



Trustees' Report and Financial Statements

For the year ended 31 March 2008

Mildmay Mission Hospital

Charity Reg No. 292058

Company Reg No 1921087

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REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2008

The trustees are pleased to present their report together with the financial statements for the charity for the year ended 31 March 2008.

Reference and Administrative Details

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

Charity Number: 292058

Company number: 1921087

The Charity has two subsidiary companies through which it fulfils its mission. These companies are Mildmay International Ltd (Company number: 3172032) and Mildmay UK Ltd (3172463).

Registered office Mildmay Mission Hospital
2, Austin Street
London E2 7NB

Auditors: Mazars LLP
Chartered Accountants and Registered Auditors
Tower Bridge House
St Katharine's Way
LONDON, E1W 1DD

Overseas Auditors Carr Stanyer Sims & Co
Kampala, Uganda

PKF Kenya
Certified Public Accountants
Kisumu, Kenya

Erastus & Co
Certified Public Accountants
Nairobi, Kenya

Solicitors Gregory Rowcliffe Milners
1 Bedford Row
London WC1R 4BZ

UK Bankers Barclays Bank plc
1st Floor
99 Hatton Gardens
London EC1N 8DN

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

Mildmay Mission Hospital

Report of the Trustees for the year ended 31 March 2008



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

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

Trustees

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

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

Chairperson John Richardson (elected Chairman in May 2007)
Humphrey Norrington (resigned September 2007)

Trustees Stuart Greengrass (resigned May 2008)
David Heron
Peter Clarke
Simon Clift
Ros Furlong
James Gardner (resigned April 2007)
Mia Hilborn (resigned April 2007)
Adrian Mezzetti
Ronald Swann (appointed March 2008)
David Race (appointed March 2008)
David Howells (appointed May 2008)
Philip Winter (appointed November 2008)

Company Secretary Steve Small

Executive Directors (Senior Management)

Chief Executive Fiona McLachlan (appointed October 2008)
Executive Director of Resources Steve Small
Executive Director of Programmes Catherine O'Keeffe

The Executive Director of Business Development resigned in May 2008, and the previous CEO resigned in September 2008.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

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

Appointment of trustees

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

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

Members of the Association are eligible for first election to the board up to the age of 65 and shall not be eligible for re-election after attaining the age of 70.

Trustees over the age of 65 retire annually and are available for re-election.

Trustee Induction and Training

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

Organisation

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

The Articles of Association require that there should be a minimum of 7 and a maximum of 15 trustees. During the year there were 7 trustees.

The Board meets approximately six times a year. At least once a year the Board of Trustees meet for a full day strategic workshop. All new Trustees receive orientation and induction training.

The Board has two sub-committees:

1. The Finance Sub-committee (meets every six weeks)
2. The Quality Assurance Sub-committee (meets six-monthly)

Management

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

The other Executive Directors are the Executive Director of Resources (who is also the Company Secretary) and the Executive Director of Programmes.

The charity operates a number of projects in the UK and abroad, which are supported by the charity team, based in the UK. This team consists of a financial department, a marketing and fundraising team and human resources, secretarial and IT support.

The charity team and the Executive Directors are employed by the charity, while other staff members are employed by the subsidiary companies as appropriate in the different countries.

Risk Management

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

OBJECTIVES AND ACTIVITIES

The objects of the charity are:

- (1) the relief, healing and prevention of sickness as an expression of the love of God, Father Son and Holy Spirit, to all persons, and
- (2) the advancement of the Christian faith and the promotion of a personal faith in Jesus Christ as Lord and Saviour.

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

Vision

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

Mission

The mission of the charity is to improve the quality of life of those who live with HIV and AIDS through building in-country capacity to cope with its effects, primarily in resource limited settings. Mildmay does this through

- The creation and delivery of model holistic care services where appropriate.
- Providing specialist training and technical assistance to health workers, institutions, and government and non-governmental agencies, in order to strengthen their capacity to deal with the effects of HIV within their own communities.
- Training programmes in Africa and Eastern Europe, in partnership with appropriate agencies.

STRATEGIC BUSINESS PLANNING

Each project annually develops its own strategic business plan, which is incorporated into the charity's Strategic Business Plan (SBP). This is reviewed every year by the Trustees and Executive Team and brought up-to-date, giving strategic direction as far as possible for the following five years. The SBP includes an annual SWOT analysis.

The Strategic Business Plan included Key Organisational Objectives. These are grouped and shown below, with comments against them in italics as appropriate.

KEY ORGANISATIONAL OBJECTIVES 2007 - 08

To maintain and promote

- the organisation as a non-denominational Christian charity, committed to the spirit of the original vision of the founder and to its outworking through the various HIV and AIDS programmes of the charity.
- the charity as a UK based charity, answerable to the Charity Commission.

Comments: The above objectives were maintained. The Christian foundation and its effect on employment practices in relation to new legislation had been explored in the previous year, and all job descriptions affected appropriately amended to reflect, where necessary, the genuine occupational requirement to be filled by a committed Christian. (Genuine occupational requirement).

- policies relating to the evaluation of the impact of care and training programmes, with documentation of operational practice and research, and the publication of such research and any relevant clinical studies.
- quality assurance systems in all projects that measure and analyse outcomes of care programmes, and that evaluate impact of training on patient care and the capacity of families and communities to cope with HIV and AIDS.

These objectives are in the process of being achieved in different projects of the charity both in the UK and in Africa.

- new projects, training and technical assistance only in response to identified need, and to support and empower individuals and organisations to develop the capacity to plan and implement appropriate projects to meet that need.

The above objective has been maintained.

- a culture within the organisation that encourages the established programmes to contribute towards teaching, training and establishing new projects in the 'set-up' stages.
- a culture within the organisation that values its employees and shows this through its approach to personnel policies, health and security issues, and through supporting potential for individual development as far as resources allow.
- a culture within the organisation that leads to the sharing of skills and experience between programmes for the good of the whole organisation and to improve the quality of care, and access to it, for people living with HIV and AIDS worldwide.

