

Liverpool Heart and Chest Hospital Charity

Annual Report and Accounts 2014/15



Liverpool Heart and Chest Hospital Charity
Thomas Drive
Liverpool
L14 3PE

Tel: 0151 600 1616

Registered with: The Charity Commission
Charity Number: 1052813

Liverpool Heart and Chest Hospital Charity Annual Report and Accounts 2014/15

Contents:

1. Annual Report

Foreword

- 1.1 Reference and Administrative Details**
- 1.2 Trustee**
- 1.3 Principal Charitable Fund advisor to the Board**
- 1.4 Principal Office**
- 1.5 Principal Professional Advisors**
- 1.6 Structure, Governance and Management**
- 1.7 Risk Management**
- 1.8 Partnership Working**
- 1.9 Charity Objectives and Strategy**
- 1.10 Annual Review: Our Activities**
- 1.11 Fund Expenditure Policy**
- 1.12 Reserves Policy**
- 1.13 The Future**
- 1.14 Review of Finances, Achievements and Performance**
- 1.15 Summary**

2. Financial Statements

3. Auditor's Report

Liverpool Heart and Chest Hospital Charity

Annual Report and Accounts 2014/15

Foreword

The Corporate Trustee presents the Charitable Funds Annual Report together with the Audited Financial Statements for the year ended 31st March 2015.

The Charity's annual report and accounts for the year ended 31 March 2015 have been prepared by the Corporate Trustee in accordance with the Charities Act 1993 (as amended by the Charities Act 2006), the Charities (Accounts & Reports) Regulations 2008 and United Kingdom Generally Accepted Accounting Practice which give a true and fair view of the incoming resources and application of the resources of the charity during the year and of the charity's state of affairs at the end of the financial year. The Charity's report and accounts include all the separately established funds for which the Liverpool Heart & Chest Hospital NHS Foundation Trust is the sole beneficiary.

The Charity has a Corporate Trustee: Liverpool Heart & Chest Hospital NHS Foundation Trust.

Members of the NHS Trust Board who served during the financial year were as follows:

Name	Title
J Tomkinson	Chief Executive Officer
G Russell	Medical Director
D Jago	Chief Finance Officer
S Pemberton	Director of Nursing
M Jackson ¹	Director of Research & Informatics
D Herring ²	Director of Strategy and Organisational Development
P N Large	Chair
G Appleton ³	Non-Executive Director
D Bricknell	Non-Executive Director
L Cotter	Non-Executive Director
M Fuller ⁴	Non-Executive Director
M Savill	Non-Executive Director
M Jones ⁵	Non-Executive Director
K Morris ⁶	Non-Executive Director

¹Mark Jackson served as executive member of Board until 31st May 2014;

²Debbie Herring commenced 1st June 2014;

³Geoffrey Appleton resigned 31st October 2014;

⁴Mark Fuller resigned 31st January 2015;

⁵Mark Jones commenced 1st December 2014;

⁶Ken Morris commenced 1st February 2015;

The Charitable Funds are registered with the Charity Commission (no. 1052813) in accordance with the Charities Act 1993.

1.1 Reference and Administrative Details

Charity Name: Liverpool Heart and Chest Hospital Charity

Charity registration number: 1052813

Registered Office and Operational address: Liverpool Heart & Chest Hospital Charity,
Thomas Drive,
Broadgreen, Merseyside,
L14 3PE

The main charity Liverpool Heart and Chest Hospital Charity was entered on the central register of Charities on the 19th December 1995. The charity is constituted of 29 funds as at the 31st March 2015, with a fund balance of £0.782m (excluding the unrealised gain on the COIF investment). This compares to 29 funds as at 31st March 2014 where the fund balance was £1.426m. The notes to the accounts distinguish the type of fund held and disclose separately all material funds.

Charitable funds received by the charity are accepted, held and administered as funds and property held on trust for purposes relating to the National Health Service and Community Care Act 1990 and these funds are held on trust by the corporate body.

1.2 Trustee

The Liverpool Heart & Chest Hospital NHS Foundation Trust is the Corporate Trustee of the charitable funds governed by the law applicable to Trust's, principally the Trustee Act 2000 and the Charities Act 1993.

Responsibility for the on-going management of funds is devolved by the NHS Foundation Trust Board to the Charitable Funds Committee, which administers the funds on behalf of the Corporate Trustee. The names of those people who served as agents for the Corporate Trustee, as permitted under regulation 16 of the NHS Trust's (Membership and Procedures) Regulations 1990 were as follows:

Name	Position
David Bricknell	Non-Executive Director and Chair of Charitable Funds Committee
Mark Fuller	Non-Executive Director
David Jago	Chief Finance Officer and Financial Trustee of Charitable Funds Committee
Mark Jackson	Director of Research & Informatics
Lucy Lavan	Associate Director for Corporate Affairs

1.3 Principal Charitable Fund Advisors to the Board

Under the Scheme of Reservation and Delegation (SoRD) the Chair of the Charitable Funds Committee and Chief Finance Officer has day to day responsibility for the management of the Charitable Funds.

Expenditure up to £5,000 from the Liverpool Heart and Chest Appeal or General Fund must be approved by two Executive Directors whilst expenditure up to £5,000 from other funds must be approved by the Fund holder plus an Executive Director. Expenditure over £5,000 or recurring expenditure such as salaries must be approved by the Charitable Funds Committee. The Chair of the Charitable Funds Committee and the Chief Finance Officer can jointly approve expenditure outside of the quarterly Charitable Funds meetings.

The Head of Financial Services acts as the principal officer overseeing the day to day financial management and accounting for the charitable funds during the year.

1.4 Principal Office

The principal office for the charity is:

Liverpool Heart and Chest Hospital Charity
 Thomas Drive
 Liverpool
 L14 3PE

1.5 Principal Professional Advisors

Banker:	Solicitor:	Auditor:	Investment Manager:
Barclays Bank Plc, North West Larger Businesses, PO Box 378, 71 Grey Street, Newcastle Upon Tyne, NE99 1JP	Hill Dickinson, Pearl Assurance House, Derby Square, Liverpool, L2 9XL	Grant Thornton UK LLP, 4 Hardman Square, Manchester, M3 3EB	COIF, St Alphage House, 2 Fore Street, London, EC2Y 5AQ

1.6 Structure, Governance and Management

The Charity has complied with current statutory requirements, the requirements of the governing document and the requirements of the Statement of Recommended Practice (SoRP) 2005.

