

Liverpool Heart & Chest Hospital Charity

Annual Accounts for year ended 2019/20

Foreword

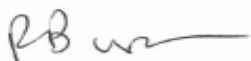
The Charity was created in 1996 under statutory instrument

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

The Trustees are responsible for preparing the annual report and financial statements in accordance with applicable law and accounting standards. Company Law requires the charity trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including income and expenditure of the charity for that period. In preparing the financial statements, the trustee's are required to:

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

The Trustee's are responsible for keeping proper accounting records that 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 Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of Charity and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.



Bob Burgoyne
Chair of Charitable Funds Committee



Karen Edge
LHCH Chief Finance Officer

Independent examiner's report to the corporate trustee of Liverpool Heart and Chest Hospital NHS Foundation Trust Charitable Fund

I report on the accounts of Liverpool Heart and Chest Hospital NHS Foundation Trust Charitable Fund (the "charity") for the year ended 31 March 2020, which are set out on pages 17 to 27.

Independent examiner's statement

In connection with my examination, no matter has come to my attention:

- which gives me reasonable cause to believe that in any material respect, the requirements:
 - to keep accounting records in accordance with section 130 of the Charities Act 2011; and
 - to prepare accounts which accord with the accounting records; and
 - to comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008have not been met, or
- to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

Basis of independent examiner's statement

My examination was carried out in accordance with the general Directions given by the Charity Commission. An examination includes a comparison of the accounts with the accounting records kept by the charity. It also includes consideration of any unusual items or disclosures in the accounts and seeking explanations from you as corporate trustee concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently no opinion is given as to whether the accounts present a 'true and fair' view and the report is limited to those matters set out in the statement above.

Respective responsibilities of corporate trustee and examiner

The charity's corporate trustee is responsible for the preparation of the accounts. The charity's trustee considers that an audit is not required for this year under section 144(2) of the Charities Act 2011 and that an independent examination is needed. The charity's gross income exceeded £250,000 and I am qualified to undertake the examination by being a qualified member of CPFA.

It is my responsibility to:

- examine the accounts under section 145 of the Charities Act 2011;
- to follow the procedures laid down in the general Directions given by the Charity Commission under section 145(5)(b) of the Charities Act 2011; and
- to state whether particular matters have come to my attention.

Your attention is drawn to the fact that the charity's trustees have prepared the charity's accounts in accordance with the Statement of Recommended Practice 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued in October 2019 in preference to the Statement of Recommended Practice 'Accounting and Reporting by Charities: Statement of Recommended Practice (revised 2005)' issued in April 2005 which is referred to in the Charities (Accounts and Reports) Regulations 2008 but has been withdrawn. I understand that the charity's trustees have done this in order for the charity's accounts to give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice effective for reporting periods beginning on or after 1 January 2019.

Use of this report

This report is in respect of an examination carried out under section 145 of the Charities Act 2011. This report is made solely to the charity's corporate trustee, as a body, in accordance with the regulations made under section 154 of the Charities Act 2011. My work has been undertaken so that I might state to the charity's trustees those matters I am required to state to them in an independent examiner's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the charity and the charity's trustee, as a body, for my work, for this report or for the opinions I have formed.

Paul Dossett

Paul Dossett

Grant Thornton UK LLP
Chartered Accountants

Bishopsgate
23 June 2020

Statement of Financial Activities for the year ended 31 March 2020

	Note	2019-20 Total Funds £000	2018-19 Total Funds £000
Income and endowments from:	1.3		
Donations and legacies	1.4	616	516
Other trading activities		9	8
Income from Investments	6.3	25	23
Income from Charitable activities	1.5, 6.4	64	73
Total income and endowments		714	620
Expenditure on:	1.6, 1.7, 3.1, 4.1		
Raising funds	1.9, 4.2	(152)	(218)
Charitable activities	4.3	(270)	(219)
Other expenditure	4.4	(4)	(4)
Total expenditure		(426)	(441)
Net gains/(losses) on investments	9	(21)	49
Net income/(expenditure) and net movement in funds		267	228
Reconciliation of funds:			
Total funds brought forward		1,420	1,192
Total funds carried forward		1,687	1,420

All the Charity's funds are unrestricted.

