generating funds totalled £239,278,000 as at 31 March 2006. The total includes only assets that generate investment income and excludes other assets, such as works of art and historic assets. The gross funds are divided into the categories noted above.



Current Sources of Income
Total Income £14,724,000

The main sources of income are: legacies and donations; dividends and interest from investments; and income from estates. This is shown above.

Financial review for the period ended 31 March 2006

The financial year which ended 31 March 2006 was an exceptional year for the Charitable Foundation. The total expenditure on charitable activities in the year amounted to £51.1 million compared to £15.1 million and £36.5 million in the financial years ended 31 March 2005 and 2004, respectively.

The £51.1 million included the special grant of £25 million made to Barts and The London NHS Trust for state-of-the-art medical equipment in support of the redevelopment of the two hospitals, the recurring annual grant programme of £16.3 million for 2005/6 and the £9.8 million grant programme approved in March 2006 for distribution in 2006/7.

The 2003/4 financial year was another recent exceptional year when the Trustees granted £22.8 million to Barts and The London NHS Trust for the new Pathology and Pharmacy building at The Royal London Hospital.

Total gross income generating assets of £239 million at 31 March 2006 (excluding non-income generating assets, such as works of art and historic assets) is represented by £129 million investment in property (54%) and £110 million investment in financial instruments and cash (46%).

At 31 March 2006, the total holdings in property are reported as tangible assets of £83 million and investment properties of £46 million. The total holdings in property generate annual gross yield of £8 million or 6% to support the annual grant programme and an exceptional annual market appreciation of some £20 million or 19% for the year ended 31 March 2006.

The review of the management of the Charitable Foundation's financial investments and its investment strategy was completed in 2005/6. This finalised decisions taken over the allocation of assets to specialist investment managers who were formally appointed in October 2005. The transition from two separate balanced portfolios to eight specialist investment managers was completed in November/December 2005 with the support of the Charitable Foundation's new global custodian, Northern Trust. This accounted for the unusually large value, and volume, of sales and purchases of investments at that time.

The aim of this new strategy is to provide higher returns through more diversification without an appreciable increase in risk. The total net return, after investment management costs, derived from this new arrangement for the period from inception (Nov/Dec 2005) to 31 March 2006 was 10% which was some 2.2% above the policy benchmark. This proactive and diversified strategy contrasts with the more conservative and traditional approach of the previous managers, and thus the higher costs associated with the new strategy are not comparable. It is anticipated that the total net return will continue to meet the expectation of exceeding the policy benchmark. As part of the increased diversification of the total investment portfolio, 37.4% of the Charitable Foundation's total investments are now held overseas.

The overall financial position of the Charitable Foundation remains strong after recognising the 2005/6 exceptional grant of £25 million and making final payments of the 2003/4 grant for the Pathology and Pharmacy building. The unusual and significant market appreciation of financial and property assets of some £46.1 million contributed to an increase in the overall value of the Charitable Foundation's net assets by some £8 million, to a total of £198 million. Gross assets totalling £251 million are composed of £110 million cash and financial investments, £129 million property, £10 million historical assets and £2 million other assets, while the liabilities represent £49 million grant commitments and £4 million relating to other creditors.

Reserves and risk

Reserves policy

The reserves policy established by the Trustees of the Charitable Foundation is to assess its reserves on the following basis:

- The value of reserves should be maintained at a level adequate to produce, together with donations and legacies, the resources needed to fund the annual charitable activities of the Charitable Foundation.
- The grants made fall within defined criteria and continue to be subject to annual review by the Grants and Investment Committees.
- The reserves policy is reviewed periodically.

From time to time, exceptional grants beyond the normal annual level are made and this may cause an unusual reduction in the level of reserves, and hence of future grants. After making such grants, the Charitable Foundation aims to rebuild the levels of its reserves, and thus its grant-making capacity.

Investments

The Trustees' powers of investment and their obligations are derived from the Trustee Act 2000. These powers are wide, allowing the Trustees to make any kind of investment that they consider to be appropriate, including an investment in land. However, in exercising these powers of investment, the Trustees have to act in accordance with their statutory duty of care and to have regard to the standards of investment criteria.

The overall financial and investment objectives are to provide funding in support of the Charitable Foundation's general aims and objectives. The investment portfolio is intended to be permanent and accordingly is managed in such a way as to exist in perpetuity. Hence the investment policy provides for an asset allocation to reflect the proper balance of the Foundation's need for liquidity, preservation of purchasing power and risk tolerance. Investment guidelines are in place which prevent any of the Foundation's investment managers from direct investment in tobacco related securities and from engaging in "soft commission" arrangements. During the financial year, the Foundation, acting on the advice of Cambridge Associates, completed a transition from a portfolio managed in two separate balanced mandates to a diversified asset allocation model using specialist investment managers.

Investment performance is monitored by the Investment Sub Committees for Finance and Property which receive regular reports from the investment managers. During the year, the portfolio benefited from favourable financial markets and the total return, including dividends and interest, was 20.9% for the financial portfolio and 24.5% for the property portfolio. In order to monitor the diversified portfolio, the Charitable Foundation also adopted a blended benchmark comprising all the asset classes in its portfolio. For the year ending 31 March 2006, the benchmark returned 19.6% including property and 18.2% excluding property.

The management of risk

The Trustees' policy on the management of risk has been prepared and is based upon a review of the major risks to which the Charitable Foundation is exposed. A formal risk register has been drafted and will be updated and finalised in the financial year 2007. Where appropriate, systems or procedures have been established to mitigate the risks and these are periodically reviewed to ensure that they continue to meet the needs of the charity. The major risks identified were the future levels of income, a fall in investment returns and unforeseen changes in the operation of the NHS. The Trustees believe these risks are mitigated by active management and review of investments and regular liaison with our NHS partners.