The Charity's unrestricted fund was established using the model declaration of trust and all funds held on trust as at the date of registration were part of this unrestricted fund. Subsequent donations and gifts received by the charity that are attributable to the original funds are added to those fund balances within the existing charity.

The Corporate Trustee fulfils its legal duty by ensuring that funds are spent in accordance with the objects of each fund and by designating funds, the Trustee respects the wishes of our generous donors to benefit patient care and advance the good health and welfare of patients, carers and staff.

The charitable funds available for spending are allocated to specialties within the NHS Trust's directorate management structure. There are charitable funds for each of the wards as well as larger funds for Liverpool Heart and Chest Appeal, Robert Owen House, Heart, Aneurysm Project and Cystic Fibrosis.

Non-Executive Members of the Trust Board are appointed by the Council of Governors and executive members of the Board are subject to recruitment by the NHS Foundation Trust Board. Members of the Trust Board and the Charitable Funds Committee are not individual Trustees under Charity Law but act as agents on behalf of the Corporate Trustee.

The agents of the Corporate Trustee during the year have included Non-Executive and Executive Directors.

The Charitable Funds Committee operates within Terms of Reference authorised by the Board of Liverpool Heart and Chest Hospital NHS Foundation Trust.

This document defines the;

- Purpose of the Committee
- Authority of the Committee
- Objectives
- Governance
- Membership
- Attendance
- Quorum and Frequency
- Reporting

A Charitable Funds Policy and Procedure Manual have been issued to each Trustee, which clearly defines their roles and responsibilities. They are also issued with the Corporate Governance Manual which includes Standing Financial Instructions, Standing Orders and the Scheme of Reservation and Delegation. Members of the Finance department are available to provide training sessions which give an overview of Charitable Funds procedures. In addition Trustees attend quarterly Charitable Funds meetings, where they are kept up to date with current issues.

Purpose of the Committee

The Charitable Funds Committee is established as a sub-committee of the Board of Directors of Liverpool Heart and Chest Hospital NHS Foundation Trust in order to ensure the Trust's duty as Corporate Trustee of its Charitable Funds has been discharged.

The committee has no executive powers other than those specifically delegated in its Terms of Reference

Authority

The Charitable Funds Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek information it requires of any employee (or contractor acting on behalf of the Trust) and all employees (or contractor acting on behalf of the Trust) are directed to co-operate with any request made by the committee. The committee is authorised to obtain legal advice or other professional advice from internal or external sources. The committee has delegated authority from the Board to:

- Maintain the Charity's governing document and registration with the Charity Commission.
- Review and advise on those aspects of Standing Orders and Standing Financial Instructions that appertain to the charity and its operation.
- Apply all charitable funds in accordance with the NHS Acts, Charities Acts and good practice and ensure that decisions on the use of investments of such funds are restricted to the explicit conditions or purpose of each donation, bequest or grant.

- Make decisions involving the use of charitable funds for investments subject to the powers laid down in the “Declaration of Trust” and with regard to the Trustee Act 2000 and any subsequent legislation.
- Consider the appointment of investment advisors and monitor the performance of the charitable fund portfolio.
- To oversee the investment policy of the Charitable Funds as required by the Trustee Investment Act 1961 and the NHS Acts.
- The committee acts as the control mechanism for any approved fundraising appeals which may be initiated by ensuring that the appointment and control of fundraisers is in line with regulations and guidance contained in part 2 of the Charities Act 1992 “Controlling of Fundraising” and subsequent legislation.
- The committee oversees and monitors the functions performed by the Chief Finance Officer and Chief Executive with regard to the investment, accounting and reporting on the use of charitable funds.
- The committee receives Annual Accounts and Reports of the Trust’s charitable funds for consideration and recommendation for final approval or otherwise to the Board of Directors

Committee Objectives

The role of the committee is to oversee the management of the affairs of the Liverpool Heart and Chest Hospital Charitable Fund. This is a delegated duty carried out on behalf of the Liverpool Heart and Chest Hospital NHS Foundation Trust which is the sole corporate trustee of the charity. The role is to ensure that the charity acts within the terms of its declaration of trust and appropriate legislation and to provide information to the Audit Committee to enable it to provide assurance to the Board that the charity is properly governed and well managed across the full range of activities.

This includes:

- Ensuring that unacceptable levels of assurance and risks related to financial performance of the Charitable Fund or associated investments are reported to the Board for consideration
- The review and adoption of the annual accounts and annual report of the charity and to ensure relevant information is disclosed
- The review and update annually of the terms of reference, recommending any changes to the Board of Directors
- The investment and application of income, funds and property of the charity in accordance with the governing document
- Maintenance of the solvency and continuing effectiveness of the Charity
- Safeguarding permanent endowments as appropriate
- Evaluation of the membership and performance on an annual basis and report findings to the Board of Directors

- Investment and review of funds not needed for immediate application, in accordance with the Charity's investment objectives and the principles outlined in the Trust's Investment Policy
- Providing advice to the Board and the Fundraising Group on fundraising matters
- The review and monitoring of the effectiveness derived from grants of money and property to the Trust
- Operation of a visible and transparent decision making process for grants of money and property to the Centre
- Ensuring equality and diversity is a key dimension of the committee's work in particular when considering requests for use of charitable monies and agreeing fundraising activities
- The delivery of the Charitable Funds annual plan and strategic objectives as issued by the Board of Directors in its role as Corporate Trustee
- The approval of policies and procedures required for effective management of the Fund to be delivered. This includes oversight of associated compliance arrangements such as those required by the Charities Commission
- Ensuring that the Trust's Investment Policy and Treasury Management policies are adhered to when considering related actions – evenly spread over the year as appropriate
- Providing assurance to the Board that the systems, policies and procedures put in place to deliver Charitable Funds plans operate in compliance with appropriate standards, are effective, are focused on key risks and drive the delivery of the Trust's objectives via an annual report

The Board, as a corporate body has sole discretion on the appointment of all agents of the Corporate Trustee.

The Trustees meet quarterly at the Charitable Funds Committee and review the performance of the fund. The review includes performance of investments, contributions to Research and Development, Liverpool Heart and Chest Appeal fundraising, details of balances and movements over £1,000, and any expenditure items requiring approval over £5,000.

The Accounting records and the day to day administration of the funds are dealt with by the Finance Department located at Moroney House, Liverpool Heart & Chest Hospital NHS Foundation Trust, Thomas Drive, Liverpool L14 3PE.

During the year other appeals conducted by the Charity were 'The Heart Appeal' and 'Liverpool Heart and Chest Appeal'. A separate fundraising steering group, chaired by Mr Alan Birchall leads the fundraising effort for the Liverpool Heart and Chest Appeal. Two Trustees - the Chair and the Financial Trustee - are members of this steering group.