The above three objectives have all been promoted and are being achieved.

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Report of the Trustees for the year ended 31 March 2008



- charity offices, with appropriate staffing, as a central hub to support the projects and to bring unity and cohesion to a developing organisation with many parts during the financial year 2007/08. This includes closing the Southend-on-Sea offices and re-locating staff.

This objective has been completed. The Southend-on-Sea Offices were closed in June 2007 and staff moved to London. All charity functions were moved into the same building by August 2007.

To develop

- the London Hospital site as part of a larger consortium that creates an urban regeneration scheme and provides a new purpose built in-patient and day care centre.

Consortium members have developed new plans for the redevelopment of the site that includes a new purpose built hospital to meet the continuing needs within the UK. The plans are yet to be submitted for planning approval.

- review of the current Articles of Association to develop a revised Governance Manual, that reflects the up-to-date vision, mission, mode of operation and activities of a Christian international HIV and AIDS specialist charity in line with new regulations by the end of 2007/08.

In process, not yet completed.

- new structures for the charity to reduce costs and improve the financial strength of the charity.

A redundancy programme was begun in February 2008 to reduce the charity's staff. This process was complete by May 2008. The charity's organisational structure is kept under review and further changes will be instituted as necessary.

- a recovery plan for the UK hospital to reduce costs and maximize income together with moving to a smaller, more efficient unit.

This is still in progress. A recovery plan was developed and adopted by the trustees in March 2008. It was agreed that Spencer House would be refurbished and the hospital activities would be relocated. This was completed by end November 2008.

NOTES

- The charity's responsibility is **to build the capacity** of the programmes to express the charity's core values and to execute the mission of the charity.
- Building capacity within the programmes and charity as a whole has a cost.
- The charity and its programmes must invest in training of its personnel in programme, finance and human resource management, as well as in patient care.

REVIEW OF CHARITABLE ACTIVITIES

During the year to 31 March 2008 the charity's vision and mission were fulfilled by the following projects:

UNITED KINGDOM

Mildmay Hospital, London

- in-patient and Day Care for the purposes of rehabilitation of patients with complex HIV related health problems.

During the year we established our national position as the leading provider of specialist rehabilitation for people with complex and chronic HIV and AIDS conditions; it is in fact, the only such provider in Europe. Patients admitted were mainly from severely disadvantaged groups.

In-patient care and rehabilitation

- There were 154 admissions during the year, a fall of nearly 10% on the previous year.; 58% of occupied bed days were for patients with HIV related brain impairment.

Day care services

- There were 1,954 Day-Care attendances. Day Care is also focused upon rehabilitation and has a therapeutic approach to promoting independence. 49% of those attending were women.

UGANDA

Healthcare and Training through two programmes:

1. The Mildmay Centre

Provides outpatient specialist HIV and AIDS clinics for adults and children, and a Study Centre for health care personnel of all cadres, including a diploma and a degree course validated by Manchester University, UK.

The Mildmay Centre has continued to demonstrate excellence in the HIV and AIDS treatment and care field, relieving suffering through medical treatment, holistic care and building capacity through a portfolio of training. Following a year of consolidation, 2007/08 has been one of considerable growth.

Out-patient services

As part of the targeted evaluation programme, a continuous programme of Voluntary Counselling and Testing (VCT) has been conducted resulting in an average of 40 new patients per week at the centre. Patient numbers have grown to 6,228 of whom 3,766 are receiving Antiretroviral Therapy (ART). The rural clinic patients have grown from 1,879 to 4,621 of whom 1,497 are receiving ART. Overall, as the result of additional funding, patient numbers have risen by over 75%.

Teaching and Training

Training activities have covered over 1,000 participants through short courses, the Mobile Training Teams, the academic Programme and clinical placements.

TMC completed its work with the Regional Aids Training Network to develop curricula and train Ministry of Health staff in Botswana.

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2. Mildmay Paediatric Care Centre (MPCC)

(The name was changed from Mildmay Jajja's Home Children's Programmes in mid-2007)

MPCC provides in-patient and Day Care for children with advanced AIDS, community outreach and training in all aspects of care for children living with HIV and AIDS. A second ward, Elizabeth Ward, was opened during the year by HM Queen Elizabeth during her visit to Mildmay in November 2007. Total number of children admitted were 906, a large increase over the previous year's total of 515; 82% of children were discharged.

Day care admitted 115 children, resulting in 15,385 attendances, a 25% increase over the previous year's total of 11,517.

Capacity-building training continued to be an integral feature within the unique context of the programmes. The Mobile Training Teams trained over 670 community members in 10 districts of Uganda as a means of enhancing the skills and knowledge of primary care givers.

KENYA

The principal activity of Mildmay Kenya is to improve the quality of life of people living with HIV and AIDS by strengthening the health systems in Kenya. This is being achieved by building capacity of Ministry of Health staff to provide quality HIV and AIDS care services and building the capacity of Kenya Medical Training College to deliver high quality training on HIV and AIDS care and management.

Projects Overview:

HAPAC III Extension:

- Positive trend in mitigating the effects of HIV and AIDS in Bondo and Siaya Districts and Kodiaga Prison through provision of financial and technical support to Community Based Organisations.
- 331 and 391 Community Health Workers trained in Home and Community Based Care and ART adherence respectively in Bondo and Siaya Districts, 60 Inmates trained as care givers at Kodiaga prisons, 60 Prison officers and inmates trained in public speaking.
- Situation Analysis was conducted for Post Election Violence (PEV) returnees.
- Technical assistance to NASCOP for development of HCBC policy, framework and guidelines. Costing study of HCBC completed.
- 10,431 clients were reached with HCBC services from Bondo and Siaya Districts and Kodiaga Prison.