Plans for the future

The aim of the Charitable Foundation is to develop the focus of the grants programme to ensure it will continue to provide maximum support for Barts and The London NHS Trust, Queen Mary's School of Medicine and Dentistry and St Bartholomew School of Nursing and Midwifery at City University. The special grant of £25 million for state-of-the-art equipment for the development of Barts and The London NHS Trust will fall due over several years. It is anticipated through the management of the financial and property investments over the next few years, the funds should be realised for this grant while not significantly affecting the long-term ability of the Charitable Foundation to continue its grant-making programme. Nevertheless, the performance of the investment and property markets over that period will be significant in this respect.

The fundraising team of Barts and The London NHS Trust will be transferring to the Charitable Foundation and will become a significant activity in the financial year ending 31 March 2007. The fundraising strategy will be developed jointly with our main beneficiaries and support our grant programme.

Statement of Trustees' responsibilities

The Trustees are responsible for:

- Keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the funds held on trust and to enable them to ensure that the accounts comply with requirements in the Charities Act 1993
- Establishing and monitoring a system of internal control
- Establishing arrangements for the prevention and detection of fraud and corruption

The Trustees are required under the Charities Act 1993 to prepare accounts for each financial year so as to give a true and fair view of the financial position of the funds held on trust, in accordance with the Charities Act 1993. In preparing those accounts, the Trustees are required to:

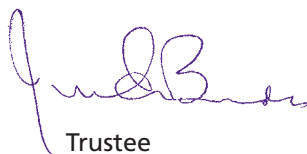
- Apply on a consistent basis accounting policies laid down by the Charity Commission
- Make judgements and estimates which are reasonable and prudent
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.

The Trustees confirm that they have met the responsibilities set out above and complied with the requirements for preparing the accounts. The financial statements set out on pages 26 to 39 have been compiled from and are in accordance with the Charitable Foundation's financial records.

By Order of the Trustees



Chairman
26 June 2006



Trustee

Independent Auditors' Report to the Trustees of the St Bartholomew's and The Royal London Charitable Foundation funds held on trust

We have audited the financial statements on pages 26 to 39 which have been prepared in accordance with the Statement of Recommended Practice 2005: Accounting and Reporting by Charities.

This report is made solely to the Trustees of St Bartholomew's and The Royal London Charitable Foundation, as a body, in accordance with section 2 of the Audit Commission Act 1998 and the Charities Act 1993. Our audit work has been undertaken so that we might state to the Trustees of St Bartholomew's and The Royal London Charitable Foundation 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 Trustees of St Bartholomew's and The Royal London Charitable Foundation, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Trustees and Auditors

As described on page 24, the Trustees are responsible for the preparation of financial statements in accordance with the Statement of Recommended Practice 2005: Accounting and Reporting by Charities and directions issued by the Secretary of State. Our responsibilities, as independent auditors, are established by statute, the Code of Audit Practice issued by the Audit Commission and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view of the financial position and result of operation of the charitable funds.

In accordance with regulations made under section 44 of the Charities Act 1993, the charity has been granted a dispensation under section 9(2)(a) of the Charities (Accounts and Reports) Regulations 1995, permitting the audit to be carried out by the auditor appointed by the Audit Commission.

Basis of audit opinion

We conducted our audit in accordance with the Charities Act 1993, the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission, which requires compliance with relevant auditing standards issued by the Auditing Practices Board.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the fund's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion, the financial statements give a true and fair view of the funds held on trust at 31 March 2006 and of the incoming resources and application of resources for the year then ended and have been properly prepared in accordance with the Statement of Recommended Practice 2005: Accounting and Reporting by Charities.

KPMG LLP

26 June 2006

KPMG LLP
Chartered Accountants
London

Statement of Financial Activities for the year ended 31 March 2006

| | Note | Unrestricted Funds £000 | Restricted Funds £000 | Endowment Funds £000 | 2006 Total Funds £000 | 2005 Total Funds £000 |
|--|------|-------------------------------|-----------------------------|----------------------------|--------------------------------|--------------------------------|
| Incoming resources | | | | | | |
| Incoming resources from generated funds: | | | | | | |
| Voluntary Income: | | | | | | |
| Donations | | 48 | 1,908 | 0 | 1,956 | 3,068 |
| Legacies | | 143 | 245 | 0 | 388 | 1,792 |
| Grants and other voluntary income | | 116 | 340 | 0 | 456 | 1,196 |
| Total Voluntary Income | | 307 | 2,493 | 0 | 2,800 | 6,056 |
| Investment income | 7.3 | 5,018 | 1,001 | 0 | 6,019 | 6,391 |
| Total income from generated funds | | 5,325 | 3,494 | 0 | 8,819 | 12,447 |
| Incoming resources from charitable activities: | | | | | | |
| Functional property rents | | 5,905 | 0 | 0 | 5,905 | 5,621 |
| Total income from charitable activities | | 5,905 | 0 | 0 | 5,905 | 5,621 |
| Total incoming resources | | 11,230 | 3,494 | 0 | 14,724 | 18,068 |
| Resources expended | | | | | | |
| Costs of generating funds: | | | | | | |
| Costs of generating voluntary income | | 0 | 36 | 0 | 36 | 48 |
| Investment management costs | | 324 | 0 | 0 | 324 | 85 |
| Investment property management costs | | 366 | 0 | 0 | 366 | 375 |
| Total Cost of generating funds | | 690 | 36 | 0 | 726 | 508 |
| Charitable activities | 2 | 47,622 | 3,527 | 0 | 51,149 | 15,164 |
| Governance costs | | 851 | 0 | 0 | 851 | 619 |
| Total resources expended | | 49,163 | 3,563 | 0 | 52,726 | 16,291 |
| Net incoming/(outgoing) resources before Transfers | | (37,933) | (69) | 0 | (38,002) | 1,777 |
| Gross transfer between funds | 10.6 | 25,000 | (152) | (24,848) | 0 | 0 |
| Net incoming/(outgoing) resources | | (12,933) | (221) | (24,848) | (38,002) | 1,777 |
| Gains/(losses) on revaluation of own fixed assets | | 0 | 0 | 21,536 | 21,536 | 4,832 |
| Gains/(losses) on revaluation and disposal of investment assets | | 10,288 | 3,049 | 11,279 | 24,616 | 18,603 |
| Net movement in funds | | (2,645) | 2,828 | 7,967 | 8,150 | 25,212 |
| Fund balances brought forward at 31 March 2005 | | 14,382 | 19,969 | 155,903 | 190,254 | 165,042 |
| Fund balances carried forward at 31 March 2006 | | 11,737 | 22,797 | 163,870 | 198,404 | 190,254 |

During the year, no operations have been either discontinued or acquired by the charity.
The notes at pages 29 to 39 form part of these accounts.