1.7 Risk Management

The Trustees have considered potential risks to which the charity is exposed. There are no major risks that have been identified other than those associated with the normal fluctuation in value of investments. The Trustees believe these risks are managed by holding investments in a diversified fund of investments and by only investing funds not required in the short or medium term.

At 31st March 2015 the market value of investments in the COIF (Charity Official Investment Fund) was £550,000 out of total reserves of £932,000.

Risks have been carefully considered and there are procedures in place to review the investment policy which mirrors that of the Trust, to ensure that both spending and firm financial commitments remain in line with income. The Investment Committee which is a sub-committee of the Trust Board develops and recommends to the Trust Board a written Treasury Management Policy which includes attitude to risk associated with investments. This policy is approved by the Trust Board and reviewed annually.

1.8 Partnership Working

Liverpool Heart & Chest Hospital NHS Foundation Trust is the main beneficiary of the charity and is a related party by virtue of being Corporate Trustee of the charity. By working in partnership with the Trust, the charitable funds are used to best effect. When deciding upon the most beneficial way to use charitable funds, the Corporate Trustee has regard to the main activities, objectives, strategies and plans of the Trust.

The Charity is indebted to the work of individuals, rotary clubs, inner wheel societies, schools and many groups/organisations across the region in support of the Liverpool Heart and Chest Appeal. We also appreciate the work of the volunteers in the Tea Shop which helps to support the day to day running costs of Robert Owen House.

If you want to know more about how to become involved or to take part in the fundraising or to make a donation please contact the Fundraising Department on 0151 600 1409.

1.9 Charity Objectives and Strategy

The Charity's main fund has NHS wide objectives as follows:

"For any charitable purpose or purposes relating to the National Health Service wholly or mainly for the service provided by the Liverpool Heart & Chest Hospital NHS Foundation Trust".

The agents of the Corporate Trustee have complied with their duty to have due regard to the guidance on public benefit published by the Charities Commission in exercising their powers or duties.

The majority of the 29 funds within the umbrella charity are for the charitable purposes of advancement of health or saving of lives or for the advancement of education.

1.10 Annual Review April 2014 – March 2015: Our Activities



a matter of **life** and **breath**

The Liverpool Heart and Chest Hospital Charity exists to support the work of the hospital by providing additional resources to enable the hospital to remain at the forefront of caring for our patients, their families and our staff.

During the financial year 2014/15 the charity received an amazing **£544,628.31** and we are incredibly grateful to everyone who helped us achieve this magnificent amount.

How we used the Funds:

During the past year the charity has made a major difference to the work of the hospital with an investment of nearly **£750,000** covering:

- The refurbishment of Robert Owen House, an accommodation facility for the families of patients who are seriously ill,
- Redevelopment of one of the Cystic Fibrosis wards;
- and the Critical Care Unit;
- It has helped with the purchase of equipment such as a portable echo machine as well as providing funds for patient amenities such as fans and shower chairs;
- In addition it has supported research and the training of staff members to ensure that they are always up to date with the latest best practice.

How we raised the funds

Donations:

Donations play a major part in helping us to carry on assisting LHCH and the last year saw donations totaling almost **£259,414.94** being given to the charity.

Events:

Events, whether organised by the Charity or by people wishing to do “their own thing” such as skydives, parties, car boots sales or even having their hair shaved off raised nearly £50,000 for our work during 2014/15

Some examples of the events include:



Hope Mountain Hike - The annual Hope Mountain Hike is organised by our Voluntary Appeal Chairman Alan Birchall and has always been one of our most popular events. This year's hike took place on Sunday 26th April 2015 with over 180 people participating, including hospital staff and members of the public. Not all of the sponsorship monies have been received yet but it looks set to be our most successful hike ever with **£8,483.80** already received. Next year the Hike celebrates its 10th anniversary so plans are afoot to make the event something very special indeed.



Legacies

Legacy income continues to provide a valuable source of funds for the charity. The last year saw almost **£116,083.33** received from people who so generously thought of the charity when making their will.

Marketing and Communications

Working with the Membership team, the Charity has featured prominently in the Membership Matters newsletter which is distributed to the 10,000 members of the Foundation Trust. This has helped promote the work of the charity to a wide audience as well as enabling people to support us with donations.

As well as the Membership Matters newsletter the Charity is promoted throughout the hospital with the use of A1 wall mounted posters. In addition the “Tree of Life” continues to be popular with many donors who are keen to have a lasting reminder of either a loved one or to make a special event or anniversary.

Future plans

❖ And Finally

Without the generous support of patients, members of the public and our own staff the Charity would not be able to undertake any of the work that it currently does and we can't thank those who make donations, take part in events, leave a legacy or get their company or workplace involved enough.

THANK YOU

For more information about our Appeal please log onto http://www.lhch.nhs.uk/About-Us/lhch_charity.aspx

There are a number of ways you can donate to our Appeal:

- By debit/credit card
- By cheque
- By direct debit in the form of a covenant
- By creating a JustGiving page
- By texting through JustGiving

Cheques should be made payable to 'Liverpool Heart and Chest Hospital Appeal' and sent to:

Appeal Office

Individuals and organisations who require more information about the Liverpool Heart and Chest Hospital Charity or the Liverpool Heart and Chest Appeal should contact the Fundraising Office on 0151 600 1409.

Liverpool Heart & Chest Hospital NHS Foundation Trust
Thomas Drive
Liverpool
L14 3PE

Appeal Office 0151 600 1409 Email: LHCHAppeal@lhch.nhs.uk

Aneurysm Project

The Aneurysm Project continues to support research into the aetiology and frequency of thoracic aneurysms and also research projects on young patients who undergo aneurysm surgery to improve their outcomes.

Cystic Fibrosis Fund

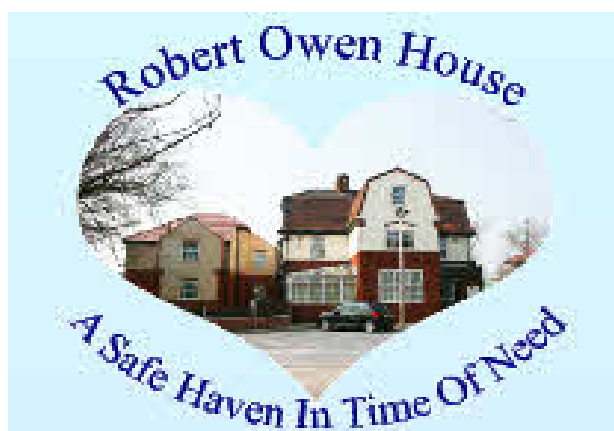
The Cystic Fibrosis Fund facilitates education and research into adult cystic fibrosis and also provides some support for patients with this condition.