John Ellerman/CBO Component:

- Identified and supported (financial and technical) 5 Community Based Organisations.
- Trained 25 community members in Financial Management, ART Adherence, Counselling and Communication and HCBC.
- Trained 183 caregivers and Community Health Workers in ART Adherence, counselling and communication; 145 in support and care for the sick; 76 in memory book writing; and 72 in Group Savings.
- Identified 153 HIV+ children, 78 on ART.
- Supported 761 Orphans and Vulnerable Children.

USAID/Palliative & HBC Training

- Improved management of health systems through training of 224 senior managers.
- Improved service delivery through training of 223 HCBC implementers.

CDC/ART Training activities

- Improved service delivery and access through training of 193 health workers in Adult ART and 318 health care workers in paediatric ART.
- Establishment of Paediatric HIV and AIDS Care Model.

TANZANIA

Mildmay Tanzania through its USAID funded program in Kilimanjaro and Tabora regions provides Home Based Care services to People Living with HIV and AIDS (PLWHA). Patient Support Centers have also been established in remote areas, providing training and clinical services with support groups for PLWHA and grants for income generating activities. One of the Patient Support Centres works with a Youth Group to provide Health Education on HIV prevention and care through drama and song.

Over the financial period 300 health care workers received diverse training in the care and management of HIV and AIDS. 3,000 people living with HIV and AIDS are now under care provided by community health workers trained and supported by Mildmay. Through the Patient Support Centres more than 600 PLWHA have been mobilised into support groups for psychosocial support and income generating activities.

RWANDA

Mildmay was sub-contracted by IntraHealth, a USA based NGO working in Rwanda to train multi disciplinary healthcare workers in Palliative care as an integrated HIV Clinical Services Programme with funding from USAID. This is a 5 year project that started October 2007. The following training was delivered up to 31 March 2008.

- A workshop for 50 policy makers at national and district level to sensitise them on what constitutes Palliative care and to lobby and advocate for resources to support PLWHAs and other chronic illnesses including cancer.
- 23 service providers from the target districts received 2 week modular training in palliative care and Training of Trainers to enable them to conduct step-down training for community leaders and community service providers in their catchment areas. The participants developed action plans for each health centre to train 150 people by June 2008; this will ensure increased access to holistic palliative care.

EASTERN EUROPE

Mildmay continued its programme to build the capacity of health and education professionals to respond to the region's HIV and AIDS crisis. Four training programmes were established and are being delivered during the year.

- International HIV and AIDS Alliance – this year, 4 module workshop training programme started in August 2007 focusing on palliative care training for medical staff from five Ukrainian AIDS Centres.
- Samaritans Purse: this is a two year training programme for staff from 16 Christian Rehabilitation Centres in Ukraine. Training started in November 2007 and will last for 2 years.
- Palliative care modular training for Brasov Hospice in Romania - one module delivered in FY 2007.
- ISAAC: International Substance Abuse and Addiction Coalition - continued training of Christian rehab centre staff for this organisation in Russia and Ukraine.

PUBLIC BENEFIT

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

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Report of the Trustees for the year ended 31 March 2008



The Trustees are aware of the Guidance recently promulgated by The Charity Commission under the Charities Act 2006 in relation to Public Benefit and are mindful of their obligations to have regard thereto. While confident that their activities in pursuit of their objects are delivering Public Benefit, the Trustees are considering the implications of the Guidance and will have regard to the proposed reporting requirements in due course.

FINANCIAL REVIEW

Mildmay Mission Hospital carries out its objectives through two subsidiaries, Mildmay UK Ltd and Mildmay International Ltd. The results of the subsidiaries are shown in note 6 to the accounts on page 23. Mildmay UK Ltd incurred a deficit of £848,000 (2007: £983,000) and Mildmay International Ltd a surplus of £125,000 (2007: deficit £134,000). The deficit incurred by Mildmay UK Ltd was funded by Mildmay Mission Hospital and is shown before the allocation of attributable indirect costs borne by the charity.

Income and expenditure are allocated to two funds, the general fund and the restricted fund. Total income for the year was £10.957m, an increase on the previous year of £0.806m. Predominantly, this is due to increased income by way of fees and grants for international work. Contractual income for UK based healthcare showed a reduction on the previous year. Resources expended for the year amounted to £11.738m (2007: £10.466m).

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

Voluntary income and expenditure is allocated to two funds: the general fund and restricted fund. Unrestricted voluntary income for the year was £673,000 (2007: £1.011m) Restricted funding was £285,000 (2007: £617,000).

The results of these funds have been shown separately on page 15 within the accounts and a reconciliation of the movement on accumulated funds is shown on page 14.

Taking Mildmay Mission Hospital's funds in total (i.e. the charity and its subsidiaries together), there was a net operational deficit for the year of £781,000 (2007: £315,000 deficit). There is an adjustment this year in respect of the surplus on the sale of land, an outgoing amount of £67,000 (2007: surplus £3.788m). In addition interest has been received on the escrow account of £181,000 (see note 22). The overall position is therefore a net decrease in consolidated accumulated funds of £667,000 (2007: £3.473m increase).

In accordance with Charity Commission guidance on charity reserves, Mildmay Mission Hospital has developed a policy as to the appropriate level of "free reserves": "free reserves" being the general fund balance excluding funds represented by tangible fixed assets. The intention is that between 25% and 50% of operating costs, excluding fixed asset expenditure, is held as "free reserves". In the financial year 2007/08 revenue expenditure, after appropriate adjustment totalled £10.78m. This indicates that "free reserves" should be within the range £2.69m to £5.39m.

"Free reserves" at 31 March 2008 were £1.245m (2007: £1.725m), and are estimated to be £2.032m by 31 March 2010, per note 24.

GOING CONCERN

The trustees are aware of the need to address the issue of the going concern basis for the preparation of the financial statements. They continue to monitor the situation closely and undertake regular reviews to ensure the continued financial viability of the charity. During the subsequent year the group is expected to make a small surplus increasing free reserves to an estimated £1.871m by 31 March 2009, per note 23.