Balance Sheet

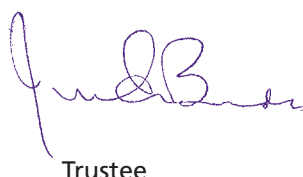
as at 31 March 2006

| | Note | Unrestricted Funds £000 | Restricted Funds £000 | Endowment Funds £000 | 2006 Total Funds £000 | 2005 Total Funds £000 |
|---|------|-------------------------------|-----------------------------|----------------------------|--------------------------------|--------------------------------|
| Fixed Assets and Long-Term Debtors | | | | | | |
| Tangible and intangible assets | 6 | 0 | 0 | 83,390 | 83,390 | 64,462 |
| Heritage assets | | 0 | 0 | 10,232 | 10,232 | 8,066 |
| Investments | 7 | 62,440 | 14,237 | 70,248 | 146,925 | 137,530 |
| Long-term debtors | | 340 | 0 | 0 | 340 | 365 |
| Total Fixed Assets | | <u>62,780</u> | <u>14,237</u> | <u>163,870</u> | <u>240,887</u> | <u>210,423</u> |
| Current Assets | | | | | | |
| Debtors | 8 | 900 | 7 | 0 | 907 | 1,205 |
| Short-term investments and deposits | | 0 | 8,971 | 0 | 8,971 | 7,257 |
| Cash at bank and in hand | | 158 | 0 | 0 | 158 | (913) |
| Total Current Assets | | <u>1,058</u> | <u>8,978</u> | <u>0</u> | <u>10,036</u> | <u>7,549</u> |
| Creditors: amounts falling due within one year | 9.1 | 19,569 | 398 | 0 | 19,967 | 24,209 |
| Net Current Assets/(Liabilities) | | <u>(18,511)</u> | <u>8,580</u> | <u>0</u> | <u>(9,931)</u> | <u>(16,660)</u> |
| Total Assets less Current Liabilities | | 44,269 | 22,817 | 163,870 | 230,956 | 193,763 |
| Creditors: amounts falling due after more than one year | 9.2 | 32,532 | 20 | 0 | 32,552 | 3,138 |
| Provisions for liabilities and charges | | 0 | 0 | 0 | 0 | 371 |
| Total Net Assets | | <u>11,737</u> | <u>22,797</u> | <u>163,870</u> | <u>198,404</u> | <u>190,254</u> |
| Funds of the Charity | | | | | | |
| Capital Funds: | | | | | | |
| Endowment funds | 10.1 | - | - | 163,870 | 163,870 | 155,903 |
| Income Funds: | | | | | | |
| Restricted | 10.3 | - | 22,797 | - | 22,797 | 19,969 |
| Unrestricted | 10.5 | 11,737 | - | - | 11,737 | 14,382 |
| Total Funds | | <u>11,737</u> | <u>22,797</u> | <u>163,870</u> | <u>198,404</u> | <u>190,254</u> |

The notes at pages 29 to 39 form part of these accounts.



Chairman
26 June 2006



Trustee

Cash Flow Statement

for the year ended 31 March 2006

| | Notes | 2006 £000 | 2005 £000 |
|---|--------------|----------------------|----------------------|
| Cash inflow/(outflow) from operating activities | 11 | <u>(18,896)</u> | <u>(29,127)</u> |
| Returns on investments and servicing of finance | | | |
| Dividends received | | 6,019 | 7,191 |
| Net cash inflow/(outflow) from returns on investments and servicing of finance | | <u>6,019</u> | <u>7,191</u> |
| Capital expenditure and financial investment | | | |
| Payments to acquire tangible fixed assets | | (9) | (16,501) |
| Receipts from sales of tangible fixed assets | | 450 | 0 |
| Payments to acquire investment assets | | (114,188) | (39,585) |
| Receipts from sales of investment assets | | 129,409 | 62,638 |
| Net cash inflow/(outflow) from capital expenditure and financial investment | | <u>15,662</u> | <u>6,552</u> |
| Increase/(decrease) in cash and liquid resources | 12 | <u>2,785</u> | <u>(15,384)</u> |

The notes on pages 29 to 39 form part of these accounts.

Notes to the Accounts

1 Accounting Policies

1.1 Accounting Convention

The financial statements have been prepared under the historic cost convention, with the exception of investments which are included at market value. The financial statements have been prepared in accordance with the Statement of Recommended Practice 'Accounting and Reporting by Charities' (SORP 2005) issued in March 2005 and applicable UK Accounting Standards and the Charities Act 1993.

1.2 Fund Structure

Restricted funds are funds for which a legal restriction exists over their use.

Endowment funds include the following:

i) Permanent endowment represents funds for which the capital is held in perpetuity but the related income may be used for unrestricted or restricted purposes as specified by the donor.

ii) Expendable endowment represents donations received by the hospitals of Barts and The London NHS Trust prior to 5 July 1948 (the date on which the NHS was established). The income and capital are available for such NHS-related purposes as deemed appropriate by the Trustees.

Unrestricted (General Purpose) funds are available for use at the discretion of the Trustees for general charitable purposes throughout the hospitals of Barts and The London NHS Trust.

Designated funds are funds which are not legally restricted but which the Trustees have chosen to earmark for a special purpose. There is one such fund for use by the Charitable Foundation's Research Advisory Board. (See note 10.5.)

1.3 Incoming Resources

Income is allocated as appropriate to one of the three types of fund – unrestricted, restricted or endowment.

Income reported as expendable endowment, certain permanent endowment and general funds is unrestricted. All other income generated from restricted funds and certain other permanent endowment funds is restricted to the purpose of the funds as set out in notes 10.1 – 10.4.

