

Annual Report & Accounts 2020/21



Lancashire Teaching Hospital Charity

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1. Chair's welcome


This has certainly been a year like no other. Covid-19 brought with it unprecedented challenges both for our NHS Colleagues as well as the Charity. I would like to extend my sincere thanks to all who have who have generously donated, both time and money, to help support our local hospitals during what has undoubtedly been a most difficult time. I would particularly like to recognise the outstanding achievements of the late Sir Captain Tom Moore, who inspired a fantastic movement of fundraising – helping NHS Charities Together to raise over £140 million in support of local NHS Charities across the country. I would also like to thank the 130 strong team of long serving Baby Beat volunteers, who stoically stepped up and stood down in line with restrictions, to support maternity and neonatal services, they really are incredible!

Lancashire Teaching Hospitals Charity continues to be absolutely committed to supporting world class treatment, research and outstanding care for the 1.5 million people from across Lancashire and South Cumbria. We are able to do this thanks to very generous donations and support from our grateful patients and their families as well as from community groups, businesses and grant funders (including NHS Charities Together). I would also like to pay tribute to those people who very kindly chose to leave us gifts in their will, their legacies together with your donations, grants and fundraising efforts have helped raise a total of £1,473,672. I can honestly say, hand on heart, that this is hugely appreciated by all our staff who have worked tirelessly all year to fight this terrible virus that continues to affect us all. Your appreciation has gone a long way to keep staff morale up and the facilities that will be funded, will help keep them at their very best, so that they can be there for us all when we need it most.

Since the arrival of our Head of Charities, Lancashire Teaching Hospitals Charity has a solid foundation from which to grow, a Fundraiser, Administrator and a part time Digital Communications officer have been appointed and I am proud to report that due to the increase in charitable income during 2020/21 the charity has been able to invest £1,474,357 in clinical excellence and outstanding care. The following report gives more details about where we have invested your money.

As we close this year, it is evident now, more than ever before, how important NHS Charities are in supporting the nations beloved NHS, my sincere thanks to all who have helped, fundraised or supported over the year, please continue to stay safe and look out for each other.

Very best wishes,

Signed: 

Chair: Geoff Rossington



2. Who we are

Lancashire Teaching Hospitals NHS Foundation Trust Charity is a registered charity (registered number 1051194). The Charity was established by a declaration of trust dated 9 November 1995, as amended by supplemental minutes dated 30 June 2003, 27 October 2003 and 21 October 2005.

Following the rebranding of the charity in March 2020, the Charity Commission have since approved the charities' request to shorten its name; the Charity is now known as Lancashire Teaching Hospitals Charity (formerly Lancashire Teaching Hospitals NHS Foundation Trust Charity).

We exist to raise funds and receive donations for the benefits of the patients of Lancashire Teaching Hospitals NHS Foundation Trust. By securing donations, legacies and grants the Charity can provide the 'icing on the cake' to make a real difference for the patients, their families and the staff who look after them.

Providing both general and specialist care for the benefit of people across Lancashire and South Cumbria, Lancashire Teaching Hospitals NHS Foundation Trust is our key partner in fulfilling our charitable aims.

We are now actively engaging support for our work and encourage you to read on to find out more about us, what we do, what we have achieved and how we go about spending the money entrusted to us.

Our Aims and objectives

The object of the charity as summed up in its governing document on the charity commission website is:

'for any charitable purposes or purposes relating to the National Health Service'

The Charity aims to enhance the services provided by Lancashire Teaching Hospitals NHS Foundation Trust through raising funds and investing in world class research, treatment and outstanding care, it does this by funding the following areas:

- Provision of the very latest or additional medical equipment
- Provision of items or improvements to improve patient comfort and wellbeing
- Investment in world class research and latest thinking for benefit of our patients
- Support staff wellbeing in pursuit of the delivery of excellent patient care

3. How to support us

The Charity would like to thank all that have supported us during such unprecedented times. Your donations really have made a difference to patient care and to staff in caring for them.

There are many ways in which people can support their local and regional specialist Hospitals through donations of money, time or talents.

