

**NATIONAL HEART AND LUNG INSTITUTE  
FOUNDATION**

**TRUSTEES' REPORT**

**FOR THE YEAR ENDED  
31st JULY 2020**

**Registered Charity No. 1048073**

# NATIONAL HEART AND LUNG INSTITUTE FOUNDATION

## REFERENCE AND ADMINISTRATIVE INFORMATION

The National Heart and Lung Institute Foundation ("the Foundation") is an independent charitable foundation, registered with the Charity Commission for England and Wales, registration number 1048073. The Foundation is recognised by HMRC as an approved charity for tax purposes reference number XR10956. The Foundation has a corporate trustee namely "The Trustees of the National Heart and Lung Institute Foundation"

**Principal Office** Guy Scadding Building, Dovehouse Street, London SW3 6LY

**Trustees** Richard Reid, Chairman  
Magdalene Brereton  
Professor Edwin Chilvers  
Professor Kim Fox  
Professor Sir Malcolm Green  
Dr Michael Harding  
Ludovic Lindsay  
Baroness (Sally) Morgan of Huyton  
Dr Paul Oldershaw

**Secretary to the Trustees** Mrs Caroline M Wicks

**Bankers** The Royal Bank of Scotland plc  
36 St Andrew Square, Edinburgh EH2 2YB

**Auditors** Knox Cropper LLP, Chartered Accountants,  
65 Leadenhall Street, London EC3A 2AD

**Investment Manager** Sarasin & Partners LLP  
Juxon House, 100 St. Paul's Churchyard, London EC4M 8BU

**Website** [www.nhlif.info](http://www.nhlif.info)

# NATIONAL HEART AND LUNG INSTITUTE FOUNDATION

## STRUCTURE, GOVERNANCE AND MANAGEMENT

The Foundation is governed by a Trust Deed dated 3 July 1995 and the Deed of Amendment 2015. The funds of the Foundation are made up of a capital fund (£16,134,451), which is an expendable endowment, an unrestricted General Fund (£2,939,958) and one restricted fund; the Viscount Royston Fellowship Fund (£2,026,927) which is dedicated in perpetuity to research into diseases of the heart muscle and into heart disease generally.

The Board of Trustees meets twice a year and is responsible for the management of the Foundation. Day to day managerial responsibility is delegated to the Secretary to the Trustees. The Foundation seeks to achieve its objects by careful stewardship of its existing assets augmented by income from voluntary donations and legacies. It has no employees and does not actively fundraise. The NHLIF website includes a link to the NHLIF privacy policy.

The Trustees have identified and considered the strategic, operational and financial risks to which the Foundation is exposed and they are satisfied that there is appropriate protection, systems and checks in place to mitigate exposure to these risks. With regard to risks arising from the Foundation's financial investments, Trustees are kept fully informed by their independent investment managers, who provide reports and statements quarterly, and more frequently on request. Face to face and telephone meetings occur between Trustees and the investment managers during the year.

## GRANT-MAKING AIMS AND OBJECTIVES – PUBLIC BENEFIT

When reviewing the Foundation's aims and objectives, setting the grant making policy and awarding grants, the Trustees have complied with section 2(1)(b) of the Charities Act 2011 and have had due regard to the Charity Commission's guidance on public benefit.

## GRANT ACTIVITY – CURRENT INITIATIVES

The Foundation assists the National Heart & Lung Institute by providing grants, facilities, equipment and premises and such other assistance as the Trustees shall determine. Current initiatives are:

- **PhD studentships;** these studentships remain very competitive and of benefit to a broad base of research teams in the NHLI;
- **Respiratory:** NHLI Foundation Centre for Airways Disease in Children & Young Adults, and Margaret Turner Warwick Centre for Fibrosing Lung Disease;
- **Cardiology:** Support of Dr Sanjay Prasad and The Royston Centre for Inherited Cardiac Conditions, and financial support of Cardiac Academic Clinical Lecturer posts and Clinical PhDs;
- Financial support of the career development of Early Career Researchers through Foundation Pilot Awards;
- The Trustees continue to grant the NHLI rent-free occupation of its half freehold interest in the property at 1b Manresa Road, London SW3 6LR.