Functional property rental income relates to properties occupied by tenants in furtherance of the charity's objects, for example, nurses' accommodation.

Legacies, donations and gifts are brought into account when they are received.

1.4 Resources Expended

Liabilities are recognised as resources expended as soon as there is a legal or constructive obligation committing the charity to the expenditure. A liability is recognised where the charity is under a constructive obligation to make a transfer of value to a third party as a result of past transactions or events. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

1.5 Allocation of Overhead and Support Costs

Overhead and support costs have been allocated between Charitable Activities and Governance costs. Staff costs are considered on a person-by-person basis and allocated on the basis of an estimate of time spent on activities in each area.

Where appropriate, certain non-salary other overhead costs are allocated directly to the appropriate area of activity to which they relate. The remaining overhead costs are allocated on the same proportions used to allocate staff salaries.

1.6 Fixed Assets

a. Capitalisation

Tangible assets, other than works of art, which are capable of being used for more than one year and have a cost equal to or greater than £5,000, are capitalised. All works of art are capitalised.

b. Valuation

Tangible and investment assets are stated at market value as at the balance sheet date. Valuations for property and marketable investments are carried out on an annual basis.

c. Heritage Assets

Heritage assets include works of art and historical archives and are stated at market value. Those assets relating to St Bartholomew's Hospital were valued in 2003 and those associated with The Royal London Hospital were valued in 2005. Both valuations were completed by Gurr John, auctioneers and valuers.

d. Depreciation

Land, buildings and heritage assets are not depreciated whilst fixtures, fittings, equipment and intangible assets (software licences) are depreciated over a life of five years.

The Statement of Financial Activities includes the net gains and losses arising on revaluation and disposal throughout the year.

1.7 Realised and Unrealised Gains and Losses

All gains and losses are reported in the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and opening market value (or date of purchase if later). Unrealised gains and losses are calculated as the difference between market value at the year end and opening market value (or date of purchase if later).

1.8 Pensions Contributions

The cost of employer contributions to the NHS Pension Scheme, to which employees of the Charitable Foundation belong, is charged to the Statement of Financial Activities. For 2005/6, and 2004/5, the rates of employee and employer contributions, respectively, were 6% and 14%. The Trustees are unable to confirm the charity's share of the underlying assets and liabilities of the NHS Pension Scheme and, therefore, the scheme is accounted for as a defined contribution plan with the costs equal to the contributions made for the accounting period.

1.9 Change in the Basis of Accounting

These accounts reflect accruals for grants agreed pre 1 April 2005 but not claimed as at 31 March 2006. For the first time, the accounts also include accruals for grant commitments agreed in March 2006, for payment in 2006/7 and subsequent years.

1.10 Prior Year Adjustments

Certain adjustments to the comparative figures for 2004/5 have been made to reflect the new categories of expenditure introduced by the revised Statement of Recommended Practice. Expenditure formerly categorised as Management and Administration has been apportioned over the headings of Cost of Generating Funds, Charitable Activities, and Governance.

1.11 Pooling Scheme

An official pooling scheme for all funds formerly held by either the Special Trustees for St Bartholomew's Hospital, or by The Royal London Hospital Special Trustees, is contained in a Scheme registered by the Charity Commission on 31 May 2005.

Details of Resources Expended – Charitable Activities by Fund type 2.1

| | Unrestricted Funds | Restricted Funds | Endowment Funds | 2006 Total Funds | 2005 Total Funds |
|---|---------------------------|-------------------------|------------------------|-------------------------|-------------------------|
| | £000 | £000 | £000 | £000 | £000 |
| Patient welfare and amenities | 992 | 293 | 0 | 1,285 | 392 |
| Staff welfare and amenities | 554 | 545 | 0 | 1,099 | 840 |
| Research | 4,534 | 973 | 0 | 5,507 | 4,182 |
| Redevelopment and refurbishment of Barts and The London NHS Trust (a) | 30,505 | 325 | 0 | 30,830 | 5,241 |
| Medical Equipment | 6,547 | 622 | 0 | 7,169 | 1,580 |
| Functional Property Expenses | 836 | 0 | 0 | 836 | 916 |
| Square Smile Appeal | 0 | 0 | 0 | 0 | 403 |
| Others – Barts and The London NHS Trust | 1,797 | 711 | 0 | 2,508 | 964 |
| Medical School | 1,653 | 0 | 0 | 1,653 | 301 |
| Nursing School | 130 | 0 | 0 | 130 | 111 |
| St Joseph's Hospice | 40 | 25 | 0 | 65 | 50 |
| Others | 34 | 33 | 0 | 67 | 184 |
| | <u>47,622</u> | <u>3,527</u> | <u>0</u> | <u>51,149</u> | <u>15,164</u> |

Details of Resources Expended – Charitable Activities by Funding Source 2.2

| | Grant Funded Activity | Activities Undertaken Directly (b) | Support Costs | Total 2006 Funds | Total 2005 Funds |
|---|------------------------------|---|----------------------|-------------------------|-------------------------|
| | £000 | £000 | £000 | £000 | £000 |
| Patient welfare and amenities | 1,197 | 81 | 7 | 1,285 | 392 |
| Staff welfare and amenities | 601 | 486 | 12 | 1,099 | 840 |
| Research | 4,537 | 943 | 27 | 5,507 | 4,182 |
| Redevelopment and refurbishment of Barts and The London NHS Trust (a) | 30,769 | 0 | 61 | 30,830 | 5,241 |
| Medical Equipment | 6,696 | 449 | 24 | 7,169 | 1,580 |
| Functional Property Expenses | 0 | 835 | 1 | 836 | 916 |
| Square Smile Appeal | 0 | 0 | 0 | 0 | 403 |
| Others – Barts and The London NHS Trust | 1,792 | 697 | 19 | 2,508 | 756 |
| Medical School | 1,649 | 0 | 4 | 1,653 | 301 |
| Nursing School | 130 | 0 | 0 | 130 | 111 |
| St Joseph's Hospice | 65 | 0 | 0 | 65 | 50 |
| Others | 32 | 34 | 1 | 67 | 392 |
| | <u>47,468</u> | <u>3,525</u> | <u>156</u> | <u>51,149</u> | <u>15,164</u> |

(a) The figures of £30,505,000 in note 2.1 and £30,769,000 in note 2.2 include the grant of £25 million for state-of-the-art equipment in support of the redevelopment of Barts and The London NHS Trust.

