

# **NATIONAL HEART & LUNG FOUNDATION**

## **TRUSTEES' REPORT**

**FOR THE YEAR ENDED  
31st JULY 2021**

**Registered Charity No. 1048073**

# NATIONAL HEART & LUNG FOUNDATION

## REFERENCE AND ADMINISTRATIVE INFORMATION

The National Heart and Lung 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 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  
Professor Charles Knight (from 1 December 2020)  
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.nhlf.info](http://www.nhlf.info)



# NATIONAL HEART & LUNG FOUNDATION

## STRUCTURE, GOVERNANCE AND MANAGEMENT

The Foundation is governed by a Trust Deed dated 3 July 1995 and the Deed of Amendment 2015. On 20 April 2021 the charity amended its name from National Heart & Lung Institute Foundation to, more simply, National Heart & Lung Foundation. As well as simplification, this change was to clarify the charity's status as a Foundation for the support of Heart and Lung research. The funds of the Foundation are made up of a capital fund (£16,730,931), which is an expendable endowment, an unrestricted General Fund (£3,714,893) and one restricted fund; the Viscount Royston Fellowship Fund (£2,320,461) 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 NHLF website includes a link to the NHLF 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:

- **Respiratory:** National Heart & Lung 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 £1.54m as at the end of July 2021.



# NATIONAL HEART & LUNG 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 £631,383 (2020: £660,676). Total expenditure was £1,032,439 (2020: £1,078,782). Net gains on investments for the year were £2,066,005 (2020: £449,207) which left a surplus for the year of £1,664,949 (2020 surplus £31,101). During the year, new grant commitments totalling £909,437, were made.

### Performance

The total value of the Foundation's investments at 31 July 2021 was £18,927,058 (£17,393,078 at 31 July 2020). There is no investment in tobacco related companies. Investments are held exclusively in trusts managed by Sarasin investment managers:-

	2021	2020 £
Investment in unit trusts	18,896,173	17,378,984
Cash held for investment purposes	30,885	14,094
	<u>£18,927,058</u>	<u>£17,393,078</u>

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

Fixed Income	1,925,553	2,700,740
Equities	13,426,651	11,346,592
Property	1,262,777	919,605
Alternative Assets	1,764,853	1,815,746
Liquid Assets	547,225	596,301
	<u>£18,927,059</u>	<u>£17,378,984</u>

Since the emergence of Covid-19 as a pandemic, the Trustees have been mindful of its current and potential impact upon volatility in the investment portfolio and upon voluntary income.

The year-end results and fund balances are set out in the Statement of Financial Activities on page 7 and Balance Sheet on page 8.



# NATIONAL HEART & LUNG 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.

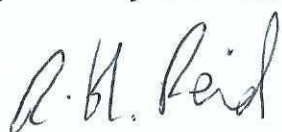
## VOLUNTARY INCOME

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 Beckett, Barbara Davenport, Edith Hebdidge, Jean Peachey, Roy Scott, Arthur Stevenson, and Jean Tasker.

The Foundation knows of some additional legacy payments amounting to approximately £3,000 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

16<sup>th</sup> November 2021



# NATIONAL HEART & LUNG FOUNDATION

## INDEPENDENT AUDITORS' REPORT

### Opinion

We have audited the financial statements of National Heart and Lung Foundation (the 'charity') for the year ended 31 July 2021 on pages seven to seventeen. 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 2021 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

### 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 & LUNG FOUNDATION

## INDEPENDENT AUDITORS' REPORT

### Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities set out on page four, 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

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 an auditor's report 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- The Charity is required to comply with charity law and, based on our knowledge of its activities, we identified that the legal requirement to accurately account for restricted funds was of key significance.
- We gained an understanding of how the charity complied with its legal and regulatory framework, including the requirement to properly account for restricted funds, through discussions with management and a review of the documented policies, procedures and controls.
- The audit team, which is experienced in the audit of charities, considered the charity's susceptibility to material misstatement and how fraud may occur. Our considerations included the risk of management override.
- Our approach was to check that all restricted income was properly identified and separately accounted for and to ensure that only valid and appropriate expenditure was charged to restricted funds. This included reviewing journal adjustments and unusual transactions.

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 auditor's report.

### Use of the audit report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. 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 auditor's 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.