The charity has made grant commitments totalling £1.56m as at the end of July 2020.



# NATIONAL HEART AND LUNG INSTITUTE FOUNDATION

## FINANCIAL STRATEGY AND RESERVES

The Foundation's current spending policy is to limit annual net cash outgoings, excluding items of extraordinary expenditure, to an amount that the Trustees believe will not significantly reduce the medium or longer term value of the investments. The Foundation has a reasonable expectation that its resources are adequate to continue in operational existence for the foreseeable future and that there are no material uncertainties that call into doubt its ability to continue. The financial statements have, therefore, been prepared on the basis of a going concern.

Income from all sources totalled £660,676 (2019: £780,130). Total expenditure was £1,078,782 (2019: £138,170). Net gains on investments for the year were £449,207 (2019: £826,684) which left a surplus for the year of £31,101 (2019 surplus £1,468,644). During the year, new grant commitments totalling £978,837, were made.

### Performance

The total value of the Foundation's investments at 31 July 2020 was £17,393,078 (£17,471,023 at 31 July 2019). There is no investment in tobacco related companies. Investments are held exclusively in trusts managed by Sarasin investment managers:-

	2020 £	2019 £
Investment in unit trusts	17,378,984	17,413,979
Cash held for investment purposes	14,094	57,044
	<u>£17,393,078</u>	<u>£17,471,023</u>

The units held in unit trusts include the following asset allocations:-

Fixed Income	2,700,740	2,426,169
Equities	11,346,592	12,409,810
Property	919,605	1,571,450
Alternative Assets	1,815,746	676,184
Liquid Assets	596,301	330,366
	<u>£17,378,984</u>	<u>£17,413,979</u>

The year-end results and fund balances are set out in the Statement of Financial Activities on page 9 and Balance Sheet on page 10.

## **NATIONAL HEART AND LUNG INSTITUTE FOUNDATION**

### **Trustees' responsibilities for the financial statements**

The Trustees are responsible for preparing their annual report and the financial statements for each financial year in accordance with applicable law and UK accounting standards. The law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of the Foundation's financial position at the year end and its financial activities for that period.

In preparing those financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements;
- prepare 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 proper records which disclose with reasonable accuracy the financial position of the charity and that enable them to ensure that the financial statements comply with relevant legislation and the provisions of the Trust Deed. They are responsible for safeguarding the charity's assets and taking reasonable steps for the prevention and detection of fraud and breaches of law and regulations. The Trustees are also responsible for the maintenance and integrity of any financial information included on the charity's website.

### **FUTURE PLANS**

For the foreseeable future, the Trustees have resolved to continue to preserve as far as possible the capital base of the Foundation's investments, and to maximise the level of grant aid available to the NHLI. Whilst maintaining its policy of not actively fundraising, Trustees continue to welcome the support of donors to the Foundation.

### **VOLUNTARY INCOME**

Whilst maintaining its policy of not actively fundraising, Trustees continue to welcome the support of donors to the Foundation. Donations are often made in memory of loved ones.

In addition, the Foundation receives income from legacies, and its policy is to recognise legacies on receipt. This year the Trustees wish to acknowledge legacies received from the estates of John Arnott, Irene Beach, Dorothy Hall, Jean Handley, Margaret Haney, Robert Lamb, Roger Lester, Valerie Luxton, Colin McKerrow, Roy Scott, and Shirley Wince.

The Foundation knows of some additional legacy payments amounting to approximately £22k which it expects to receive during the forthcoming year. Details of these will be included in future financial statements.