Heart Appeal

The Heart Appeal continues to fund the purchase of medical equipment.

Robert Owen House Appeal

The Robert Owen House Appeal supports the provision of inexpensive overnight accommodation for relatives and friends of patients. This is particularly important given the wide catchment area of Liverpool Heart & Chest Hospital NHS Foundation Trust which extends to the Isle of Man and Wales.



The relatively low cost of the accommodation has been possible due to the on-going fundraising of various groups and individuals, in particular the Isle of Man Friends of Robert Owen House who donated £35,000 and the volunteers who work in the Tea Shop, whose surplus helps to support the day to day running costs of Robert Owen House.

During the year, an extensive upgrade and modernisation of Robert Owen House has been underway managed by the Robert Owen House Committee. The cost of the refurbishment during the year has been £236k. Robert Owen House provides bed and breakfast accommodation for the relatives of patients' undergoing treatment at Liverpool Heart and Chest Hospital. The house comprises 17 twin en-suite bedrooms. The following works have been carried out:

- Refurbishment of all bedrooms and communal areas;
- Development of a family quiet room;
- Redesign reception area;
- New flooring, light fixtures, lounge and dining room furniture, wardrobes, beds and electrical appliances

The redesign of the accommodation is in line with the Trust's Patient and Family Experience Vision through the Enhancing the Healing Environment Initiative. Full engagement with relatives, families and friends has been undertaken and is on-going.

Legacy

Liverpool Heart and Chest Appeal benefitted from legacy income of £116,083.33 during the year. This income is gratefully received and will be applied to further the objectives of the Charity.

In the Community

We are often astounded by the generosity shown to the Appeal from our patients, their friends and families who continue to organise their own fundraising events to say "thank you" to the hospital for the care they received.

1.11 Fund Expenditure Policy

Expenditure against any Charitable Fund is conditional upon the item being within the terms of the appropriate fund and the procedures approved by the Trust Board.

Expenditure on Charitable Funds must be authorised by a Fund-holder's signature and countersigned by the Chief Executive or one of the Executive Directors. Purchases in excess of £5,000 are considered by the Charitable Funds Committee. However, urgent purchases may be approved jointly by the Chair of the Charitable Funds Committee and the Chief Finance Officer

outside of the quarterly Charitable Funds meetings and subsequently reported to and ratified by the Charitable Fund Committee.

Before expenditure is incurred consideration is given to the following:

- The funds may be used for the benefit of hospital staff (both clinical and support) as long as it is in line with the objective of the fund and it does not go beyond what a good employer would consider reasonable to provide;
- The funds cannot be used to campaign or lobby on behalf of the Trust;
- Should comply with the requirements of the Charities Act of 2006 on the Public Benefit Test where there is an identifiable benefit or benefits and this benefit must be to the public, or a section of the public;
- Should not generally be spent for the benefit of specific individuals
- To supplement the remuneration (directly or indirectly) of officers

The authorised signatory must consider the following:

- That the expenditure is within the general and specific restrictions placed upon the funds (the authorising officer must be aware of these);
- Must be applied for the purposes set out in the governing document;
- That the funds are not freely available from other sources;
- Must be applied with complete fairness between persons who are properly qualified to benefit from it;

1.12 Reserves Policy

Charitable Funds are invested by the Chief Finance Officer in accordance with the Trust's policy and subject to statutory requirements. The Charity's policy is to retain reserves of £500,000.

The Charitable Funds' Trustees review the performance of investments and banking at the quarterly committee meetings. The Committee has decided that the Charities Official Investment Fund (C.O.I.F) is to be used for the investment of charitable funds.

Amounts to be invested with C.O.I.F are to be decided by the Charitable Funds Committee, with a maximum limit of one half of the Trust's charitable funds. The amount invested in C.O.I.F at the end of 2013/14 was £400,000. This investment has a current market value as at 31st March 2014 of £502,000.

At the end of the financial year the Charity held £985,855 in an Instant Access account with Government Banking Service and £61,978 in an Instant Access account with Barclay's.

The Charity has adopted the Trust's Policy on investments, all cash balances must remain in a comparatively liquid form and all investments resulting from them must be realisable and have maturity not exceeding six months.

Cash deposits are invested in accordance with the Trust's Treasury Management Policy which has been adopted by the charity.

Short term investments should be invested with Banks rated;

- P-1 Moody's rating

Long term investments should be invested with Banks rated;

- A+ Moody's rating

Dividends received are allocated to individual designated funds in proportion to their average closing balances for the relevant quarter.

1.13 The Future

Fundraising

With the retirement in 2014 of Christine Bell the charity had the opportunity to review its current operation and to look to develop a new, more proactive approach to its work. A new Head of Fundraising was appointed and Mary Liley started work on 8th June 2015. Mary has brought a wealth of knowledge and experience to the role, having previously been Charity Director at Papworth Hospital, Director of Fundraising at Derby Hospitals NHS Trust and Head of Fundraising at St. George's Hospital in London, amongst others. During her career Mary has raised in excess of £40million from a variety of different sources including charitable trusts, businesses and high net worth individuals.

On-going Projects

The larger funds will continue their good work in supporting the Trust through the following areas:

- Liverpool Heart and Chest Appeal supporting any charitable purpose or purposes relating to the National Health Service wholly or mainly for the service provided by the Trust;
- The Heart Appeal providing equipment;
- Robert Owen House providing inexpensive overnight accommodation for patients relatives and friends;
- Cystic Fibrosis supporting research into Adult CF;
- The Aneurysm Project supporting research into thoracic aneurysms; In addition the 2015 Liverpool Aortic Symposium will take place on 26th and 27th June at the Liverpool Arena and Convention Centre

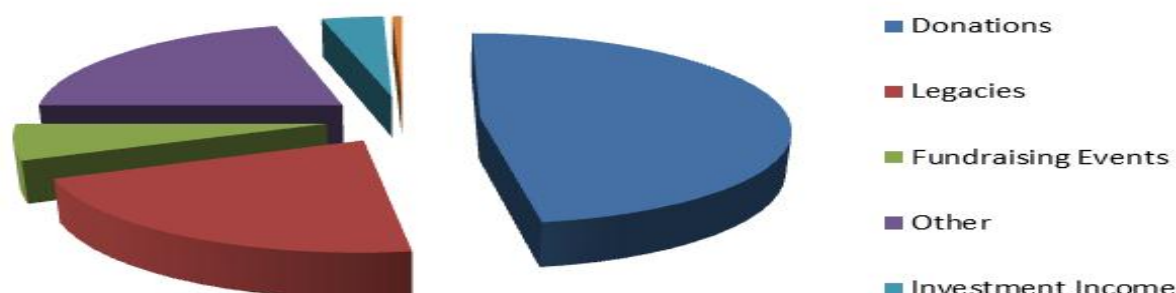


1.14 A Review of our Finances, Achievements and Performance

Income

Income consists of donations and legacies from patients and their relatives. In addition, we also receive considerable benefit from the support of many businesses. In total, £544,628 was received during 2014/15 (£541,972 in 2013/14), which included £259,415 of donations (£295,789 in 2013/14) and £116,083 of legacies (£67,660 in 2013/14). The generosity of all those who made a donation is very much appreciated.