Balance Sheet as at 31 March 2020

	Notes	Total at 31 March 2020 £000	Total at 31 March 2019 £000
Fixed Assets			
Investments	1.10, 6.1, 6.2	646	667
Total Fixed Assets		646	667
Current Assets			
Debtors	7.1	0	12
Stock		4	3
Cash at bank and in hand		1,287	957
Total Current Assets		1,291	972
Creditors: Amounts falling due within one year	8.1	(250)	(219)
Net Current Assets		1,041	753
Total Assets less Current Liabilities		1,687	1,420
Total Net Assets		1,687	1,420
Funds of the Charity			
Income Funds:			
Unrestricted	9.0	1,687	1,420
Total Funds		1,687	1,420

The financial statements on pages 17 to 27 were approved by the Trustee and authorised for issue on and are signed on their behalf by:

Signed: 

Date: 19th June 2020

Statement of Cash Flows for the year ended 31 March 2019

	2019-20 Total Funds £000	2018-19 Total Funds £000
Cash flows from operating activities:		
Net cash provided by (used in) operating activities	305	188
Cash flows from investing activities:		
Dividends and interest from investments	25	23
Net cash provided by (used in) investing activities	25	23
Change in cash and cash equivalents in the reporting period	330	211
Cash and cash equivalents at the beginning of the reporting period	957	746
Cash and cash equivalents at the end of the reporting period	1,287	957
Reconciliation of net income/(expenditure) to net cash flow from operating activities:		
	2019-20 £000	2018-19 £000
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	267	228
Adjusted for:		
(Gains)/losses on investments	21	(49)
Dividends and interest from investments	(25)	(23)
(Increase)/decrease in stock	(1)	(2)
(Increase)/decrease in debtors	12	35
Increase/(decrease) in creditors	31	0
Net cash provided by (used in) operating activities	305	189
Analysis of cash and cash equivalents:		
	2019-20 £000	2018-19 £000
Cash at bank and in hand	1,287	957
Total cash and cash equivalents	1,287	957

Notes to the Account

Accounting Policies 1

1.1 Accounting Convention

The financial statements have been prepared on the basis of historic cost convention, as modified for the revaluation of certain investments. The financial statements have also been prepared in accordance with Accounting and Reporting by Charities Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard (FRS 102) (effective 1 January 2015) and applicable UK accounting standards and the Charities Act 2011.

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 control over the rights or other access to the economic benefit has passed to the Charity;
- ii) probable - when it is more likely than not that the economic benefits associated with the transaction or gift will flow to the Charity; and
- iii) measurement - when the monetary value or amount of the income can be measured reliably and the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

1.4 Income from Donations and Legacies

Legacies are accounted for as incoming resources either upon receipt or where the receipt of the legacy is normally probable. This will be when:

- i) there has been a grant of probate;
- ii) the executors have established that there are sufficient assets in the estate, after settling any liabilities, to pay the legacy; and
- iii) any conditions attached to the legacy are either within the control of the charity or have been met.

There are no material legacies which have been notified but not recognised as incoming resources in the Statement of Financial Activities.

1.4 Income from Donations and Legacies (cont'd)

a) 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 any restricted funds.
- 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.

1.5 Income from Charitable activities

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.

1.6 Expenditure

The funds held on Trust accounts are prepared in accordance with the accruals concept. All expenditure is recognised when all of the following criteria are met:

- i) obligation - a present legal or constructive obligation exists at the reporting date as a result of a past event;
- ii) probable - it is more likely than not that a transfer of economic benefits, often cash, will be required in settlement; and
- iii) measurement - the amount of the obligation can be measured or estimated reliably.

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.

Expenditure on raising funds comprises the costs associated with attracting voluntary income.