(b) The heading Activities Undertaken Directly in note 2.2 refers to specific expenditures incurred and comprises the use of restricted funds for their stated purposes and the maintenance of the Foundation's functional properties.

**Grants made
to institutions**

3.1

**Aggregate
amount paid
£000**

Name of recipient

| | |
|--|------------|
| Barts and The London NHS Trust | 44,596 (a) |
| Queen Mary, University of London | 1,696 |
| Barts Foundation for Research | 562 |
| Jewish Care | 160 |
| City University School of Nursing and Midwifery | 130 |
| The Voluntary Hospital of St Bartholomew | 80 |
| St Joseph's Hospice | 65 |
| Stepney Citizens Advice Bureau | 42 |
| Sick Children's Trust | 40 |
| Barts City Life Saver | 38 |
| Tower Hamlets Primary Care Trust | 31 |
| Whitechapel AM (Hospital Radio Station) | 18 |
| Friends of The Royal London Hospital | 8 |
| East London and The City Mental Health NHS Trust | 1 |
| Barts Guild | 1 |

Total

47,468

(a) This figure includes the grant of £25 million for state-of-the-art equipment in support of the redevelopment of Barts and The London NHS Trust.

**Grants paid
to individuals**

3.2

No grants were paid to individuals in 2005/6 or in 2004/5.

Auditors' remuneration

- 4.1 The auditors' remuneration of £79,355 comprises £46,205 in respect of the statutory audit and £33,150 for additional consultancy work undertaken at the request of the Charitable Foundation.

Support costs

| | Total Governance | | Cost of Generating Funds £000 | Charitable Activities | |
|----------------------------------|---------------------|-------------------|----------------------------------|-----------------------|--------------------|
| | £000 | £000 | | Unrestricted £000 | Restricted £000 |
| Staff costs | 538 | 406 | 10 | 62 | 60 |
| Audit Fees | 79 | 79 | | | |
| Internal Audit | 34 | 34 | | | |
| Insurance | 62 | 48 | | 14 | |
| Commercial Property costs | 355 | | 355 | | |
| Annual Report | 12 | 12 | | | |
| Professional fees | 205 | 205 | | | |
| Apportionment of other overheads | 88 | 67 | 1 | 11 | 9 |
| Grand total | <u>1,373</u> | <u>851</u> | <u>366</u> | <u>87</u> | <u>69</u> |

Where costs can be directly allocated to one of the above categories, this has been done. Such costs account for 93.5% of the total overheads: the remainder, which relates to general office costs, has been allocated using the proportions derived from the salaries of the Charitable Foundation's staff.

Analysis of Staff Costs

| | 2006 Total £000 | 2005 Total £000 |
|--|-----------------------|-----------------------|
| Salaries and wages | 437 | 345 |
| Social security costs | 40 | 31 |
| Other pension costs | <u>61</u> | <u>47</u> |
| | <u>538</u> | <u>423</u> |
| Average monthly number of full-time equivalents in the year: | <u>11</u> | <u>10</u> |

Pension Contributions for Senior Employees

- 5.2 The following pension contributions were made for senior employees within the following ranges:

| | Value of Contributions £000 | Number of staff receiving contributions |
|--------------------|--------------------------------|---|
| £90,001 to £95,000 | <u>13</u> | <u>1</u> |

**Senior
Employees**

5.3 The following number of senior employees received emoluments falling within the following ranges:

| | Number 2006 | Number 2005 |
|--------------------|------------------------|------------------------|
| £50,001 to £55,000 | 0 | 0 |
| £55,001 to £60,000 | 0 | 0 |
| £60,001 to £65,000 | 0 | 0 |
| £65,001 to £70,000 | 0 | 0 |
| £70,001 to £75,000 | 0 | 1 |
| £75,001 to £80,000 | 0 | 0 |
| £80,001 to £85,000 | 0 | 0 |
| £85,001 to £90,000 | 0 | 0 |
| £90,001 to £95,000 | 1 | 0 |

One employee of the Charitable Foundation received benefits in kind totalling £14,536.

**Fixed
Assets**

6

| | Freehold Land and Buildings £000 | Fixtures, Fittings and Equipment £000 | Intangible Assets £000 | Total £000 |
|--|---|--|---------------------------------------|-----------------------|
| Tangible and Intangible Fixed Assets: | | | | |
| Balance at 31 March 2005 | 65,579 | 19 | 0 | 65,598 |
| Additions | 0 | 0 | 9 | 9 |
| Revaluations | 18,253 | 0 | 0 | 18,253 |
| Disposals | (450) | 0 | 0 | (450) |
| Balance at 31 March 2006 | <u>83,382</u> | <u>19</u> | <u>9</u> | <u>83,410</u> |
| Accumulated Depreciation: | | | | |
| Balance at 31 March 2005 | 0 | 19 | 0 | 19 |
| Charge for the year | 0 | 0 | 1 | 1 |
| Balance at 31 March 2006 | <u>0</u> | <u>19</u> | <u>1</u> | <u>20</u> |
| Net Book Value at 31 March 2006 | <u>83,382</u> | <u>0</u> | <u>8</u> | <u>83,390</u> |
| Net Book Value at 31 March 2005 | <u>64,462</u> | <u>0</u> | <u>0</u> | <u>64,462</u> |

Freehold land and buildings were revalued by an external chartered surveyor, Cluttons, on 1 April 2006. The revaluations were carried out in accordance with the Practice Statements and Guidance Notes set out in The RICS Appraisal and Valuation Standards, 5th Edition.

The Trustees are not aware of any material changes in the value of fixed assets since their latest revaluation.