Analysis of Sources of Income 2014/15



Sources of Income for the year	2014/15 (£000's)	2013/14 (£000's)	Movement (%)
Donations	259	296	-13%
Legacies	116	68	71%
Fundraising Events	33	51	-35%
Other	113	114	-1%
Investment Income	20	10	100%
Interest on Short Term Deposit	3	3	0%
Total	544	542	0%

The Charity's investment policy is to hold investments in a diversified fund of investments and by only investing funds not required in the short or medium term in such funds. The Charity forecasts its income, expenditure and cash flow at the beginning of each year, and invests any surplus either in the Charity Official Investment Fund (COIF) or as cash deposits. These are permissible investments available to the Trustees, under the Trustee Investment Act 1961. During 2014/15 the charity expended resources at a higher level than incoming resources, with a closing fund balance of £932,000, a reduction of 39% on 2013/14.

The return earned on investments totalled £22,712 (£13,285 in 2013/14). This consisted of £2,500 from current account interest and £20,212 from dividends on the COIF investment.

The average percentage return (dividends) for the COIF has remained relatively consistent at 5.05% (6.70% in 2013/14).

Interest earned in 2014/15 at £2,500 has remained consistent with the previous year. In line with the Charities investment policy, all surplus cash is invested with Government Banking Service, earning interest at 0.25%.

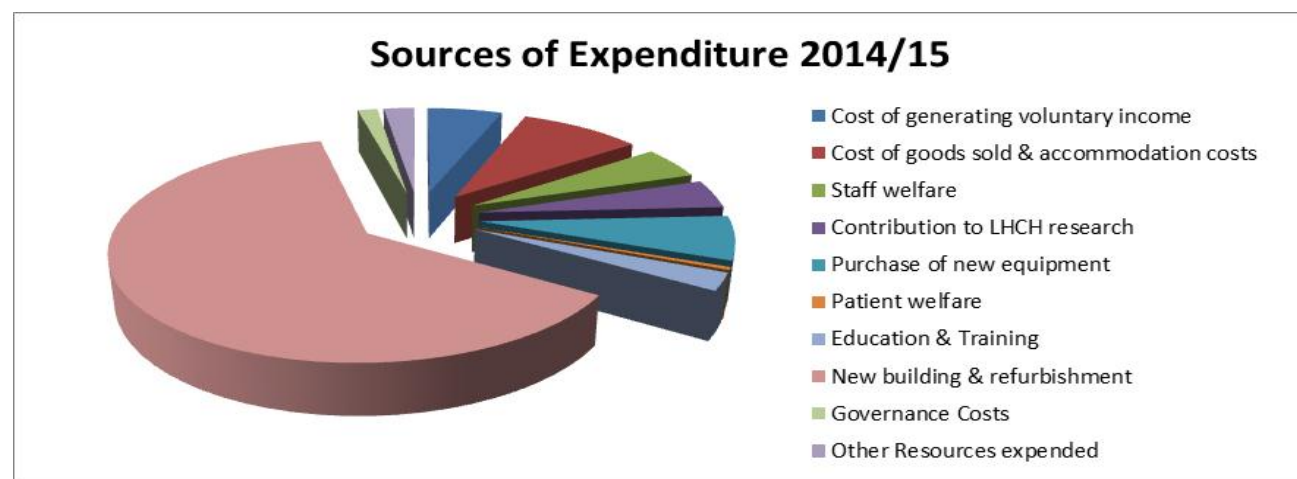
The market value of the long term COIF investment has increased by 9.56%, which compares to an increase of 1.11% in 2013/14. The value total invested is £400,000 resulting in an unrealised gain of £150,000 (of which £48,000 has been reported in 2014/15).

Expenditure

Total expenditure in 2014/15 was £1,188,231 (£597,112 in 2013/14).

The main areas of expenditure are shown in the table below:

Analysis of Expenditure	2014/15 (£'s)	2013/14 (£'s)	Movement (%)
Contribution to Liverpool Heart & Chest Research	51,169	114,285	-55%
Purchase of New Medical Equipment	77,921	38,357	103%
Staff Welfare	57,153	50,180	14%
Fundraising	67,809	67,112	1%
Robert Owen House Supplies	70,563	100,888	-30%
Tea Bar Supplies	40,212	42,138	-5%
Education & Training	31,252	101,592	-69%
New Building & Refurbishment	741,481	41,895	1670%
Admin fee & Bank Charges	23,520	24,535	-4%
Audit Fees	7,800	7,800	0%
Patient Welfare	4,571	2,625	74%
Other Expenditure	14,780	5,705	159%
Total Expenditure	1,188,231	597,112	99%



Total resources expended have increased by £591,119 (99%) from the previous year.

This has been due to the following factors:-

New building & refurbishment

Expenditure on new buildings and refurbishment has increased by £699k from 2013/14. The main drivers of this increase are:

- The Liverpool Heart and Chest Charity contributed £442k towards the Cystic Fibrosis ward development;
- Refurbishment of Robert Owen House has incurred costs of £236k;
- Critical care re-modelling scheme £61k;

Contribution to LHCH Research

The contribution to LHCH research reduced from £114,285 in 2013/14 to £51,169 in 2014/15. In 2013/14 funds generated from the Bentley Drivers' club were transferred to the Foundation Trust to fund a research project. In addition further research costs were incurred from the Merseybeat Fund.

Purchase of new equipment

The purchase of new equipment has increased from £38,357 in 2013/14 to £77,921 in 2014/15. Expenditure in 2014/15 includes the purchase of a portable echo machine; development and purchase of instruments for use in mini mitral valve procedures; networked digital signage.