Expenditure on Charitable activities 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 resources expended based on the value of transactions within each cost category at the end of the year.

1.9 The Costs of Raising Funds

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

1.10 Fixed Asset Investments

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

1.11 Gains and Losses

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

1.12 Change in the Basis of Accounting

There has been no change in the basis of accounting this financial year.

1.13 Stock

Stock are items that will be used by the charity in providing goods & services. Stock includes goods held for distribution.

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 Foundation Trust is the sole Trustee of the Liverpool Heart and Chest Charity and as such is considered to be a related party. During the year ended 31 March 2020, the Charity incurred £251k in expenditure and received £0 of income with the NHS Foundation Trust. Amounts owed by the Foundation Trust at 31 March 2019 were £0 and amounts owed to the Foundation Trust were £239K.

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.

Neil Large - Trust Chair and member of Charitable Funds Committee, taking position
of Charitable Funds Committee until 30th September 2019
Jane Tomkinson - Chief Executive
Claire Wilson - Chief Finance Officer until 31st December 2019
Nick Brooks - Non Executive Director
Julian Farmer - Non Executive Director
Lucy Lavan - Associate Director of Corporate Affairs
Bob Burgoyne - taking position of Chair of Charitable Funds Committee from 1st October 2019
Frankie Morris - Acting Chief Finance Officer from 1st January 2020

The Trustees did not receive any remuneration for work performed in relation to the Charity (2018-19: £nil).

Grants made to institutions	3.1	Name of recipient and number of grants	Aggregate amount paid 2020	Aggregate amount paid 2019
			£000	£000
		Total resources expended	(426)	(441)
		Less cost of generating funds	142	122
		Less grants paid to individuals		
		Less admin/audit and bank charges	33	30
		Liverpool Heart & Chest Hospital NHS FT Trust	(251)	(289)

Analysis of Support Costs **4.1** Support costs are reapportioned across expenditure. The apportionment is based on the value of transactions within each of the expenditure categories reported.

The total value of support costs incurred in the reporting period is £30k and comprises £2k Establishment costs, £3k Audit fee and £25k Staffing Costs.

Expenditure on Raising Funds	4.2		Total costs 2020 £000	Total funds raised 2020 £000	Total costs 2019 £000	Total funds raised 2019 £000
		Fundraising costs	(152)	625	(122)	524
		Robert Owen House Supplies	0	0	(96)	0
			(152)	625	(218)	524

Included within the cost of raising funds are the following staff costs:

	Net Cost £000	National Insurance Employer £000	Pension Employer £000	Gross Cost 2020 £000	Gross Cost 2019 £000
Fundraising Staff	91	9	2	102	84

The average number of staff employed during the year was 3 (2018/19: 2).

Robert Owen House Supplies has been reclassified as a charitable activities expenditure in 2019/20.

Charitable activities	4.3		Total 2020 £000	Total 2019 £000
		Staff Welfare	(43)	(40)
		Contribution to Liverpool Heart & Chest research	(21)	(21)
		Purchase of new equipment	0	(28)
		Patient welfare	(8)	(9)
		Education, training and research expenses	(79)	(13)
		New building and refurbishment	0	0
		Expenditure	0	(14)
		Robot Running Costs	0	(77)
		Robert Owen House Repairs	(38)	(17)
		Robert Owen House Supplies	(81)	0
			(270)	(219)

Other expenditure	4.4		Total 2020 Funds £000	Total 2019 Funds £000
		Miscellaneous expenditure	(4)	(4)
			(4)	(4)

Note: Miscellaneous expenditure mainly consists of bank charges.