*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: 16<sup>th</sup> November 2021

# **NATIONAL HEART & LUNG FOUNDATION**

## **TRUSTEES' FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st JULY 2021**

**Registered Charity No. 1048073**



# NATIONAL HEART & LUNG FOUNDATION

## STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31<sup>ST</sup> JULY 2021

	Notes	-----Unrestricted Funds-----				2021 Total	2020 Total
		General Fund	Endowment Fund	Restricted Viscount Royston Fellowship Fund	£		
		£	£	£	£	£	£
<b>INCOME AND</b>							
<b>ENDOWMENTS FROM:</b>							
<b>Donations and Legacies</b>							
Voluntary Income	2	78,469	-	-	78,469	104,265	
<b>Charitable Activities</b>							
Investment Income	3	552,914	-	-	552,914	556,411	
<b>TOTAL INCOME</b>		631,383	-	-	631,383	660,676	
<b>EXPENDITURE ON:</b>							
<b>Raising Funds</b>							
Charitable Activities	4	91,409	-	15,906	107,315	83,917	
<b>TOTAL RESOURCES</b>	5	225,124	700,000	-	925,124	994,865	
<b>EXPENDED</b>		316,533	700,000	15,906	1,032,439	1,078,782	
Gain/(Loss) on Investments	9	460,085	1,296,480	309,440	2,066,005	449,207	
<b>NET MOVEMENT IN FUNDS</b>		774,935	596,480	293,534	1,664,949	31,101	
<b>Fund Balances</b>							
<b>at 1<sup>st</sup> August 2020</b>		2,939,958	16,134,451	2,026,927	21,101,336	21,070,235	
<b>FUND BALANCES</b>		£3,714,893	£16,730,931	£2,320,461	£22,766,285	£21,101,336	
<b>AT 31<sup>ST</sup> JULY 2021</b>							

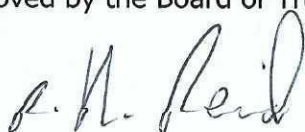
The Charity has no recognised gains and losses other than those included in the figures above. All activities reflected above are continuing activities.

# NATIONAL HEART AND LUNG FOUNDATION

## BALANCE SHEET AT 31<sup>ST</sup> JULY 2021

	Notes	2021	2020
		£	£
<b>FIXED ASSETS</b>			
Investments	7-9	<u>23,837,033</u>	<u>22,303,053</u>
		23,837,033	22,303,053
<b>CURRENT ASSETS</b>			
Debtors	10	3,079	22,258
Cash at Bank		<u>523,252</u>	<u>371,720</u>
		526,331	393,978
<b>Creditors:</b> Amounts falling due within one year			
	11	<u>(776,287)</u>	<u>(811,899)</u>
<b>Net Current Assets / (Liabilities)</b>		(249,956)	(417,921)
<b>Total Assets less current liabilities</b>		<u>23,587,077</u>	<u>21,855,132</u>
<b>Creditors:</b> Amounts falling due after one year	12	(820,792)	(783,796)
<b>TOTAL NET ASSETS</b>		<u>£22,766,285</u>	<u>£21,101,336</u>
<b>RESTRICTED FUNDS</b>	13	2,320,461	2,026,927
<b>CAPITAL FUNDS</b>			
Expendable Endowment	13, 14	16,730,931	16,134,451
<b>INCOME FUND</b>			
Unrestricted General Fund	13	<u>3,714,893</u>	<u>2,939,958</u>
<b>TOTAL FUNDS</b>		<u>£22,766,285</u>	<u>£21,101,336</u>

Approved by the Board of Trustees on the 16<sup>th</sup> November 2021 and signed on its behalf by:



Richard Reid  
Chairman



# NATIONAL HEART AND LUNG FOUNDATION

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> JULY 2021

CASH FLOWS FROM OPERATING ACTIVITIES	Notes	2021 £	2020 £
Cash used by operations	A	(933,407)	(878,304)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment income received		552,914	556,411
Proceeds from the sale of investments		1,101,659	1,127,011
Purchase of investments		(552,843)	(642,809)
		<u>1,101,730</u>	<u>1,040,613</u>
<b>Change in cash and cash equivalents in the reporting period</b>	B	168,323	162,309
Cash and cash equivalents at the beginning of the reporting period		<u>385,814</u>	<u>223,505</u>
<b>Cash and cash equivalents at the end of the reporting period</b>		<u>554,137</u>	<u>385,814</u>