Education and Training

Costs relating to education and training have reduced from £101,592 in 2013/14 to £31,252 in 2014/15. The Aneurysm Fund hosts a biennial Aortic Surgery Symposium, which was last held in 2013/14 and is the main driver of the reduction in spend.

Cost of goods sold and accommodation costs

Costs of goods sold and accommodation costs have reduced from £143,026 in 2013/14 to £110,776 in 2014/15. There are two main areas within this total:

- Tea bar supplies costs which have reduced marginally from £42,138 in 2013/14 to £40,212 in 2014/15;
- Robert Owen House costs which have reduced from £100,888 in 2013/14 to £70,563 in 2014/15 – which includes recharges for energy and utilities, domestic staff, administrative staff, furniture.

Fundraising Costs

Fundraising costs have remained consistent between 2013/14 at £67k and 2014/15 at £68k.

Please note that no trustees or persons connected to trustees have been remunerated or reimbursed from charitable funds during the year.

The Robert Owen House fund benefits from volunteers who work in the Tea Shop. In 2014/15 there were on average 9 volunteers working a rota where there were on average 2 volunteers working in the Tea Shop on either mornings or afternoons. The Trust manages all volunteers throughout the Trust and bears the costs of all expenses.

The Liverpool Heart and Chest Appeal support for research has enabled the continued development of the Clinical Trials Unit and has supported both large and small research projects as we continue to investigate the benefits of new treatments, evaluate new techniques and technologies that will benefit our patients.

In addition to charitable expenditure, costs of £85,751 (£84,391 in 2013/14) were incurred in fundraising and administering the charity. This figure represents 15.7% (15.6% in 2013/14) of all income which we believe to be in line with the charity sector as a whole.

1.15 Summary

During 2014/15, expenditure exceeded income for the charity by £643,603 (118.2%), which compares to net outgoing resources of £55,000 (10.2%) in 2013/14.

Resources expended in 2014/15 have increased by £591,119 (99.0%) from 2013/14. This is mainly due to the contribution towards the Cystic Fibrosis Ward development and the refurbishment of Robert Owen House.

Incoming resources in 2014/15 have remained consistent with a small increase of £2,836 (0.5%) from 2013/14.

There has been an unrealised gain on the C.O.I.F investment of £48,000. This is added to the Net outgoing resources of £643,603 leaving a net decrease in fund balances of £595,603. This results in a closing fund balance of £932,000 (£1,528,000 in 2013/14).

The charity's policy on reserves is to retain reserves of up to £500,000 in order to meet on-going commitments and allow firm plans to be put in place for the following year. The high level of donations and legacies received during the year has resulted in the value of the fund exceeding this amount.

Liverpool Heart and Chest Appeal continue to encourage business cases which may be funded from the broader objectives of the Appeal.

A Big Thank You:

On behalf of the staff and patients who have benefited from improved services due to donations and legacies. The Corporate Trustee would like to thank all patients, relatives, staff and companies who have made charitable donations and to volunteers who have helped to raise funds.

NATIONAL HEALTH SERVICE

LIVERPOOL HEART AND CHEST HOSPITAL CHARITY

ANNUAL ACCOUNTS FOR YEAR ENDED 2014/15

FOREWORD

These accounts have been prepared in accordance with the Charities Act 1993, the Charities (Accounts and Reports) Regulations 2008 and United Kingdom Generally Accepted Accounting Practice

The charity was created in 1996 under Statutory Instrument.

The charity exists for any charitable purpose or other purpose relating to the NHS wholly or mainly for the service provided by Liverpool Heart & Chest Hospital NHS Foundation Trust.

Trustee's responsibilities in relation to the financial statements

The Trustees are responsible for preparing the annual report and financial statements for each financial year, in accordance with the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008 and United Kingdom Generally Accepted Accounting Practice, which give a true and fair view of the charity's financial activities during the year and of its financial position at the end of the year. In preparing those financial statements, the Trustees are required to:

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

The Trustees are responsible for keeping accounting records which disclose with reasonable accuracy the financial position of the charity and which enable them to ascertain the financial position of the charity and which enable them to ensure that the financial statements comply with the Charities Act 2011, the charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. The Trustees are responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Mr David Bricknell
Chair of Charitable Funds Committee

Mr David Jago
Financial Trustee

Independent Auditors report to the Trustee of Liverpool Heart & Chest Hospital Charitable fund

Statement of Financial Activities for the year ended 31 March 2015

	Note	2014-15 Total Funds £000	2013-14 Total Funds £000
Incoming resources	1.3		
Incoming resources from generating funds			
Voluntary income			
Donations	1.5	259	296
Legacies	1.4	116	68
Sub total Voluntary Income:		375	364
Activities from Generating Funds			
Fundraising Events		33	51
Investments			
Investment income	6.3	20	10
Incoming resources from charitable activities			
Other	1.5, 6.4	113	114
Other incoming resources			
Interest on short term deposit/current account	6.5	3	3
Total incoming resources		544	542
Resources expended	1.6, 1.7, 3.1, 3.2		
Costs of generating funds	1.9		
Costs of generating voluntary income	4.2	68	67
Costs of goods sold and accommodation costs	4.3	111	143
Sub total costs of generating funds		179	210
Charitable activities			
Staff Welfare		57	50
Contribution to Liverpool Heart & Chest research		51	114
Purchase of new equipment		78	38
Patient welfare		5	3
Education, training and research expenses		31	102
New building and refurbishment		741	42
Sub total of Charitable activities		963	349
Governance Costs	1.8, 4.1	18	17
Other Resources Expended	4.3	28	21
Total resources expended		1,188	597
Net incoming/(outgoing) resources		(644)	(55)
Realised and unrealised gains/(losses)			
on investment assets	9	48	3
Net movement in funds	5	(596)	(52)
Fund balances brought forward at 31 March 2014		1,528	1,580
Fund balances carried forward at 31 March 2015		932	1,528
The notes at pages 33 to 40 form part of these accounts.		782 150	(1,426) 102

Balance Sheet as at 31 March 2015

	Notes	Total at 31 March 2015 £000	Total at 31 March 2014 £000
Fixed Assets			
Investments	1.10, 6.1, 6.2	550	502
Total Fixed Assets		<u>550</u>	<u>502</u>
Current Assets			
Debtors	7.1	49	101
Cash at bank and in hand		1,048	1,164
Stock	7.2	1	1
Prepayments		4	6
Total Current Assets		<u>1,102</u>	<u>1,272</u>
Creditors: Amounts falling due within one year	8.1	720	246
Net Current Assets		<u>382</u>	<u>1,026</u>
Total Assets less Current Liabilities		<u>932</u>	<u>1,528</u>
Total Net Assets		<u>932</u>	<u>1,528</u>
Funds of the Charity			
Income Funds:			
Unrestricted	9.0	932	1,528
Total Funds		<u>932</u>	<u>1,528</u>

The Financial statements on pages 28 to 40 were approved by the Trustee and authorised for issue on and are signed on their behalf by:

Signed:

Date:

Notes to the Account

Accounting Policies

1

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 United Kingdom Generally accepted Accounting Practice (UK GAAP), Accounting and Reporting by Charities: Statement of Recommended Practice (SORP 2005), the Charities Act 2011 and the Charities (Accounts and Reports) Regulations 2008.