Analysis of
Fixed Asset
Investments7
7.1

| Fixed Asset Investments: | 2006 £000 | 2005 £000 |
|-----------------------------------|----------------------------|----------------------------|
| Market value at 31 March | 137,530 | 125,564 |
| Less: Disposals at carrying value | (116,726) | (45,352) |
| Add: Acquisitions at cost | 114,188 | 39,585 |
| Net gain on revaluation | 11,933 | 17,733 |
| Market value at 31 March | <u>146,925</u> | <u>137,530</u> |

The unusually large volume of sales and purchases is attributable to the transition to the new diversified asset allocation investment strategy, which was completed in November 2005.

7.2

Market value at 31 March :

| | Held in UK £000 | Held outside UK £000 | 2006 Total £000 | 2005 Total £000 |
|---|--------------------------------|-------------------------------------|--------------------------------|--------------------------------|
| Investment properties | 45,836 | 0 | 45,836 | 42,560 |
| Investments listed on Stock Exchange | 44,197 | 44,077 | 88,274 | 92,697 |
| Cash held as part of the investment portfolio | 849 | 0 | 849 | 1,646 |
| Alternative investments | 1,042 | 10,924 | 11,966 | 627 |
| | <u>91,924</u> | <u>55,001</u> | <u>146,925</u> | <u>137,530</u> |

Investing in foreign securities may involve an inherent currency risk, which may be reduced by using a passive currency underlay. The currency risk associated with investing in foreign securities is hedged at the desired level by way of a forward exchange transaction. The sum hedged into sterling at 31 March 2006 was \$16,722,700.

Analysis of
gross income
from investments

7.3

Total gross income

| | Held in UK £000 | Held outside UK £000 | 2006 Total £000 | 2005 Total £000 |
|---|--------------------------------|-------------------------------------|--------------------------------|--------------------------------|
| Investment properties | 2,236 | 0 | 2,236 | 2,258 |
| Investments listed on Stock Exchange | 2,738 | 611 | 3,349 | 3,220 |
| Cash held as part of the investment portfolio | 434 | 0 | 434 | 913 |
| | <u>5,408</u> | <u>611</u> | <u>6,019</u> | <u>6,391</u> |

| | | | | |
|----------------------------|------------|---|----------------------|----------------------|
| Analysis of Debtors | 8 | | 31 March 2006 | 31 March 2005 |
| | 8.1 | Amounts falling due within one year: | £000 | £000 |
| | | Trade debtors | 104 | 124 |
| | | Prepayments | 7 | 17 |
| | | Accrued income | 112 | 446 |
| | | Other debtors | 684 | 618 |
| | | Total debtors falling due within one year | <u>907</u> | <u>1,205</u> |

8.2 Total debtors falling due over one year:

| | | | |
|--|---------------|------------|------------|
| | Other debtors | <u>340</u> | <u>365</u> |
|--|---------------|------------|------------|

| | | | | |
|------------------------------|------------|---|----------------------|----------------------|
| Analysis of Creditors | 9 | | 31 March 2006 | 31 March 2005 |
| | 9.1 | Amounts falling due within one year: | £000 | £000 |
| | | Trade creditors | 81 | 81 |
| | | Other creditors | 2,246 | 7,155 |
| | | Grant accruals | 16,261 | 15,515 |
| | | Deferred income | 1,379 | 1,458 |
| | | Total creditors falling due within one year | <u>19,967</u> | <u>24,209</u> |

9.2 Total creditors falling due after more than one year:

| | | | |
|--|----------------|---------------|--------------|
| | Grant accruals | <u>32,552</u> | <u>3,138</u> |
|--|----------------|---------------|--------------|

| | | | | | | | | |
|--------------------------|-------------|---------------------------|---|--|--|---------------------------|--------------------------------------|---|
| Analysis of Funds | 10 | | | | | | | |
| | 10.1 | Endowment Funds | Balance 31 March 2005 £000 | Incoming Resources £000 | Resources Expended £000 | Transfers £000 | Gains and Losses £000 | Balance 31 March 2006 £000 |
| | | Expendable endowment | 145,699 | 0 | 0 | (25,000) | 31,868 | 152,567 |
| | | H F Bailey | 4,140 | 0 | 0 | 0 | 379 | 4,519 |
| | | Aylwen Bursaries | 1,501 | 0 | 0 | 0 | 137 | 1,638 |
| | | Edward Hewlett | 1,233 | 0 | 0 | 0 | 113 | 1,346 |
| | | G P Shuter Nurses | 1,017 | 0 | 0 | 0 | 93 | 1,110 |
| | | Hannington | 486 | 0 | 0 | 0 | 44 | 530 |
| | | David Hughes | 361 | 0 | 0 | 0 | 33 | 394 |
| | | Cancer Research | 313 | 0 | 0 | 0 | 29 | 342 |
| | | Bed Endowments | 272 | 0 | 0 | 0 | 25 | 297 |
| | | 11 funds each under £200K | 881 | 0 | 0 | 152 | 94 | 1,127 |
| | | Total | <u>155,903</u> | <u>0</u> | <u>0</u> | <u>(24,848)</u> | <u>32,815</u> | <u>163,870</u> |