### A. RECONCILIATION OF NET (EXPENDITURE)/INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2021 £	2020 £
Net (expenditure)/income for the reporting period (as per the Statement of Financial Activities)	1,664,950	31,101
Investment income received	(552,914)	(556,411)
(Gains)/losses in investments (excluding within cash balances)	(2,066,005)	(449,207)
Decrease in debtors	19,179	27,302
Increase in creditors	1,383	68,911
<b>Net cash used by operations</b>	<u>(933,407)</u>	<u>(878,304)</u>

### B. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 August 2020 £	Cash flow £	At 31 July 2021 £
Cash at bank and in hand	371,720	151,532	523,252
Cash held by investment manager	14,094	16,791	30,885
	<u>385,814</u>	<u>168,323</u>	<u>554,137</u>

# NATIONAL HEART AND LUNG FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st JULY 2021

### 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 2019)', 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 FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st JULY 2021

### 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

	-----2021-----			2020
	NHLF	VRFT	TOTAL	
	£	£	£	£
Donations	14,539	-	14,539	13,238
Legacies	63,930	-	63,930	91,027
	78,469	-	78,469	104,265

### 3. INVESTMENT INCOME

	-----2021-----			2020
	NHLF	VRFT	TOTAL	
	£	£	£	£
Income from listed investments	552,860	-	552,860	554,809
Interest on cash deposit	54	-	54	1,602
	552,914	-	552,914	556,411

### 4. RAISING FUNDS

	-----2021-----			2020
	NHLF	VRFT	TOTAL	
	£	£	£	£
Investment Management Fees	88,699	15,906	104,605	81,981
Advertising	1,605	-	1,605	1,605
Computer Support	1,105	-	1,105	331
Professional Fees	-	-	-	-
	91,409	15,906	107,315	83,917

# NATIONAL HEART AND LUNG FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st JULY 2021

### 5. CHARITABLE ACTIVITIES

	2021 £	2020 £
Direct Grants to NHLI Faculty of Medicine Imperial College London		
- Endowment Fund	700,000	-
- General Fund	209,437	628,837
- VRFT	-	350,000
Support Costs (see note 6)	15,687	16,028
	<u>£925,124</u>	<u>£994,865</u>

### 6. SUPPORT COSTS

Payment to auditors: Audit fees	5,400	5,400
Secretarial costs	10,184	10,333
Repairs and maintenance	-	-
Bank Charges	103	295
	<u>£15,687</u>	<u>£16,028</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

	2021 £	2020 £
Social Investments	4,909,975	4,909,975
Quoted Investments	18,896,173	17,378,984
Cash held for investment purposes	30,885	14,094
Total Investments	<u>£23,837,033</u>	<u>£22,303,053</u>

# NATIONAL HEART AND LUNG FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st JULY 2021

### 8. INVESTMENTS – SOCIAL INVESTMENTS

	2021 £	2020 £
Balance at 1 <sup>st</sup> August 2020 and at 31 <sup>st</sup> July 2021	<u>£4,909,975</u>	<u>£4,909,975</u>

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

	2021 £	2020 £
(a) Quoted investments (at market value)		
- NHLF	15,960,188	14,815,294
- Viscount Royston Fellowship Trust	<u>2,935,985</u>	<u>2,563,690</u>
	18,896,173	17,378,984
Cash held for investment purposes		
- NHLF	21,869	12,057
- Viscount Royston Fellowship Trust	<u>9,016</u>	<u>2,037</u>
	<u>£18,927,058</u>	<u>£17,393,078</u>