1.2

Funds Structure

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donor. Where the restriction requires the gift to be invested to produce income but the Trustee has the power to spend the capital, it is classed as expendable endowment. Liverpool Heart & Chest Hospital Charity does not have any restricted funds or expendable endowments.

Unrestricted income funds comprise those funds which the Trustee is free to use for any purpose in furtherance of the charitable objects. Unrestricted funds include designated funds, where the donor has made known their non binding wishes or where the Trustee, at their discretion, have created a fund for a specific purpose.

1.3

Income Recognition

All incoming resources are included in full in the Statement of Financial Activities as soon as the following three factors can be met:

- i) entitlement - arises when a particular resource is receivable or the charity's right becomes legally enforceable;
- ii) certainty - when there is reasonable certainty that the incoming resource will be received.
- iii) measurement - when the monetary value of the incoming resources can be measured with sufficient reliability.

1.4

Incoming Resources from Legacies

Legacies are accounted for as incoming resources either upon receipt or where the receipt of the legacy is virtually certain: this will be once confirmation has been received from the representatives of the estate(s) that payment of the legacy will be made or properly transferred and once all conditions attached to the legacy have been fulfilled. There are no material legacies which have been notified but not recognised as incoming resources in the Statement of Financial Activities.

1.5 Income by Category

a) Tea Shop Income

- i) The Tea shop is used by charitable funds as a way of raising money. Income received is applied to the upkeep and day to day running costs of Robert Owen House.
- ii) Tea shop income is credited to Incoming resources from Charitable Activities within the Statement of Financial Activities.
- iii) Tea shop income is credited net of VAT when received.
- iv) The Charity has treated income from the Tea Shop as Primary Purpose Trading and as such the profits are exempt from tax.

b) Robert Owen House Accommodation Income

- i) Robert Owen House provides inexpensive overnight accommodation for relatives and friends of patients. Income received is applied to the upkeep and day to day running costs of the house.
- ii) Robert Owen House accommodation income is credited to incoming resources from Charitable Activities within the Statement of Financial Activities.
- iii) Robert Owen House Income is credited net of VAT based on the date of occupancy.
- iv) The Charity has treated income from Robert Owen House as Primary Purpose Trading and as such the profits are exempt from tax.

1.5 Income by Category

c) Donations

- i) All funds are unrestricted but may be designated. These include donations where particular parts of Liverpool Heart and Chest Hospital or its activities were nominated by the donor at the time that the donation was made. Whilst nomination is not binding on the Trustee, the designated funds reflect these nominations.

The Charity does not have restricted funds following the transfer of fund balances of Mersey School of Anaesthesia which was registered with the Charities Commission as a new independent charity in 2012/13.

- ii) Where a preference is not expressed by the donor then the donation is applied to Liverpool Heart and Chest Appeal which has four key elements to our fundraising aims;

- To raise funds for key pieces of medical equipment
- To develop the Enhancing the Healing Environment programme
- To support patient centred research
- To continually invest in our staff to improve their clinical techniques so that we can provide our patients with an unrivalled patient experience

- iii) Where possible the Trust reclaims tax on donations through the Gift Aid scheme.

1.6 Resources expended

Expenditure is recognised where a liability is incurred. Grant commitments are recognised when a constructive obligation arises that result in payment being unavoidable.

Grants are mainly made to Liverpool Heart and Chest Hospital NHS Foundation Trust in furtherance of the charitable objects of the funds. A liability for such grants is recognised when approval had been given by the Trustee. The Foundation Trust has full knowledge of the plans of the Trustee, therefore a grant approval is taken to constitute a firm intention of payment which has been communicated to the Foundation Trust, and so a liability is recognised.

Costs of generating funds comprises the costs associated with attracting income.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and any costs of an indirect nature necessary to support them. Governance costs include only those costs associated with meeting the constitutional and statutory requirements of the charity and include audit fees and costs linked to the strategic management of the charity.

1.7 Irrecoverable VAT

Irrecoverable VAT is charged against the category of resources expended for which it is incurred.

1.8 Governance Costs

Establishment costs and Audit fees are apportioned to funds based on balances at the end of the year.

1.9 The Costs of Generating Funds

These costs are salaries and other expenses associated with the Liverpool Heart and Chest Appeal Fundraising Team and day to day expenses incurred in running the Tea bar and Robert Owen House

1.10 Fixed asset Investments

Investments are stated at market value at the balance sheet date.

2.0 Related Party Transactions

Under the guidance provided by the Financial Reporting standard 8 Liverpool Heart & Chest Hospital NHS Foundation Trust is a related party as it is the Corporate Trustee of the charity. During the year the charity has had a number of material transactions with Liverpool Heart & Chest Hospital NHS Foundation Trust (e.g. grant giving). Details are included in note 12.

The Charitable Trust has made revenue payments to Liverpool Heart & Chest Hospital NHS Foundation Trust where agents of the Corporate Trustee (whose names are listed below) are also members of the Trust Board.