**Approved by the Trustees and signed on their behalf**



**Richard Reid**

**1<sup>st</sup> December 2020**

**NATIONAL HEART AND LUNG INSTITUTE  
FOUNDATION**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
31st JULY 2020**

**Registered Charity No. 1048073**



# NATIONAL HEART AND LUNG INSTITUTE FOUNDATION

## INDEPENDENT AUDITORS' REPORT

### Opinion

We have audited the financial statements of National Heart and Lung Institute Foundation (the 'charity') for the year ended 31 July 2020 on pages seven to sixteen. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees, as a body, in accordance with Section 144 of the Charities Act 2011 and regulations made under Section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 July 2020 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Report of the Trustees is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

**NATIONAL HEART AND LUNG INSTITUTE  
FOUNDATION**

**INDEPENDENT AUDITORS' REPORT**

**Responsibilities of trustees**

As explained more fully in the Statement of Trustees Responsibilities set out on page six<sup>four</sup>, the trustees are responsible for the preparation of the financial statements which give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

**Our responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Independent Auditors.

*Knox Cropper LLP*

Knox Cropper LLP  
Chartered Accountants and Statutory Auditors  
Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006  
65 Leadenhall Street  
London EC3A 2AD

Date: 1<sup>st</sup> December 2020



# NATIONAL HEART AND LUNG INSTITUTE FOUNDATION

## STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31<sup>ST</sup> JULY 2020

	Notes	-----Unrestricted Funds-----				2020 Total	2019 Total
		General Fund	Endowment Fund	Restricted Viscount Royston Fellowship Fund	£		
		£	£	£	£		£
<b>INCOME AND ENDOWMENTS FROM:</b>							
<b>Donations and Legacies</b>							
Voluntary Income	2	104,265	-	-	104,265	244,871	
<b>Charitable Activities</b>							
Investment Income	3	476,939	-	79,472	556,411	535,259	
<b>TOTAL INCOME</b>		581,204	-	79,472	660,676	780,130	
<b>EXPENDITURE ON:</b>							
<b>Raising Funds</b>							
Charitable Activities	4	72,320	-	11,597	83,917	69,216	
<b>TOTAL RESOURCES EXPENDED</b>	5	644,865	-	350,000	994,865	68,954	
		717,185	-	361,597	1,078,782	138,170	
Gain/(Loss) on Investments	9	104,280	279,785	65,142	449,207	826,684	
<b>NET MOVEMENT IN FUNDS</b>		(31,701)	279,785	(216,983)	31,101	1,468,644	
<b>Fund Balances at 1<sup>st</sup> August 2019</b>		2,971,659	15,854,666	2,243,910	21,070,235	19,601,591	
<b>FUND BALANCES AT 31<sup>ST</sup> JULY 2020</b>		£2,939,958	£16,134,451	£2,026,927	£21,101,336	£21,070,235	

The Charity has no recognised gains and losses other than those included in the figures above. All activities reflected above are continuing activities.

# NATIONAL HEART AND LUNG INSTITUTE FOUNDATION

## BALANCE SHEET AT 31<sup>ST</sup> JULY 2020

	Notes	2020		2019	
		£	£	£	£
<b>FIXED ASSETS</b>					
Investments	7-9	<u>22,303,053</u>		<u>22,380,998</u>	
			22,303,053		22,380,998
<b>CURRENT ASSETS</b>					
Debtors	10	22,258		49,560	
Cash at Bank		<u>371,720</u>		<u>166,461</u>	
		393,978		216,021	
<b>Creditors:</b> Amounts falling due within one year	11	<u>(811,899)</u>		<u>(1,196,309)</u>	
<b>Net Current Assets / (Liabilities)</b>			(417,921)		(980,288)
<b>Total Assets less current liabilities</b>			<u>21,855,132</u>		<u>21,400,710</u>
<b>Creditors:</b> Amounts falling due after one year	12		(783,796)		(330,475)
<b>TOTAL NET ASSETS</b>			<u>£21,101,336</u>		<u>£21,070,235</u>
<b>RESTRICTED FUNDS</b>	13		2,026,927		2,243,910
<b>CAPITAL FUNDS</b>					
Expendable Endowment	13, 14		16,134,451		15,854,666
<b>INCOME FUND</b>					
Unrestricted General Fund	13		<u>2,939,958</u>		<u>2,971,659</u>
<b>TOTAL FUNDS</b>			<u>£21,101,336</u>		<u>£21,070,235</u>