Details of material funds – endowment funds

| | | |
|-------------|----------------------|---|
| 10.2 | Name of fund | Description of the nature and purpose of each fund |
| | Expendable endowment | To apply for general NHS purposes |
| | H F Bailey | To generate income for children's services |
| | Aylwen Bursaries | Funding of research bursaries |
| | Edward Hewlett | General purposes |
| | G P Shuter Nurses | Holidays, convalescence and prizes for nurses |
| | Hannington | General purposes |
| | David Hughes | General purposes |
| | Cancer Research | Research into causes and treatment of cancer |
| | Bed Endowments | Provision of beds and similar equipment for patients |

| 10.3 | Restricted Funds | Balance 31 March 2005 £000 | Incoming Resources £000 | Resources Expended £000 | Transfers £000 | Gains and Losses £000 | Balance 31 March 2006 £000 |
|-----------------------|---------------------------------|-------------------------------------|-------------------------------|-------------------------------|-------------------|-----------------------------|-------------------------------------|
| Material funds | | | | | | | |
| | Doris Macklin Legacy | 1,995 | 49 | (99) | 0 | 230 | 2,175 |
| | Children's Services | 1,575 | 64 | (561) | 0 | 262 | 1,340 |
| | Queen Elizabeth Research | 721 | 29 | (3) | 0 | 129 | 876 |
| | Leukaemia/Lymphoma Research | 657 | 76 | (1) | 0 | 122 | 854 |
| | Geoffrey Flavell Legacy | 588 | 175 | (8) | 0 | 116 | 871 |
| | Jewish Fund | 554 | 9 | (77) | 0 | 40 | 526 |
| | Cardiac Equipment | 520 | 20 | 0 | 0 | 93 | 633 |
| | Cancer Research | 422 | 16 | 0 | 0 | 76 | 514 |
| | Children's Investment Challenge | 424 | 16 | (50) | 0 | 75 | 465 |
| | Funds £400K - £500K (3) | 648 | 462 | (33) | 0 | 160 | 1,237 |
| | Funds £300K - £400K (1) | 247 | 46 | (9) | 0 | 45 | 329 |
| | Funds £200K - £300K (11) | 1,618 | 891 | (180) | 0 | 352 | 2,681 |
| | Funds £100K - £200K (28) | 4,579 | 1,217 | (2,418) | 0 | 738 | 4,116 |
| | Others | 5,421 | 424 | (124) | (152) | 611 | 6,180 |
| | Total | <u>19,969</u> | <u>3,494</u> | <u>(3,563)</u> | <u>(152)</u> | <u>3,049</u> | <u>22,797</u> |

Details of material funds – restricted funds

| 10.4 | Name of fund | Description of the nature and purpose of each fund |
|------|---------------------------------|---|
| | Doris Macklin Legacy | Research into nephritis |
| | Children's Services | Any purpose relating to child patients |
| | Queen Elizabeth Research | Research into paediatrics |
| | Leukaemia & Lymphoma Research | Research into leukaemia and lymphoma |
| | Geoffrey Flavell Legacy | Research into prostate cancer/promotion of travel fellowships |
| | Jewish Fund | To benefit Jewish patients |
| | Cardiac Equipment | To purchase cardiac equipment |
| | Cancer Research | Research into cancer |
| | Children's Investment Challenge | To improve children's facilities |

Details of material funds – designated funds

| 10.5 | Name of fund | Description of the nature and purpose of the fund |
|------|-------------------------|---|
| | Research Advisory Board | This is a designation of the Unrestricted Fund, for use by the Charitable Foundation's Research Advisory Board. |

| | Balance 31 March £000 | Incoming Resources £000 | Resources Expended 2005 £000 | Transfers £000 | Gains and Losses £000 | Balance 31 March 2006 £000 |
|--|-----------------------------|-------------------------------|---------------------------------------|-------------------|-----------------------------|-------------------------------------|
| | <u>0</u> | <u>5,630</u> | <u>(2,449)</u> | <u>0</u> | <u>0</u> | <u>3,181</u> |

Details of transfers between funds

| 10.6 | | Unrestricted £000 | Restricted Endowment £000 | £000 |
|------|---|----------------------|------------------------------|-----------------|
| | Grant towards redevelopment of Barts and The London NHS Trust | 25,000 | | (25,000) |
| | Reclassification | | (152) | 152 |
| | Total | <u>25,000</u> | <u>(152)</u> | <u>(24,848)</u> |

Expendable endowment is used to fund the grant commitment of £25 million for state-of-the-art equipment in support of the redevelopment of Barts and The London NHS Trust.

Notes to the Cash Flow Statement 11 Reconciliation of cash-flows from operating activities to net incoming/(outgoing) resources

| | 2006 £000 | 2005 £000 |
|--|------------------------|------------------------|
| Net incoming/(outgoing) resources | (38,002) | 1,862 |
| Non-operating cash flows eliminated: | | |
| Investment income | (6,019) | (7,191) |
| Depreciation charges | 1 | 0 |
| (Increase)/decrease in debtors | 323 | 1,330 |
| Increase/(decrease) in creditors | 24,801 | (25,128) |
| Cash inflow/(outflow) from operating activities | <u>(18,896)</u> | <u>(29,127)</u> |

Notes to the Cash flow Statement 12 Analysis of changes in cash and short-term investments and deposits

| | Balance 2005 £000 | Movements £000 | Balance 2006 £000 |
|--|----------------------------------|---------------------------|----------------------------------|
| Short-term investments and deposits | 7,257 | 1,714 | 8,971 |
| Cash in hand and at bank | (913) | 1,071 | 158 |
| Change in cash and liquid resources in the year | <u>6,344</u> | <u>2,785</u> | <u>9,129</u> |

Contingencies 13 No contingent losses or gains have been included in the accounts.

Commitments, Liabilities and Provisions 14.1 Discussions are in progress with the former Chief Executive regarding an outstanding balance on a personal loan of £25,000 plus interest and other sundry expenses. These amounts are not considered to be material to the Charitable Foundation.

14.2 Provisions

The movement on provisions during the year was as follows:

| | £000 |
|------------------------------|-------------|
| Balance as at 1 April 2005 | 371 |
| Utilised during the year | (371) |
| Provided for during the year | <u>0</u> |
| Balance as at 31 March 2006 | <u>0</u> |

Deferred income:

Deferred income relates to the portion of property rent billed during the year which represents rental periods after the financial year end.