During the latter part of 2007, the trustees were aware of the deteriorating results and, in order to address the situation, implemented a number of measures during January 2008. When these changes were proposed the trustees had estimated that the group would sustain a deficit for the year, placing free reserves at an estimated £506,000 by 31 March 2008. However, in the last few months of the year to 31 March 2008 income improved substantially, expenditure was reduced and both subsidiaries returned better than expected results. This resulted in free reserves ending up £739,000 better than forecast.

These plans continue and are detailed in the following paragraph 'Plans for the Future'. In addition the trustees have been notified of a legacy of around £475,000. Most of the assets are now realised and the trustees are confident of receiving this sum by 31 March 2010. This sum has been recognised in the consolidated budget and cashflow for the year to 31 March 2010. This estimates that the effect of the plans for the future and the receipt of the legacy will result in a surplus for the year of £506,000. The results will be closely monitored by the Finance Committee and any corrective action taken as necessary.

In addition, the trustees made a decision in January 2008 not to re-provide charity offices on the site. This decision enabled the release of £600,000 from the escrow account which had been allocated to the offices. These funds were received in July 2008.

In the light of the group's budget and cash flow projections for the year to 31 March 2010 the trustees have every confidence that the group will create a surplus for the year to 31 March 2010. As a result, the trustees have reasonable expectation that the group has adequate resources to continue operations for the foreseeable future. The going concern basis for the accounts has therefore continued to be adopted.

PLANS FOR THE FUTURE

The trustees have taken the decision to refurbish Spencer House, the former Family Care Centre, and relocate the UK Hospital into these premises. This move was completed by the end of November 2008. Staff levels have also been reduced and this together with reduced property costs will reduce outgoings. The UK Hospital is in the final stages of negotiations with the UK HIV commissioners to increase tariffs for 2009/10. This, coupled with the reduced costs already mentioned would ensure the UK Hospital should break even from that year onwards.

The charity's staffing levels were reduced by May 2008 and these will be kept under constant review. There has been a shift in emphasis in fundraising with a view to greatly improving the income/cost ratio to aid the efficiency of the Charity's UK operations.

A new programme was started in Rwanda in October 2007. We will maintain our core strands of activity in the UK, Uganda, Kenya and Tanzania and Zimbabwe. We propose to maintain our work in the UK and, building on expertise gained here, to increase the level of our activity both within the UK and Africa.

We will look to increase our presence in Eastern Europe, building on our established reputation and aiming to create contacts in new areas. We also will seek to respond to need wherever our services can be of value.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

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

The trustees are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

This confirmation is given and should be interpreted in accordance with the provisions of s.234ZA of the Companies Act 1985.

AUDITORS

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



Date 24 January 2009.

Independent auditors' report to the Trustees of Mildmay Mission Hospital

We have audited the financial statements of Mildmay Mission Hospital for the year ended 31 March 2008, which comprise the consolidated Statement of Financial Activities, the consolidated Balance Sheet, the consolidated Cash Flow Statement and related notes. These financial statements have been prepared under the historical cost convention as modified by the revaluation of investments and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the 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 company and the company's members 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 in the Statement of Trustees' Responsibilities, the company's trustees, who are also the directors for the purposes of company law, are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Trustees' Report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity'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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charity and the group's affairs as at 31 March 2008 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with the Companies Act 1985; and
- the information in the Trustees' Report is consistent with the financial statements.

Without qualifying our opinion we draw attention to Notes 22, 23 and 24 to the Financial Statements which refer to disclosure of Redevelopment, Post Balance Sheet Events and Going Concern, including in particular the receipt from Escrow of £600,000 in July 2008 and the results of the corrective action in relation to the measures being implemented by the Trustees to reverse deficits, on which the Financial Statements have been prepared.



Mazars LLP

Chartered Accountants and Registered Auditors
Tower Bridge House, St Katharine's Way, London, E1W 1DD

Date 18 January, 2009

MOVEMENT IN CONSOLIDATED ACCUMULATED FUNDS
During the year ended 31 March 2008

	General Fund 2008 £'000	Restricted Funds 2008 £'000	Total Funds 2008 £'000	Total Funds 2007 £'000
Balance brought forward at 1 April 2007	9,237	571	9,808	6,335
Net surplus/(deficit) in year	(351)	(430)	(781)	(315)
Surplus on sale of land	-	-	-	3,788
Surplus on sale of fixed assets	(67)	-	(67)	-
Interest received on escrow account	181	-	181	-
Balance carried forward at 31 March 2008	<u>9,000</u>	<u>141</u>	<u>9,141</u>	<u>9,808</u>

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

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 March 2008

	Unrestricted	Restricted	Total	Total
	2008	2008	Funds	Funds
	£'000	£'000	2008	2007
	£'000	£'000	£'000	£'000
INCOMING RESOURCES				
Donations, gifts and legacies	673	285	958	1,628
Grants	-	-	-	140
Activities in furtherance of the charity's objects:				
Contractual income for providing healthcare in the UK	2,211	-	2,211	2,405
Contractual and grant income for providing healthcare and training internationally	96	6,948	7,044	5,066
Fees and charges from international work	215	-	215	399
Fees and charges from UK work	326	-	326	279
Activities for generating funds	88	-	88	168
Investment and interest income	31	21	52	24
Other income	63	-	63	42
Total incoming resources (Note 2)	<u>3,703</u>	<u>7,254</u>	<u>10,957</u>	<u>10,151</u>
RESOURCES EXPENDED				
Cost of generating funds:				
Business, fundraising and publicity costs	644	9	653	683
Charitable expenditure:				
UK residential healthcare	2,855	63	2,918	3,237
UK adult and children day-care services	591	68	659	561
The Mildmay Centre, Uganda – healthcare & training	200	4,581	4,781	3,408
International training and consultancy	207	1,114	1,321	1,763
Children's Centre, Uganda – healthcare & training	-	1,269	1,269	684
Governance costs	137	-	137	130
Total expended resources (Note 3)	<u>4,634</u>	<u>7,104</u>	<u>11,738</u>	<u>10,466</u>
TRANSFERS BETWEEN FUNDS (Note 14)	580	(580)	-	-
NET OPERATIONAL				
INCOMING/(OUTGOING) RESOURCES	(351)	(430)	(781)	(315)
Surplus on sale of fixed assets	(67)	-	(67)	3,788
Interest received on escrow account (Note 22)	181	-	181	-
NET MOVEMENT IN FUNDS	<u>(237)</u>	<u>(430)</u>	<u>(667)</u>	<u>3,473</u>
Total funds brought forward at 1 April	9,237	571	9,808	6,335
Total funds carried forward at 31 March	<u><u>9,000</u></u>	<u><u>141</u></u>	<u><u>9,141</u></u>	<u><u>9,808</u></u>