Approved by the Board of Trustees on the 1<sup>st</sup> December 2020 and signed on its behalf by:



Richard Reid  
Chairman

# **NATIONAL HEART AND LUNG INSTITUTE FOUNDATION**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st JULY 2020**

### **1. ACCOUNTING POLICIES**

- (a) The financial statements of the charity, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Charities Act 2011. The financial statements have been prepared under the historical cost convention.
- (b) Income is recognised in the year in which the charity is entitled to receipt and the amount can be measured with reasonable certainty. Income is deferred only when the charity has to fulfil conditions before becoming entitled to it or the donor has specified that the income has to be spent in a future period.
- (c) Income from listed investments is accounted for on an accruals basis, grossed up for tax recoverable where appropriate. Interest from cash on deposit is accounted for on an accruals basis.
- (d) Expenditure is accounted for on an accruals basis.
- (e) The cost of generating voluntary income includes investment management fees and advertising costs.
- (f) Costs of charitable activities consist of research grants.
- (g) Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice.
- (h) Investments are stated at mid-market value. Gains and losses on disposals and revaluations of fixed asset investments are reported in the Statement of Financial Activities and added to or deducted from the funds to which they relate.
- (i) Social investments represent land and buildings which were transferred from the National Heart and Lung Institute in 1995. The building is occupied rent free by the Charity's beneficiary the National Heart & Lung Institute.
- (j) Unrestricted funds are those funds which can be used at the Trustees' discretion. Expendable Endowment funds are those funds where the intention is that capital be maintained and the income spent, but in certain circumstances the capital can be spent. Restricted funds are funds which have been earmarked by the donors to be spent on specific projects.
- (k) Grants payable are charged in the year when the offer is conveyed to the recipient except in those cases where the offer is conditional. Such grants are recognised as expenditure when the conditions attaching are fulfilled.



# NATIONAL HEART AND LUNG INSTITUTE FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st JULY 2020

### 1. ACCOUNTING POLICIES (Continued)

- (l) The charity has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland': the requirements of Section 7 Statement of Cash Flows.
- (m) The Charity is not registered for VAT and accordingly, where applicable, all costs incurred are inclusive of VAT.
- (n) The trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The trustees have made this assessment in respect to a period of one year from the date of approval of these financial statements.

The trustees of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due.

### 2. VOLUNTARY INCOME

	-----2020-----			
	NHLIF	VRFT	TOTAL	2019
	£	£	£	£
Donations	13,238	-	13,238	16,456
Legacies	91,027	-	91,027	228,415
	104,265	£-	104,265	£244,871

### 3. INVESTMENT INCOME

	-----2020-----			
	NHLIF	VRFT	TOTAL	2019
	£	£	£	£
Income from listed investments	475,400	79,409	554,809	534,571
Interest on cash deposit	1,539	63	1,602	688
	476,939	79,472	556,411	£535,259

### 4. RAISING FUNDS

	-----2020-----			
	NHLIF	VRFT	TOTAL	2019
	£	£	£	£
Investment Management Fees	70,384	11,597	81,981	67,266
Advertising	1,605	-	1,605	1,605
Computer Support	331	-	331	331
Professional Fees	-	-	-	14
	72,320	11,597	83,917	£69,216