N Large Chairman
David Jago Director of Finance
Mark Jackson Director of Research & Informatics
David Bricknell Non Executive Director
Sarah Booth Head of PR & Comms/ Trust Secretary (left 8th October 2013)
Mark Fuller Non Executive Director (from 1st May 2013)

2.1 Change in the Basis of Accounting

There have been no changes in the basis of accounting this year

Grants made to institutions	3.1			Aggregate amount paid 2015	Aggregate amount paid 2014		
		Name of recipient and number of grants					
				£000	£000		
			Total resources expended	1,188	597		
			Less cost of generating funds	(68)	(67)		
			Less grants paid to individuals	0	0		
			Less admin/audit and bank charges	(34)	(32)		
			Liverpool Heart & Chest Hospital NHS FT Trust	1,086	498		
Grants paid to individuals	3.2			2015	2014		
		Total number of grants made to individuals:		0	0		
		Amount paid to individuals in aggregate (£000)		0	0		
Analysis of Governance Costs	4.1			Total 2015 Funds £000	Total 2014 Funds £000		
		Establishment costs		10	9		
		Audit fee		8	8		
				18	17		
Costs of Generating Funds	4.2	Total costs	Total funds raised	Total costs	Total funds raised		
		2015 £000	2015 £000	2014 £000	2014 £000		
		Fund raising costs	68	293	67	347	
			68		293	67	347
Total Fundraising Staff Costs		Net Cost	National Insurance Employer	Pension Employer	Gross Cost	Gross Cost	
		£000	£000	£000	2015 £000	2014 £000	
		Fundraising Manager	22	2	2	26	50
Other resources Expended	4.3			Total 2015 Funds £000	Total 2014 Funds £000		
		Miscellaneous expenditure		28	21		
		Robert Owen House accomodation and tea shop expenses		111	143		
				139	164		
Note: Miscellaneous expenditure mainly consists of a share of admin charges not relating to Governance and bank charges.							
Changes in Net movement in Funds	5			Total 2014 Funds £000	Total 2013 Funds £000		
		Opening Balance		1,528	1,580		
		Closing Balance		932	1,528		
		Net movement in funds for the year		596	52		
		Net movement in funds available for future activities		596	52		

**Analysis of
Fixed Asset
Investments**

6			2015 £000	2014 £000
6.1	Fixed Asset Investments:			
	Market value at 1st April 2014		502	499
	Net gain/(loss) on revaluation		48	3
	Market value at 31 March 2015		<u>550</u>	<u>502</u>
	Historic cost at 31 March 2015		<u>400</u>	<u>400</u>

6.2	Market value at 31 March :	Held in UK £000	2015 Total £000	2014 Total £000
	Investments in a Common Deposit Fund or Common Investment Fund	550	550	502
		<u>550</u>	<u>550</u>	<u>502</u>

**Analysis of
gross income
from
investments**

6.3	Total gross income	Held in UK £000	2015-15 Total £000	2013-14 Total £000
	Investments in a Common Deposit Fund or Common Investment Fund	20	20	10
		<u>20</u>	<u>20</u>	<u>10</u>

6.4	Incoming resources from charitable activities	2014/15 Total £000	2013-14 Total £000
	Income from Robert Owen House accomodation/telephone charges	64	72
	Income from tea shop sales	49	42
		<u>113</u>	<u>114</u>

6.5 Interest on short term deposit / current account

	2014-15 Total £000	2013-14 Total £000
Distribution of interest 2014/15	<u>2</u>	<u>3</u>

In July 2012, the Corporate Trustees decided to adopt the Treasury Managment Policy of Liverpool Heart & Chest Hospital NHS FT in respect of investments.

With the downgrading of UK commercial banks in 2012/13, it has not been possible to make investments which are compliant with this policy. As a consequence the majority of the investment which was previously with Royal Bank of Scotland gaining an interest rate of 0.9% was withdrawn and placed with the Government Banking Service which only attracts an interest rate of 0.25%.

Charitable Trust Accounts - Liverpool Heart & Chest Hospital Charity - 2014/15

Analysis of Debtors	7		2015		2014
	7.1	Amounts falling due within one year:	£000		£000
		Donations and legacies	47		100
		Other debtors	2		1
		Total debtors falling due within one year	<u>49</u>		<u>101</u>
		Total debtors	<u>49</u>		<u>101</u>

The decrease in debtors is mainly due to a reduction in the amount of Legacies which the Charity has been notified of but not yet received as income.

Analysis of Stock	7.2		2015		2014
			£000		£000
		Tea Shop stock held as at 31st March	<u>1</u>		<u>1</u>

Tea Shop stock was established as an accountable store in 2013-14.

Analysis of Creditors	8		2015		2014
	8.1	Amounts falling due within one year:	£000		£000
		Trade creditors	11		19
		Accruals	18		3
		Balance owed to Liverpool Heart & Chest	691		225
		Total creditors falling due within one year	<u>720</u>		<u>247</u>
		Total creditors	<u>720</u>		<u>247</u>

The increase in the balance owed to Liverpool Heart & Chest Hospital is mainly due to the following:

£50k due to Research and Development from the LHCH Appeal

£61k contribution to the Critical Care upgrade from LHCH Appeal enhancing healing environment money

£338k contribution to the Cystic Fibrosis new ward from LHCH Appeal

£157k Robert Owen House upgrade

Details of material designated funds - Unrestricted funds	9.0	Name of fund	Balance at 1st April 2014 b/fwd £000	Incoming resources £000	Resources expended £000	Gains and (losses) £000	Fund c/fwd £000
		A Robert Owen House	365	163	354	4	178
		B Heart Appeal	124	49	54	13	132
		C LHCH Appeal	644	304	725	-8	215
		D Merseybeat	65	2	1	7	73
		F Cystic Fibrosis	109	2	2	12	121
		G Lung Cancer	57	1	1	6	63
<p>Material funds are deemed at being in excess of £50,000</p> <p>Robert Owen House provides inexpensive relatives accommodation.</p> <p>The Heart Appeal purchases equipment on behalf of the Liverpool Heart & Chest Hospital NHS Foundation Trust.</p> <p>Merseybeat was relaunched as LHCH Appeal in September 2009. During 2010/11, the Charitable Funds committee decided to ringfence balances raised prior to September 2009 to apply to research.</p> <p>The LHCH Appeal is for any charitable purpose or purposes relating to services provided by LHCH NHS FT.</p> <p>The Cystic Fibrosis and Lung cancer funds facilitates education and research into adult cystic fibrosis lung cancer and provides support for patients with this condition.</p>							
Contingencies	10	There are no contingent losses or gains included in the accounts					
Commitments, Liabilities and Provisions	11	There are no commitments, contingent liabilities or provisions included in 2014-15					
	11.1	There are no commitments or provisions included in the accounts					
Trustee and Connected Persons Transactions	12						
	12.1	<p>The Charitable Trust delivers the charitable objectives by making grants to the Liverpool Heart & Chest Hospital NHS Foundation Trust. Grants made amounted to £1,086,000 in 2014/2015 (2013/14 £498,000).</p> <p>At 31st March 2015, £691,000 was owed to the Liverpool Heart & Chest Hospital NHS Foundation Trust (2013/14 £225,000).</p>					
	12.2	There was no Trustee indemnity insurance during the year.					
Loans or Guarantees Secured against assets of the charity	13	There were no loans or guarantees secured against assets of the Charity.					