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

All operations are continuing.

NOTE OF HISTORICAL COST INCREASE/(DECREASE) IN FUNDS
For the year ended 31 March 2008

	2008 £	2007 £
Reported net incoming/(outgoing) resources for the financial year	(667)	3,473
	<u>(667)</u>	<u>3,473</u>
HISTORICAL COST NET INCREASE/(DECREASE) IN FUNDS FOR THE FINANCIAL YEAR	<u>(667)</u>	<u>3,473</u>

CONSOLIDATED AND COMPANY BALANCE SHEET

At 31 March 2008

	Notes	Group 2008 £'000	Charity 2008 £'000	Group 2007 £'000	Charity 2007 £'000
FIXED ASSETS					
Tangible assets	8	1,303	1,303	1,174	1,174
Investments	9	-	300	-	300
		<u>1,303</u>	<u>1,603</u>	<u>1,174</u>	<u>1,474</u>
ESCROW ACCOUNT	22	<u>6,452</u>	<u>6,452</u>	<u>6,338</u>	<u>6,338</u>
CURRENT ASSETS					
Stock	10	130	-	345	-
Debtors	11	440	993	580	2,387
Cash	12	1,659	445	2,447	1,714
		<u>2,229</u>	<u>1,438</u>	<u>3,372</u>	<u>4,101</u>
CREDITORS: Amount falling due within one year	13	<u>(843)</u>	<u>(352)</u>	<u>(1,076)</u>	<u>(2,105)</u>
NET CURRENT ASSETS		<u>1,386</u>	<u>1,086</u>	<u>2,296</u>	<u>1,996</u>
Total assets less current liabilities		<u><u>9,141</u></u>	<u><u>9,141</u></u>	<u><u>9,808</u></u>	<u><u>9,808</u></u>
RESERVES					
Unrestricted funds:					
General fund		1,245	1,245	1,725	1,725
Designated funds:					
Tangible assets		1,303	1,303	1,174	1,174
Escrow	22	6,452	6,452	6,338	6,338
Total unrestricted funds		<u>9,000</u>	<u>9,000</u>	<u>9,237</u>	<u>9,237</u>
Restricted funds	14	<u>141</u>	<u>141</u>	<u>571</u>	<u>571</u>
Total funds	15	<u><u>9,141</u></u>	<u><u>9,141</u></u>	<u><u>9,808</u></u>	<u><u>9,808</u></u>

Approved by the Board of Trustees on

24 January 2009

and signed on its behalf by




CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2008

	Notes	2008 £'000	2007 £'000
Net cash inflow/(outflow) from operating activities	18(a)	(580)	(253)
Returns on investments and servicing of finance			
Interest received		52	24
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(260)	(136)
Management of Liquid Resources		(788)	(365)
Proceeds from the sale of property	22	-	1,528
Increase/(decrease) in cash	18(b)	<u>(788)</u>	<u>1,163</u>

1 ACCOUNTING POLICIES

(a) Accounting convention

These financial statements have been prepared under the historical cost convention, modified by the revaluation of investments to market value, and in accordance with the applicable UK accounting standards and the Statement of Recommended Practice (SORP) “Accounting and Reporting by Charities” published in 2005.

The financial statements have been prepared on the basis of a going concern having regard to notes 22, 23 and 24.

The charity has availed itself of Paragraph 3 (3) of Schedule 4 of the Companies Act 1985 and adapted the Act formats to reflect the special nature of the charity’s activities. No separate Statement of Financial Activities has been presented for the charity alone as permitted by Section 230 of the Act and paragraph 304 of the SORP.

(b) Basis of consolidation

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

(c) Fund accounting

Unrestricted funds

General funds

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

Designated funds

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

Restricted funds

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

(d) Appropriations from funds in respect of capital expenditure

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

(e) Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all the costs related to that category. Where costs cannot be directly attributed to particular headings, they have been allocated to activities on a basis consistent with the use of the resources.

Mildmay Mission Hospital
Notes to the financial statements
For the year ended 31 March 2008 (continued)



(f) Donations and legacies

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

(g) Depreciation

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

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

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

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

(h) Operating leases

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

(i) Pension contributions

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

(j) Investments

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

(k) Realised and unrealised gains and losses

Realised and unrealised gains and losses are accounted for by comparing the sale proceeds or year end valuation to either the last balance sheet valuation or the cost of purchase, if later.

(l) Foreign currencies

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

(m) Stock

Stock is valued at the lower of cost and net realisable value.