# NATIONAL **HEART AND LUNG** INSTITUTE FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st JULY 2020

### 5. CHARITABLE ACTIVITIES

Direct Grants to NHLI Faculty of Medicine Imperial College London	<b>2020</b> <b>£</b>	<b>2019</b> <b>£</b>
- Endowment Fund	-	-
- General Fund	628,837	-
- VRFT	350,000	-
Support Costs (see note 6)	16,028	68,954
	<u>£994,865</u>	<u>£68,954</u>

### 6. SUPPORT COSTS

Payment to auditors: Audit fees	5,400	5,220
Secretarial costs	10,333	10,311
Repairs and maintenance	-	53,308
Bank Charges	295	115
	<u>£16,028</u>	<u>£68,954</u>

Administration costs including the provision of a meeting room have been borne by Imperial College London. These costs are not material.

No remuneration directly or indirectly out of the funds of the Foundation was paid or is payable for the year to any of the Trustees.

No reimbursement of expenses has been made or is due to be made to any of the Trustees.

### 7. INVESTMENTS

	<b>2020</b> <b>£</b>	<b>2019</b> <b>£</b>
Social Investments	4,909,975	4,909,975
Quoted Investments	17,378,984	17,413,979
Cash held for investment purposes	14,094	57,044
Total Investments	<u>£22,303,053</u>	<u>£22,380,998</u>

# NATIONAL HEART AND LUNG INSTITUTE FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st JULY 2020

### 8. INVESTMENTS – SOCIAL INVESTMENTS

	2020 £	2019 £
Balance at 1 <sup>st</sup> August 2019 and at 31 <sup>st</sup> July 2020	£4,909,975	£4,909,975

The Charity holds a 50% interest in the freehold of the property at 1B Manresa Road. This is occupied rent free by the National Heart and Lung Institute, Faculty of Medicine, Imperial College London. The building is disclosed at the amount at which it was transferred in 1995 from The National Heart and Lung Institute.

### 9. INVESTMENTS – QUOTED INVESTMENTS AND CASH HELD FOR INVESTMENT PURPOSES

	2020 £	2019 £
(a) Quoted investments (at market value)		
- NHLIF	14,815,294	14,990,054
- Viscount Royston Fellowship Trust	2,563,690	2,423,925
	17,378,984	17,413,979
Cash held for investment purposes		
- NHLIF	12,057	48,408
- Viscount Royston Fellowship Trust	2,037	8,636
	£17,393,078	£17,471,023

All the quoted investments are held in the form of units in unit trusts.



# NATIONAL HEART AND LUNG INSTITUTE FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st JULY 2020

### 9. INVESTMENTS – QUOTED INVESTMENTS AND CASH HELD FOR INVESTMENT PURPOSES (Continued)

	2020 £	2019 £
(b) Movements in quoted investments		
Balance brought forward at 1 <sup>st</sup> August 2019	17,413,979	16,171,792
Additions	642,809	534,570
Sale proceeds	(1,127,011)	(119,067)
Realised and unrealised gain/(loss) - NHLIF	384,065	711,682
- VRFT	65,142	115,002
Balance carried forward at 31 <sup>st</sup> July 2020	<u>17,378,984</u>	<u>£17,413,979</u>
Investments at Cost – NHLIF	<u>£12,579,143</u>	<u>£12,889,941</u>
Investment at Cost – VRFT	<u>£1,734,663</u>	<u>£1,642,254</u>
(c) Investments held comprise units in one unit trusts:		
5,135,210 (2019: 5,465,557) - Sarasin Alpha Charity Fund (Accumulation)	14,815,294	14,990,054
888,614 (2019: 883,793) - Sarasin Alpha Charity Fund (Accumulation) – VRFT	2,563,690	2,423,925
	<u>£17,378,984</u>	<u>£17,413,979</u>
(d) The units held in unit trusts include the following asset allocations:-		
Fixed Income	2,700,740	2,426,169
Equities	11,346,592	12,409,810
Property	919,605	1,571,450
Alternative Investments	1,815,746	676,184
Liquid Assets	596,301	330,366
	<u>£17,378,984</u>	<u>£17,413,979</u>