Net movement in Funds	5		Total 2020 Funds £000	Total 2019 Funds £000
		Opening Balance	1,420	1,192
		Closing Balance	1,687	1,420
		Net movement in funds for the year	267	228
		Net movement in funds available for future activities	267	228

Analysis of Fixed Asset Investments	6 6.1		2020 £000	2019 £000
		Fixed Asset Investments:		
		Market value at 1st April	667	618
		Net gain/(loss) on revaluation	(21)	49
		Market value at 31 March	646	667
		Historic cost at 31 March	400	400

6.2	Market value at 31 March :	Held in UK £000	2020 Total £000	2019 Total £000
	Investments in a Common Deposit Fund / Common Investment Fund	646	646	667
		646	646	667

Analysis of gross income from investments	6.3		Held in UK £000	2019-20 Total £000	2018-19 Total £000
		Total gross income			
		Investments in a Common Deposit Fund / Common Investment Fund	21	21	21
			21	21	21

6.4	Income from Charitable activities		2019-20 Total £000	2018-19 Total £000
		Income from Robert Owen House accommodation/telephone charges and fundraising sales	64	73
			64	73

6.5 Other income

	2020	2019
	Total	Total
	£000	£000
Interest on short term deposit	<u>0</u>	<u>0</u>

The Corporate Trustees adopted the Treasury Management Policy of Liverpool Heart & Chest Hospital NHS FT & Chest Hospital NHS FT in respect of investments. The majority of cash balances are placed with Barclays, which attracts an interest rate of 0.14%.

Analysis of Debtors **7** Debtors (including trade debtors and loans receivable) are measured on initial recognition at settlement amount after any trade discounts or amount advanced by the charity. Subsequently, they are measured at the cash or other consideration expected to be received.

7.1		2020	2019
		£000	£000
	Donations and legacies	0	6
	Other debtors	0	6
	Prepayments	0	0
	Total debtors falling due within one year	<u>0</u>	<u>12</u>
	Total debtors	<u>0</u>	<u>12</u>

We currently have no debtors.

Analysis of Creditors **8** The charity has creditors which are measured at settlement amounts less any trade discounts.

8.1		2020	2019
	Amounts falling due within one year:	£000	£000
	Trade creditors	(11)	(4)
	Accruals	(72)	(8)
	Balance owed to Liverpool Heart & Chest	(167)	(207)
	Total creditors falling due within one year	<u>(250)</u>	<u>(219)</u>
	Total creditors	<u>(250)</u>	<u>(219)</u>

Details of material designated funds - Unrestricted funds	9.0	Name of fund	Balance b/fwd 01 April 2019 £000	Incoming resources £000	Resources expended £000	Gains and (losses) £000	Balance c/fwd 31 March 2020 £000
		A Robert Owen House	211	72	109	-23	151
		B Heart Appeal	120	103	1	12	234
		C LHCH Charity	499	480	255	36	760
		D Lung Cancer	71	1	0	-3	69
		C Robotics Fund	300	1	17	-18	266
		<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>The LHCH Charity is for any charitable purpose or purposes relating to services provided by LHCH NHS FT.</p> <p>The Lung Cancer funds facilitates education and research into adult lung cancer and provides support for patients with this condition.</p> <p>The Robotics Fund was created for a specific campaign in 2017-18 to fund a Davinci Robot purchased to improve outcomes and recovery time for patients</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 2019-20					
	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 £251k in 2019/2020 (2018/19 £289k).</p> <p>At 31st March 2020, £239k was owed to the Liverpool Heart & Chest Hospital NHS Foundation Trust (2018/19 £212k).</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.					
Events after the reporting date	14	<p>LHCH Charity and the Covid-19 Pandemic</p> <p>It is likely, as with many other charities, that income to LHCH Charity will be impacted during the 20/21 Financial Year. Our Events Programme has had to be cancelled for the foreseeable future. The impact of the fluctuations on the stock market will almost certainly have an effect on applications to Charitable Trusts who will, as the result of falling share prices, have less disposable income and it is unlikely that corporates will be able to support in the ways that they have in the past. In order to mitigate potential falls in income in these areas the charity has refocused its planning and is concentrating on other area such as increasing regular giving, the introduction of a new "membership" club and the development of a new legacy programme. In addition it will be significantly increasing its on-line presence with a new website and a new social media programme.</p>					