Mildmay Mission Hospital
Notes to the financial statements
For the year ended 31 March 2008 (continued)



2 INCOMING RESOURCES

	Mildmay UK Ltd £'000	Mildmay International Ltd £'000	Mildmay Mission Hospital £'000	Total 2008 £'000	Total 2007 £'000
Donations and gifts	-	56	768	824	1,096
Legacies	-	-	134	134	532
Department of Health S64 Grant	-	-	-	-	140
NHS Contract Income	2,051	-	-	2,051	2,248
NHS Pension Funding	160	-	-	160	157
International contract income	-	6,959	-	6,959	4,962
International patient income	-	85	-	85	104
UK training and consultancy	7	-	-	7	10
International training and consultancy	-	208	-	208	389
Nursery and other UK based fees	281	-	-	281	209
Rent and accommodation	45	-	-	45	70
Events	-	-	88	88	168
Investment and interest income	2	9	41	52	24
Other income	11	40	12	63	42
	<u>2,557</u>	<u>7,357</u>	<u>1,043</u>	<u>10,957</u>	<u>10,151</u>
Split by geographical region:					
UK	2,557	-	1,043	3,600	4,592
Overseas	-	7,357	-	7,357	5,559
	<u>2,557</u>	<u>7,357</u>	<u>1,043</u>	<u>10,957</u>	<u>10,151</u>
Split by funds:					
Unrestricted	2,557	103	1,043	3,703	4,592
Restricted	-	7,254	-	7,254	5,559
	<u>2,557</u>	<u>7,357</u>	<u>1,043</u>	<u>10,957</u>	<u>10,151</u>

3 RESOURCES EXPENDED

	Staff costs £'000	Direct costs £'000	Allocated Costs £'000	Total 2008 £'000	Total 2007 £'000
Business, fundraising and publicity costs	355	245	53	653	683
UK residential healthcare	1,755	268	895	2,918	3,237
UK adult day-care services	125	60	92	277	267
UK day nursery services	226	38	118	382	294
The Mildmay Centre, Uganda	1,140	3,356	285	4,781	3,408
Training & Consultancy - Kenya	469	519	78	1,066	1,664
Tanzania	75	147	15	237	89
Zimbabwe	3	14	1	18	10
Children's Centre, Uganda - healthcare	523	656	90	1,269	684
Governance	36	91	10	137	130
Support costs	1,147	490	(1,637)	-	-
	<u>5,854</u>	<u>5,884</u>	<u>-</u>	<u>11,738</u>	<u>10,466</u>

Mildmay Mission Hospital
Notes to the financial statements
For the year ended 31 March 2008 (continued)



3 RESOURCES EXPENDED (cont)

<u>Support Costs Comprise:</u>	Staff costs £'000	Direct costs £'000	Total 2008 £'000	Total 2007 £'000
Human Resources	90	20	110	107
Information Technology	74	42	116	87
Business Services	116	1	117	115
Voluntary Services	11	1	12	60
Building Services	233	220	453	414
Finance	345	316	661	515
Depreciation	-	131	131	247
Other Costs	278	(241)	37	333
	<u>1,147</u>	<u>490</u>	<u>1,637</u>	<u>1,878</u>
The above costs include:			2008	2007
			£'000	£'000
Auditors' remuneration:				
Audit fee – charity			20	18
Other services - audit of UK and international subsidiaries			33	31
Advice and other services			113	-
Audit and accountancy fees paid to non UK firms			51	15
Operating lease rentals – plant and equipment			9	20
Depreciation			131	247
Exchange rate (profit)/loss			(79)	(18)
			<u> </u>	<u> </u>

4 STAFF COSTS

	2008 £'000	2007 £'000
Wages and salaries	4,444	4,267
Social security costs	365	355
Other pension costs	237	280
Agency fees and other staff related costs	808	659
	<u>5,854</u>	<u>5,561</u>

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

	2008 Number	2007 Number
£60,001 - £70,000	2	2
£70,001 - £80,000	1	1
	<u> </u>	<u> </u>

The pension contributions made by the employer on behalf of the 3 employees above was £28,814 (2007: £28,037) of which £10,786 (2007: £10,725) related to the highest paid member of staff.

Mildmay Mission Hospital
Notes to the financial statements
For the year ended 31 March 2008 (continued)



4 STAFF COSTS (cont)

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

	2008	2007
	Number	Number
Patient care – Mildmay Hospital UK	68	76
Administration and support – Mildmay Hospital UK	15	17
Patient care and training – International	194	164
Administration and support – International	177	167
Charity support	9	10
Fundraising and publicity	4	5
Governance and administration	1	1
	<u>468</u>	<u>440</u>

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

5 DIRECTORS' EMOLUMENTS

No emoluments were paid to directors by the charity (2007: Nil)

No expenses were paid to trustees (2007: Nil).

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

6 RESULTS OF MILDMAY MISSION HOSPITAL

As permitted under Section 230(1) of the Companies Act 1985, the company has not presented its own SOFA. The net outgoing resources dealt with in the financial statements of the charity are a deficit of £667,756 (2007: a surplus of £3,473,056).

The results of the charity and its two subsidiaries are summarised below.

	Mildmay	Mildmay	Mildmay	Total	Total
	UK Ltd	International	Mission	2008	2007
	£'000	Ltd	Hospital	£'000	£'000
	£'000	£'000	£'000	£'000	£'000
Total income	2,557	7,357	1,043	10,957	10,151
Total expenditure	(3,405)	(7,232)	(1,101)	(11,738)	(10,466)
Surplus on sale of land	-	-	-	-	3,788
Net movement in escrow account	-	-	114	114	-
	<u>(848)</u>	<u>125</u>	<u>56</u>	<u>(667)</u>	<u>3,473</u>
Mildmay Mission Hospital funding	848	(125)	(723)	-	-
	<u>-</u>	<u>-</u>	<u>(667)</u>	<u>(667)</u>	<u>3,473</u>

The current assets of Mildmay UK Ltd and Mildmay International Ltd at 31 March 2008 were £150,100 in each case (see note 19) (2007: £150,100 in each case).