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



# NATIONAL HEART AND LUNG FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st JULY 2021

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

	2021 £	2020 £
(b) Movements in quoted investments		
Balance brought forward at 1 <sup>st</sup> August 2020	17,378,984	17,413,979
Additions	552,843	642,809
Sale proceeds	(1,101,659)	(1,127,011)
Realised and unrealised gain/(loss) - NHLF	1,756,565	384,065
- VRFT	309,440	65,142
Balance carried forward at 31 <sup>st</sup> July 2021	<u>18,896,173</u>	<u>17,378,984</u>
Investments at Cost – NHLF	<u>£12,288,751</u>	<u>£12,579,143</u>
Investment at Cost – VRFT	<u>£1,817,128</u>	<u>£1,734,663</u>
(c) Investments held comprise units in one unit trusts:		
4,830,561 (2020: 5,135,210) - Sarasin Alpha Charity Fund (Accumulation)	15,960,188	14,815,294
888,614 (2020: 888,614) - Sarasin Alpha Charity Fund (Accumulation) – VRFT	2,935,985	2,563,690
	<u>£18,896,173</u>	<u>£17,378,984</u>
(d) The units held in unit trusts include the following asset allocations:-		
Fixed Income	1,925,553	2,700,740
Equities	13,426,651	11,346,592
Property	1,262,777	919,605
Alternative Investments	1,764,853	1,815,746
Liquid Assets	516,339	596,301
	<u>£18,896,173</u>	<u>£17,378,984</u>

### 10. DEBTORS

Other Debtors	3,079	22,258
	<u>£3,079</u>	<u>£22,258</u>

# NATIONAL HEART AND LUNG FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st JULY 2021

11. LIABILITIES: amounts falling due within one year	2021	2020
	£	£
Grants payable to Imperial College London - VRFT	108,333	120,833
- General Fund	297,010	381,510
- Endowment Fund	318,661	277,063
Audit and Accountancy	5,400	5,340
Professional Fees	750	750
Other Creditors and deferred income	46,133	26,403
	<u>£776,287</u>	<u>£811,899</u>

12. GRANTS PAYABLE	2021	2020
	£	£
Commitments at 1 <sup>st</sup> August 2020	1,563,203	1,493,972
Commitments made in the year - General Fund	209,437	628,837
Commitments made in the year - Endowment Fund	700,000	-
Commitments made in the year - VRFT	-	350,000
Commitments made in the year - COPD	-	-
Grants paid during the year - General Fund	(877,844)	(859,607)
Grants paid during the year - VRFT	(50,000)	(50,000)
Commitments at 31 <sup>st</sup> July 2021	<u>£1,544,796</u>	<u>£1,563,202</u>
Commitments at 31 <sup>st</sup> July 2021 are payable as follows:		
Within one year		
- General Fund	297,010	381,510
- Endowment Fund	318,661	277,063
- VRFT	108,333	120,833
	<u>724,004</u>	<u>779,406</u>
After one year		
- NHLF	516,625	442,129
- VRFT	304,167	341,667
	<u>820,792</u>	<u>783,796</u>
	<u>£1,544,796</u>	<u>£1,563,202</u>

13. FUNDS	Balance Brought Forward at 1 August 2020	Investment Gain/(Loss)	Income	Resources Expended	Balance Carried Forward at 31 July 2021
<b>Unrestricted Funds</b>					
General funds	2,939,958	460,086	631,383	(316,533)	3,714,894
Endowment Funds	16,134,451	1,296,480	-	(700,000)	16,730,931
	<u>19,074,409</u>	<u>1,756,566</u>	<u>631,383</u>	<u>(1,016,533)</u>	<u>20,445,825</u>
<b>Restricted Funds</b>					
Viscount Royston Fellowship Trust	2,026,927	309,440	-	(15,906)	2,320,461
	<u>£21,101,336</u>	<u>£2,066,006</u>	<u>631,383</u>	<u>(£1,032,439)</u>	<u>£22,766,286</u>



# NATIONAL HEART AND LUNG FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st JULY 2021

### 13. FUNDS (Continued)

	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
	18,826,325	384,065	581,204	(717,185)	19,074,409
<b>Restricted Funds</b>					
Viscount Royston Fellowship Trust	2,243,910	65,142	79,472	(361,597)	2,026,927
	£21,070,235	£449,207	£660,676	£(1,078,782)	£21,101,336

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 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 NHLF. Professor Chilvers is also a Trustee of the NHLF; he does not receive any remuneration from the NHLF

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

Trustees continue to welcome the support of donors to the Foundation but noted legacy income reduced over the year by 25% compared to the previous year. This reduction was offset by a larger gain in investment income across the portfolio than initially feared would be the case. Trustee Meetings took place over Zoom and Trustees remain mindful of the potential impact of the ongoing global pandemic and is confident that the Board will be able to continue to meet its obligations.