Making a Donation

To make a donation please visit www.lthcharity.org.uk or call the fundraising team on **01772 528500**

Gifts in Memory

Each year we receive thousands of pounds from people who donate in memory of someone special who has sadly passed away. Donations such as these help us to improve patient comforts and buy equipment that will benefit other patients, allowing something positive to come from a sad personal loss.

Legacy Support

Gifts left to the Charity in a Will provide a valuable income source allowing us to plan for the future and benefit as many patients as possible. Even the smallest gift in your will can have a lasting impact. During 2020/21 we received a total of £71k in legacy gifts.

Gift Aid

Is the gift that keeps on giving, last year we claimed thousands of pounds in Gift Aid. If you are a UK tax payer and sign up for gift aid with us, we are able to claim an additional 25p for every £1 you donate.

Get In touch

For information about Gift Aid, legacy donations and the many other ways you may wish to support, please visit www.lthcharity.org.uk or email charity@lthtr.nhs.uk or call the fundraising team on 01772 528500.

We would love to hear from you.

4. Your support – our achievements and performance

Covid-19 brought about an unprecedented start to the year with nations support for NHS charities having a positive effect on the newly launched Lancashire Teaching Hospitals Charity; however Coronavirus restrictions negatively impacted traditional fundraising activities. Social gatherings and events were prohibited, contactless payments replaced cash, businesses were closed or working from home and schools found themselves adapting to virtual schooling.

Plans to launch an appeal for £150,000 to support the new Critical Care unit at the beginning of the year were accelerated due to the pressures brought by the emerging pandemic. The charity was overwhelmed with an influx of donations from local business families wanting to do their 'bit' to help, this led to some strong corporate relationships being developed which helped to achieve the appeal target 6 months earlier than expected.

The charity received considerable corporate support totalling £334,035 and included a very generous £250,000 donation from James Hall Co Ltd (Distributors for Spar North) towards state of the art staff sleep pods and changing facilities area (including a purpose designed breast feeding room for staff). This donation and the impact that Covid was having on staff and their wellbeing, was a contributory factor in the decision to switching the focus of fundraising into supporting Staff Wellbeing.

Captain Sir Tom captured the hearts of many and public shows of support for the NHS had a positive effect, one such example is the Tractor Run organised in a Covid safe way by new supporter Bryan Eccleston that raised a few smiles during lockdown and £4,535 for the charity. As a new Charity we were able to adapt quickly to change and our focus switched to digital campaigns such as balloon races and raffles and our first virtual challenge event– The NHS Rainbow Run which raised £5,051. All online fundraising is in line with the fundraising regulator guidance, as well as compliant with data protection rulings.

The charity also received many offers of 'gifts in kind', totalling £341,473 in value, this included help such as industrial sized storage, logistics solutions and offers of PPE, hand sanitiser, toiletries and food. During the height of the pandemic the Charity focused on finding safe storage and stewarding new offers into a central 'NHS HEROES HUB' organised and run by an amazing Volunteer, Naeem Din, who has since been shortlisted for 'Pride of Lancashire' Award. Together with an army of supporters, he made sure that a fair share of all donated provisions were made available for all staff who needed it or were struggling to access provisions, due to finishing late shifts and finding empty shelves in supermarkets.