Mildmay Mission Hospital
Notes to the financial statements
For the year ended 31 March 2008 (continued)



7 PENSIONS

The company is an approved organisation, for the purposes of the National Health Service (Superannuation) Regulations 1980, making contributions to the National Health Service Pension Scheme. The Scheme is regarded as a statutory scheme by HM Revenue & Customs and is covered by section 22 of chapter 23 of the 1970 Finance Act. The contributions of the employer and employee are 14% and 6% respectively. As a statutory scheme, benefits are fully guaranteed by the Government. Contributions from both members and employers are paid to the Exchequer, which meets the cost of the scheme benefits. The Exchequer also pays for the cost of increasing benefits each year by the rate of inflation. This extra cost is not met by contributions from scheme members and employees.

8 TANGIBLE FIXED ASSETS

	Freehold Land and Buildings	Building Improve- ments	Fixtures and Fittings	Equipment	Total
Group and company	£'000	£'000	£'000	£'000	£'000
COST					
At 1 April 2007	875	3	286	1,384	2,548
Additions	-	199	-	61	260
Disposals	-	-	-	-	-
At 31 March 2008	875	202	286	1,445	2,808
DEPRECIATION					
At 1 April 2007	80	-	263	1,031	1,374
Charge for the year	16	4	13	98	131
Disposals	-	-	-	-	-
At 31 March 2008	96	4	276	1,129	1,505
NET BOOK VALUE					
At 31 March 2008	779	198	10	316	1,303
At 31 March 2007	795	3	23	353	1,174

Split of Assets Held in Uganda and the UK

The Mildmay Centre	187	55	3	114	359
Mildmay Paediatric Care Centre	592	143	1	179	915
Uganda	779	198	4	293	1,274
UK	-	-	6	23	29
Net book value	779	198	10	313	1,303

See Note 22 for details of the redevelopment of the UK site. The Mildmay Centre buildings are on a freehold owned by the Ministry of Health, Uganda (MoH). Mildmay is currently renegotiating the contract with the MoH and, when we know with certainty the likely period of the licence granted we can reconsider the possible impairment of those buildings. The Net Book Value of the buildings on land not directly owned by Mildmay amounts to £186,712.

Mildmay Mission Hospital
Notes to the financial statements
For the year ended 31 March 2008 (continued)



9 INVESTMENTS

	Group 2008 £'000	Charity 2008 £'000	Group 2007 £'000	Charity 2007 £'000
Balance at 1 April 2007	-	300	-	300
Disposals	-	-	-	-
	<u>-</u>	<u>300</u>	<u>-</u>	<u>300</u>
	<u>-</u>	<u>300</u>	<u>-</u>	<u>300</u>

Included in the investments of Mildmay Mission Hospital itself are its investments in each of its two subsidiaries, Mildmay Hospital UK Limited and Mildmay International Limited, of 150,100 £1 ordinary shares acquired at par at an aggregate cost of £300,200.

10 STOCKS

	Group 2008 £'000	Charity 2008 £'000	Group 2007 £'000	Charity 2007 £'000
Stocks of drugs at Mildmay Centre, Uganda	130	-	345	-
	<u>130</u>	<u>-</u>	<u>345</u>	<u>-</u>

11 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2008 £'000	Charity 2008 £'000	Group 2007 £'000	Charity 2007 £'000
Amounts owed by Mildmay UK Ltd	-	469	-	2,356
Amounts owed by Mildmay International Ltd	-	502	-	-
Other debtors	284	19	336	21
Prepayments and accrued income	156	2	244	10
	<u>440</u>	<u>993</u>	<u>580</u>	<u>2,387</u>

12 CASH

	Group 2008 £'000	Charity 2008 £'000	Group 2007 £'000	Charity 2007 £'000
Cash at bank and in hand	1,013	-	641	-
Short term deposits	646	445	1,806	1,714
	<u>1,659</u>	<u>445</u>	<u>2,447</u>	<u>1,714</u>
Unrestricted cash and deposit balances	1,518	304	1,876	1,143
Restricted cash and deposit balances	141	141	571	571
	<u>1,659</u>	<u>445</u>	<u>2,447</u>	<u>1,714</u>

Mildmay Mission Hospital
Notes to the financial statements
For the year ended 31 March 2008 (continued)



13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2008 £'000	Charity 2008 £'000	Group 2007 £'000	Charity 2007 £'000
Sundry creditors	423	73	638	24
Bank overdraft	21	9	99	8
Tax and social security creditors	134	93	111	80
Corporation tax	35	35	35	35
Accruals and deferred income	84	28	149	65
Other creditors	146	114	44	44
Amounts owed to Mildmay International Ltd	-	-	-	1,849
	<u>843</u>	<u>352</u>	<u>1,076</u>	<u>2,105</u>

14 RESTRICTED FUNDS

	Balance 1 April 2007 £'000	Incoming Resources £'000	Expenditure, gains, losses and transfers £'000	Balance 31 Mar 2008 £'000
UK residential healthcare	15	48	63	-
UK adult and children day-care services	3	65	68	-
Mildmay International expenditure	1	8	9	-
The Mildmay Centre, Uganda – healthcare & training	-	4,581	4,581	-
Mildmay Paediatric Care Centre, Uganda - healthcare	436	1,424	1,850	10
Mildmay Paediatric Care Centre, Uganda - day-care & training	53	-	-	53
Contractual, grant & training income - Kenya	25	846	871	-
Tanzania	34	282	238	78
Zimbabwe	4	-	4	-
	<u>571</u>	<u>7,254</u>	<u>7,684</u>	<u>141</u>

At 31 March 2008 all restricted funds were held in cash. Sufficient resources are available to enable each fund to be applied in accordance with restrictions imposed.

The Mildmay Paediatric Care Centre, Uganda - healthcare fund is for the expenditure of building and running of a children's day-care centre in Uganda for children living with HIV and AIDS. Expenditure relating to £1,850,000 includes £580,000 shown as a reallocation between funds relating to earlier years.

The Mildmay Paediatric Care Centre, Uganda - day-care & training fund is for the starting and running of rural day-care projects.

Kenya funding is for the provision and development of in country health services through training.

The Tanzania & Zimbabwe funds are for the provision of training.