The movement on deferred income is as follows:

| | £000 |
|-----------------------------------|--------------|
| Balance as at 1 April 2005 | 1,458 |
| Transferred to incoming resources | (1,458) |
| Provided for during the year | <u>1,379</u> |
| Balance as at 31 March 2006 | <u>1,379</u> |

| | | | | |
|--|-------------|---|---|---|
| Trustee and Connected Persons Transactions | 15 | | Year ended 31 March 2006 £ | Year ended 31 March 2005 £ |
| | 15.1 | Trustee expenses reimbursed | | |
| | | Entertainment | <u>0</u> | <u>105</u> |
| | | Total number of Trustees | <u>0</u> | <u>1</u> |
| | 15.2 | Trustee remuneration | | |
| | | No Trustee received remuneration in either 2005/6 or 2004/5. | | |
| | 15.3 | Details of transactions with Trustees or connected persons | | |
| | | Except for the transaction noted in 15.1 above, there were no transactions with Trustees or connected persons in 2005/6 or in 2004/5. | | |
| | 15.4 | Trustee Indemnity Insurance | Year ended 31 March 2006 £ | Year ended 31 March 2005 £ |
| | | Premiums paid for Trustee indemnity | <u>2,278</u> | <u>2,275</u> |
| Loans or Guarantees Secured against assets of the charity | 16 | There were no such loans or guarantees in 2005/6 or in 2004/5. | | |
| Connected Organisations | 17 | There were no connected organisations of the Charitable Foundation in either 2005/6 or in 2004/5. | | |
| Related party transactions | 18 | Related party transactions | | |
| | | During the year, none of the Trustees or members of the key management staff or parties related to them has undertaken any material transactions with the Charitable Foundation. The Charitable Foundation has made revenue and capital grants totalling £44,736,000 to Barts and The London NHS Trust. For the period covered by the accounts, Mr. John Ashworth was a Trustee of the Charitable Foundation and Chairman of the NHS Trust. Additionally, Sir John Chalstrey was a Trustee of the Charitable Foundation and also held the following positions: a part-time employee of the NHS Trust, holding the position of Chairman of the Barts and the London Fundraising Advisory Committee; and a Trustee of Barts Foundation for Research, a separate charity which received a grant of £562,500 from the Charitable Foundation in the year ending 31 March 2006. | | |
| | | Professor James Malpas was a Trustee of the Charitable Foundation, and Mr. Alexander Ninian an Adviser to the Board: both are Trustees of the Voluntary Hospital of St Bartholomew, a separate charity which received a grant of £40,000 from the Charitable Foundation for the year ending 31 March 2006, and a grant of £40,000 for the year ending 31 March 2007. | | |
| | | Staff of the Charitable Foundation provide administrative and accounting services to the Voluntary Hospital of St Bartholomew, which reimburses the Charitable Foundation £4,000 per annum in respect of services provided. | | |

Professional Advisers:

Bankers

Bank of England
Threadneedle Street
London EC2R 8AH
(Account closed as of 21 December 2005)

Barclays Bank PLC,
28th Floor
1 Churchill Place
London E14 5HP

Barclays Private Bank Ltd
43 Brook Street
London W1Y 2PB

Legal Advisers

Taylor Wessing
Carmelite
50 Victoria Embankment
Blackfriars
London EC4Y 0DL

Berwin Leighton Paisner
Adelaide House
London Bridge
London EC4R 9HA

Estate Advisers

DTZ Debenham Tie Leung
One Curzon Street
London W1A 5PZ

Cluttons
Fourth Floor
Portman House
Two Portman Street
London W1H 6DU

Investment Adviser

Cambridge Associates Ltd
105 Wigmore Street
London W1U 1QY

Fund Advisers

Baring Asset Management Ltd
155 Bishopgate,
London EC2M 3XY
(Services ended on 2 November 2005)

Carr Sheppards Crosthwaite
Two Gresham Street
London EC2V 7QN
(Services ended on 2 November 2005)

Majedie Asset Management
One Carey Lane
London EC2V 8AE
(Appointed 2 November 2005)

Edinburgh Partners
12 Charlotte Square
Edinburgh EH2 4DJ
(Appointed 19 December 2005)

Schroders
100 Wood Street
London EC2V 7ER
(Appointed 2 November 2005)

Alliance Bernstein
50 Berkeley Street
London W1J 8HA
(Appointed 2nd November 2005)

Payden & Rygel Global Ltd
10 King William Street
London EC4N 7TW
(Appointed 2 November 2005)

Axa Private Equity Secondaries Ltd
PO Box 87
22 Grenville Street
St. Helier
Jersey JE4 8PX

Federal Street Partners
750 Washington Boulevard
5th Floor
Stamford
CT 06901 USA
(Appointed 3 January 2006)

Global Custodian

Northern Trust
50 Bank Street
Canary Wharf
London E14 5NT
(Appointed in July 2005)

Insurance Brokers

Aon Risk Services
Lloyds Chambers
1 Portsoken Street
London E1 8DG
(Services ended in February 2006)

Willis Limited
16 St. Helens Place
London EC3A 6DF
(Appointed in February 2006)

Internal Auditors

London City Audit Consortium
Finance Department
Nine Prescott Street
Aldgate,
London E1 8PR

Auditors

KPMG LLP
Canary Wharf
One Canada Square
London E14 5AG

Front cover photograph: the new Pathology and Pharmacy building at The Royal London Hospital.
Photograph by Peter Cook.

Other photography: Emanuele Tudisco, Zak Waters and Theodore Wood and courtesy of Allen & Overy, Barts and The London Communications Department, City of London, Cancer Research UK and Barts and The London, Queen Mary's School of Medicine and Dentistry.

St Bartholomew's and The Royal London Charitable Foundation supports the world-renowned hospitals of Barts, The Royal London and The London Chest, and their medical, dental and nursing schools. The Charitable Foundation also assists the following organisations with the management of charitable funds:

East London and The City Mental Health Trust
Tower Hamlets Primary Care Trust
City and Hackney Primary Care Trust
Newham Primary Care Trust

Charity Commission Registered Number 212563

St Bartholomew's Hospital

57B West Smithfield, London EC1A 9DS
020 7601 7187 phone
020 7600 6993 fax
ros.cunningham@bartsandthelondon.nhs.uk
www.brhcf.org.uk

The Royal London Hospital

34 Newark Street, London E1 2AA
020 7377 7752 phone
020 7377 0030 fax
ros.cunningham@bartsandthelondon.nhs.uk
www.brhcf.org.uk