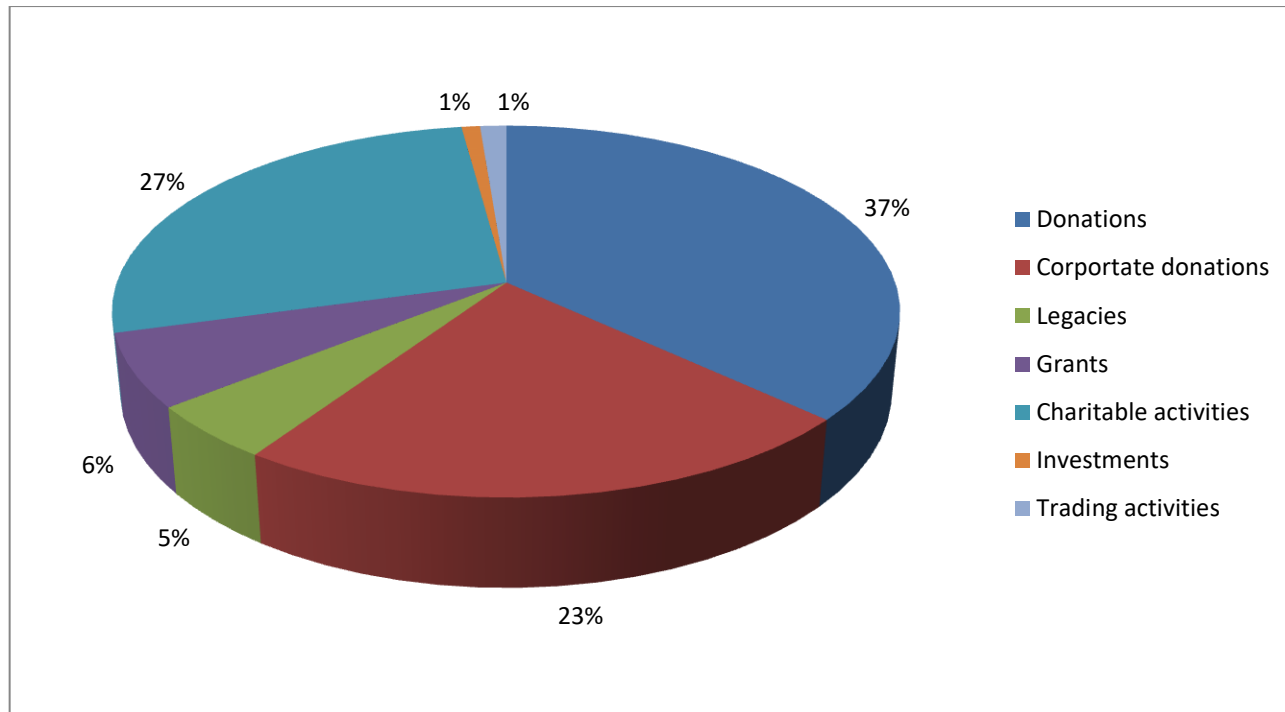
Another 'act of kindness' in support of the fight against Covid was made by the Bhailok family, who had already given a donation of £20,000 for staff wellbeing packs and £30,000 to the critical care appeal. They also funded 7,000 'point of test' antibody testing kits, at a cost to them of £50,000. These were extremely beneficial to the Trust's Research facility in the national Covid research efforts.

Charitable Trust activity has received a huge amount of support over the last twelve months, £403k (2019/20: £Nil) with NHS Charities Together granting a total of £395k towards projects for staff and patients affected by the pandemic.

5. The difference you made

The Charity is only able to support the work of Lancashire Teaching Hospitals NHS Foundation Trust through the money it receives. We use this in furthering our charitable aims and objectives.

The following chart illustrates the breakdown of the £1,474k charitable income received during this financial year.



The charity received a total value of donations in 2020/21 of £877k (2019/20: £326k) that includes gifts in kind donations of £341k. Corporate support grew considerable due to the large donation from

James Hall Co Ltd for the sleep pods, ending the year at £334k (2019/20: £3k). Legacy income was down on the year at £71k (2019/20: £613k).