Mildmay Mission Hospital
Notes to the financial statements
For the year ended 31 March 2008 (continued)



15 ANALYSIS OF TOTAL FUNDS

	General Fund £'000	Designated Funds £'000	Restricted Funds £'000	Total Funds £'000
Fixed assets				
Tangible assets	-	1,303	-	1,303
	<u>-</u>	<u>1,303</u>	<u>-</u>	<u>1,303</u>
	-	1,303	-	1,303
Escrow account	-	6,452	-	6,452
Cash	1,518	-	141	1,659
Other current assets	570	-	-	570
Current liabilities	(843)	-	-	(843)
	<u>(843)</u>	<u>-</u>	<u>-</u>	<u>(843)</u>
Total funds	<u>1,245</u>	<u>7,755</u>	<u>141</u>	<u>9,141</u>

16 FINANCIAL COMMITMENTS

At 31 March 2008 there were no capital expenditure commitments.

	Plant and machinery	
	2008	2007
	£'000	£'000
Operating leases which expire:		
Within 2 to 5 years	12	23
	<u>12</u>	<u>23</u>

17 INCORPORATION

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

Each of the members of the company guarantees to pay a sum not exceeding £1 in the event of a winding up of the company. At 31 March 2008 there were 38 members of the company (2007: 38)

Mildmay Mission Hospital
Notes to the financial statements
For the year ended 31 March 2008 (continued)



18 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of operating surplus to net cash inflow from operating activities of the general fund

	2008	2007
	£'000	£'000
Net incoming/(outgoing) resources	(781)	(314)
Less interest received	(52)	(24)
Depreciation	131	247
Decrease / (increase) in stock	215	(212)
Decrease / (increase) in debtors	140	194
(Decrease) / increase in creditors	(233)	(143)
	<u> </u>	<u> </u>
Net incoming/(outgoing) cash from operating activities	(580)	(253)
	<u> </u>	<u> </u>

(b) Analysis of change in cash and cash equivalents during the year

Balance at 1 April 2007	2,447	1,284
Net cash inflow / (outflow) as per the consolidated cash flow statement	(788)	1,163
	<u> </u>	<u> </u>
Balance at 31 March 2008	1,659	2,447
	<u> </u>	<u> </u>

19 SUBSIDIARIES

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

Mildmay Mission Hospital
Notes to the financial statements
For the year ended 31 March 2008 (continued)



20 SEGMENTAL DISCLOSURE

The income of Mildmay International Ltd is almost entirely derived from services provided in East Africa. The income and the related expenses are disclosed as international income and expenditure in the consolidated statement of financial activities on page 15. The income (excluding bank interest) shown in the financial statements of Mildmay International Ltd for the year ending 31 March 2008 is £7,347,451 (2007: £5,554,176) and the expenditure prior to interest payments is £7,231,893 (2007: £5,693,376).

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

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

	2008	2007
	£'000	£'000
Net assets	150	150

In addition to the net assets disclosed above Mildmay Mission Hospital holds assets with a net book value of £1,273,986 (2007: £1,118,743) that are utilised by Mildmay International Ltd.

21 RELATED PARTY TRANSACTIONS

Other than those with Mildmay UK Ltd and Mildmay International Ltd as disclosed in these financial statements, there was one related party transaction for £958 with Gregory Rowcliffe Milners in which a trustee is a partner.

22 SITE REDEVELOPMENT

Following the completion of the agreement made in March 2007 for the redevelopment of the Hackney Road site a sum of £6.338m is being held in an escrow account to fund the building of a new hospital and charity offices. The cost of which is capped at this sum.

The sum held in the escrow account is a designated account. This money can be released at the discretion of the trustees should they decide not to build the hospital and charity offices. In the event of the new hospital not being built a sum of £3.179m would become due to the Secretary of State for Health. This liability is contingent only on the decision not to reprovide a hospital on the site. The contract specifies that, in the event that the necessary planning consents have not been obtained by 31 December 2011, the trustees have a call option to repurchase the site should they so wish. If Mildmay does not exercise the option to buy back the entire site then the land occupied by the Family Care Centre is to be transferred to it for no consideration.

Mildmay Mission Hospital
Notes to the financial statements
For the year ended 31 March 2008 (continued)



22 SITE REDEVELOPMENT (cont)

<u>Escrow Account Movement</u>	2008	2007
	£'000	£'000
Balance at 1 April	6,338	-
Capital receipt	-	6,338
Interest received	181	-
Property redevelopment charge	(67)	-
	<hr/>	<hr/>
Balance at 31 March	6,452	6,338
	<hr/> <hr/>	<hr/> <hr/>

During the year, the trustees made the decision not to provide the separate charity offices on the site. This enabled £600,000 to be released from the escrow account, reducing the balance and the cost cap for the new hospital to £5.738m. The £600,000 was received into general funds in July 2008.

23. POST BALANCE SHEET EVENTS

Management accounts estimate that, at 31 March 2009, the group will have made an overall surplus for the year of £27,000. The effect on free reserves and cash is as follows:

	UNRESTRICTED	FREE	
	CASH	RESERVES	
	2009	2009	2008
	£'000	£'000	£'000
Brought forward	1,518	1245	1,725
Movement in year	(200)	26	(480)
Escrow release	600	600	-
	<hr/>	<hr/>	<hr/>
	1,918	1,871	1,245
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

24. GOING CONCERN

These accounts are prepared on the going concern basis. This basis is dependent upon the corrective measures being implemented by the trustees to reverse the deficits being incurred by the group during the year ending 31 March 2009. The consolidated budget and cash flow forecast for the group shows the following effect on free reserves for the year to 31 March 2010:

	UNRESTRICTED	FREE	
	CASH	RESERVES	
	2010	2010	2009
	£'000	£'000	£'000
Brought forward (note 23)	1,918	1,871	1,245
Movement in year	303	161	26
Cash released from escrow account	-	-	600
	<hr/>	<hr/>	<hr/>
	2,221	2,032	1,871
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