### 10. DEBTORS

Other Debtors	<u>22,258</u>	<u>49,560</u>
	<u>£22,258</u>	<u>£49,560</u>

# NATIONAL HEART AND LUNG INSTITUTE FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st JULY 2020

### 11. LIABILITIES: amounts falling due within one year

	2020	2019
	£	£
Grants payable to Imperial College London - VRFT	120,833	62,500
- General Fund	381,510	469,207
- Endowment Fund	277,063	631,790
Audit and Accountancy	5,340	5,160
Professional Fees	750	750
Other Creditors and deferred income	26,403	26,902
	<u>£811,899</u>	<u>£1,196,309</u>

### 12. GRANTS PAYABLE

	2020	2019
	£	£
Commitments at 1 <sup>st</sup> August 2019	1,493,972	2,126,401
Commitments made in the year - General Fund	628,837	-
Commitments made in the year - Endowment Fund	-	-
Commitments made in the year - VRFT	350,000	-
Commitments made in the year - COPD	-	-
Grants paid during the year - General Fund	(859,607)	(594,929)
Grants paid during the year - VRFT	(50,000)	(37,500)
Commitments at 31 <sup>st</sup> July 2020	<u>£1,563,202</u>	<u>£1,493,972</u>
Commitments at 31 <sup>st</sup> July 2020 are payable as follows:		
Within one year		
- General Fund	381,510	469,207
- Endowment Fund	277,063	631,790
- VRFT	120,833	62,500
	<u>779,406</u>	<u>1,163,497</u>
After one year		
- NHLIF	442,129	230,475
- VRFT	341,667	100,000
	<u>783,796</u>	<u>330,475</u>
	<u>£1,563,202</u>	<u>£1,493,972</u>

### 13. FUNDS

	Balance Brought Forward at 1 August 2019	Investment Gain/(Loss)	Income	Resources Expended	Balance Carried Forward at 31 July 2020
<b>Unrestricted Funds</b>					
General funds	2,971,659	104,280	581,204	(717,185)	2,939,958
Endowment Funds	15,854,666	279,785	-	-	16,134,451
	<u>18,826,325</u>	<u>384,065</u>	<u>581,204</u>	<u>(717,185)</u>	<u>19,074,409</u>
<b>Restricted Funds</b>					
Viscount Royston Fellowship Trust	2,243,910	65,142	79,472	(361,597)	2,026,927
	<u>£21,070,235</u>	<u>£449,207</u>	<u>£660,676</u>	<u>£(1,078,782)</u>	<u>£21,101,336</u>



# NATIONAL HEART AND LUNG INSTITUTE FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st JULY 2020

### 13. FUNDS (Continued)

	Balance Brought Forward at 1 August 2018	Investment Gain/(Loss)	Income	Resources Expended	Balance Carried Forward at 31 July 2019
<b>Unrestricted Funds</b>					
General funds	2,240,990	153,551	705,687	(128,569)	2,971,659
Endowment Funds	15,296,535	558,131	-	-	15,854,666
	17,537,525	711,682	705,687	(128,569)	18,826,325
<b>Restricted Funds</b>					
Viscount Royston Fellowship Trust	2,064,066	115,002	74,443	(9,601)	2,243,910
	<u>£19,601,591</u>	<u>£826,684</u>	<u>£780,130</u>	<u>£(138,170)</u>	<u>£21,070,235</u>

Viscount Royston Fellowship Trust Fund is dedicated in perpetuity for research into diseases of the heart muscle and into heart disease generally.

### 14. EXPENDABLE ENDOWMENT

The balance on Expendable Endowment represents donations and bequests received which could be expended at the Trustees' discretion. Investment income arising on Endowment Fund assets can be applied to the generality of the Charity's objects.