# NATIONAL HEART AND LUNG FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st JULY 2021

### 18. PRIOR YEAR COMPARATIVES

The breakdown between funds of income and expenditure for the year ending 31<sup>st</sup> July 2020 was as follows:

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

# **NATIONAL HEART & LUNG FOUNDATION**

## **TRUSTEES' REPORT**

**FOR THE YEAR ENDED  
31st JULY 2021**

**Registered Charity No. 1048073**



# NATIONAL HEART & LUNG FOUNDATION

## REFERENCE AND ADMINISTRATIVE INFORMATION

The National Heart and Lung 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 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  
                                 Professor Charles Knight (from 1 December 2020)  
                                 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.nhlf.info](http://www.nhlf.info)

# NATIONAL HEART & LUNG FOUNDATION

## STRUCTURE, GOVERNANCE AND MANAGEMENT

The Foundation is governed by a Trust Deed dated 3 July 1995 and the Deed of Amendment 2015. On 20 April 2021 the charity amended its name from National Heart & Lung Institute Foundation to, more simply, National Heart & Lung Foundation. As well as simplification, this change was to clarify the charity's status as a Foundation for the support of Heart and Lung research. The funds of the Foundation are made up of a capital fund (£16,730,931), which is an expendable endowment, an unrestricted General Fund (£3,714,893) and one restricted fund; the Viscount Royston Fellowship Fund (£2,320,461) 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 NHLF website includes a link to the NHLF 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:

- **Respiratory:** National Heart & Lung 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 £1.54m as at the end of July 2021.



# NATIONAL HEART & LUNG 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 £631,383 (2020: £660,676). Total expenditure was £1,032,439 (2020: £1,078,782). Net gains on investments for the year were £2,066,005 (2020: £449,207) which left a surplus for the year of £1,664,949 (2020 surplus £31,101). During the year, new grant commitments totalling £909,437, were made.

### Performance

The total value of the Foundation's investments at 31 July 2021 was £18,927,058 (£17,393,078 at 31 July 2020). There is no investment in tobacco related companies. Investments are held exclusively in trusts managed by Sarasin investment managers:-

	2021	2020 £
Investment in unit trusts	18,896,173	17,378,984
Cash held for investment purposes	30,885	14,094
	<u>£18,927,058</u>	<u>£17,393,078</u>

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

Fixed Income	1,925,553	2,700,740
Equities	13,426,651	11,346,592
Property	1,262,777	919,605
Alternative Assets	1,764,853	1,815,746
Liquid Assets	547,225	596,301
	<u>£18,927,059</u>	<u>£17,378,984</u>

Since the emergence of Covid-19 as a pandemic, the Trustees have been mindful of its current and potential impact upon volatility in the investment portfolio and upon voluntary income.

The year-end results and fund balances are set out in the Statement of Financial Activities on page 7 and Balance Sheet on page 8.

# NATIONAL HEART & LUNG 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.

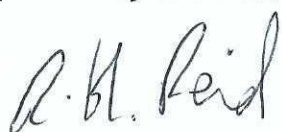
## VOLUNTARY INCOME

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 Beckett, Barbara Davenport, Edith Hebdidge, Jean Peachey, Roy Scott, Arthur Stevenson, and Jean Tasker.

The Foundation knows of some additional legacy payments amounting to approximately £3,000 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

16<sup>th</sup> November 2021



# NATIONAL HEART & LUNG FOUNDATION

## INDEPENDENT AUDITORS' REPORT

### Opinion

We have audited the financial statements of National Heart and Lung Foundation (the 'charity') for the year ended 31 July 2021 on pages seven to seventeen. 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 2021 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

### 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 & LUNG FOUNDATION

## INDEPENDENT AUDITORS' REPORT

### Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities set out on page four, 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

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 an auditor's report 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- The Charity is required to comply with charity law and, based on our knowledge of its activities, we identified that the legal requirement to accurately account for restricted funds was of key significance.
- We gained an understanding of how the charity complied with its legal and regulatory framework, including the requirement to properly account for restricted funds, through discussions with management and a review of the documented policies, procedures and controls.
- The audit team, which is experienced in the audit of charities, considered the charity's susceptibility to material misstatement and how fraud may occur. Our considerations included the risk of management override.
- Our approach was to check that all restricted income was properly identified and separately accounted for and to ensure that only valid and appropriate expenditure was charged to restricted funds. This included reviewing journal adjustments and unusual transactions.

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 auditor's report.

### Use of the audit report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. 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 auditor's 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.

*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: 16<sup>th</sup> November 2021