### 15. TAXATION

The National Heart and Lung Institute Foundation is a registered charity and is exempt from taxation in respect of income and capital gains received within the categories covered by Part II of the Corporation Tax Act 2010 to the extent that such income or gains are applied for exclusively charitable purposes.

### 16. RELATED PARTIES

Certain Trustees of the Foundation are also governors of Royal Brompton and Harefield NHS Foundation Trust. There were no transactions with this NHS Foundation Trust during the year.

Professor Edwin Chilvers is the Professor of Medicine and Head of the National Heart & Lung Institute which receives grants awarded by the NHLIF. Professor Chilvers is also a Trustee of the NHLIF; he does not receive any remuneration from the NHLIF.

### 17. IMPACT OF COVID-19 PANDEMIC ON CHARITY

For the foreseeable future, the Trustees have resolved to continue to preserve as far as possible the capital base of the Foundation's investments, and to maximise the level of grant aid available to the NHLI. Whilst maintaining its policy of not actively fundraising, Trustees continue to welcome the support of donors to the Foundation. Since the emergence of Covid-19 as a pandemic, the Trustees have been mindful of its current and potential impact. There has been increased volatility in the investment portfolio, but the Board is confident that it will be able to continue to meet its obligations.



# NATIONAL HEART AND LUNG INSTITUTE FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st JULY 2020

### 18. PRIOR YEAR COMPARATIVES

The breakdown between funds of income and expenditure for the year ending 31<sup>st</sup> July 2019 was as follows:

	Unrestricted Funds-----	Endowment Fund	Restricted Viscount Royston Fellowship Fund	2019 Total
	£	£	£	£
<b>INCOME AND ENDOWMENTS FROM:</b>				
<b>Donations and Legacies</b>				
Voluntary Income	244,871	-	-	244,871
<b>Charitable Activities</b>				
Investment Income	460,816	-	74,443	535,259
<b>TOTAL INCOME</b>	<b>705,687</b>	<b>-</b>	<b>74,443</b>	<b>780,130</b>
<b>EXPENDITURE ON:</b>				
<b>Raising Funds</b>				
Charitable Activities	59,615	-	9,601	69,216
	68,954	-	-	68,954
<b>TOTAL RESOURCES EXPENDED</b>	<b>128,569</b>	<b>-</b>	<b>9,601</b>	<b>138,170</b>
Gain/(Loss) on Investments	153,551	558,131	115,002	826,684
<b>NET MOVEMENT IN FUNDS</b>	<b>730,669</b>	<b>558,131</b>	<b>179,844</b>	<b>1,468,644</b>
<b>Fund Balances</b>				
at 1 <sup>st</sup> August 2018	2,240,990	15,296,535	2,064,066	19,601,591
<b>FUND BALANCES</b>				
AT 31 <sup>st</sup> JULY 2019	<b>£2,971,659</b>	<b>£15,854,666</b>	<b>£2,243,910</b>	<b>£21,070,235</b>

# NATIONAL HEART AND LUNG INSTITUTE FOUNDATION

## INDEPENDENT AUDITORS' REPORT

### Opinion

We have audited the financial statements of National Heart and Lung Institute Foundation (the 'charity') for the year ended 31 July 2020 on pages seven to sixteen. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees, as a body, in accordance with Section 144 of the Charities Act 2011 and regulations made under Section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 July 2020 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Report of the Trustees is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

**NATIONAL HEART AND LUNG INSTITUTE  
FOUNDATION**

**INDEPENDENT AUDITORS' REPORT**

**Responsibilities of trustees**

As explained more fully in the Statement of Trustees Responsibilities set out on page <sup>four</sup> ~~six~~, the trustees are responsible for the preparation of the financial statements which give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

**Our responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Independent Auditors.

*Knox Cropper LLP*

Knox Cropper LLP  
Chartered Accountants and Statutory Auditors  
Eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006  
65 Leadenhall Street  
London EC3A 2AD

Date: 1<sup>st</sup> December 2020