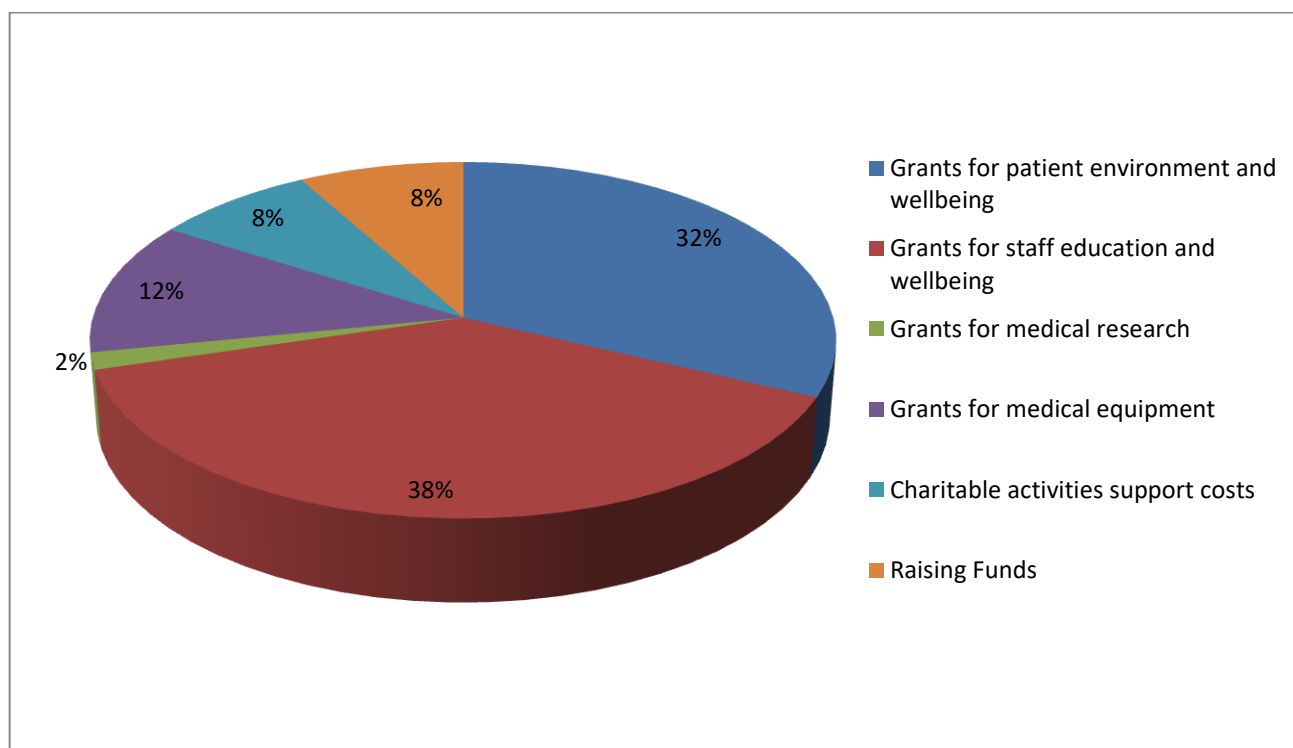
Income from Trust and Grants increased to £92k ((2019/20: £3k), this was from an invite to apply for from the TJH Foundation for the Critical Care Appeal (£25k) and a focussed approach to applications by Baby Beat. The Baby Beat Ltd shop generated trading income of £18k (2019/20: £62k); this was made possible due to the support of the volunteers that continued to help run it, working flexibly around the restrictions.

Investment income was £13k, (2019/20: £27k) received in the form of dividends and bank interest on funds not immediately required.

What we spent the money on

Of the total expenditure of £1,755k (2019/20: £807k), the amount spent on charitable activities, excluding support costs, was £1,474k (2019/20: £557k). Charitable activities spend covers a wide range of programmes from capital projects to medical equipment as well as additional training and rest areas for staff. Checks are in place to ensure that all expenditure is in line with the Trusts Standing financial instructions and in support of charitable objectives i.e. monies spent are used to purchase additional goods and services not normally provided by, or in addition to the normal NHS service. The Charitable Funds Committee keeps the spirit of public benefit at the forefront of its decision making.

The following chart illustrates the breakdown of the total expenditure in the financial year:



As the chart shows, our largest area of spend was on charitable activities in the form of grants. Here are some of the ways in which donations have been used:

Sleep Pods (£330,000) Our staff are benefitting from state of the art sleep pods to enable them to catch up on much-needed sleep after long shifts, as well as increased changing facilities and a breast feeding area for 'nursing' colleagues.

Ultrasound bladder scanner (£7,421) The new bladder scanner in our Gynaecology department reduces initial waiting times and in some cases, prevents more invasive procedures for patients.



Proning System (£1,250) A new 'proning system' helped Covid patients breathe better and aid their sleeping. This was an effective aid to their recovery from Covid-19.

Fold-away Z- beds (£7,745) 18 fold-away z- beds allowed family members to stay with a loved one during their final days. In addition to the guest beds, the charity has also funded aromatherapy diffusers to create a calming and peaceful environment.



Enhancements to the new Critical Care Unit (£150,000) Charitable donations funded a wide variety of additional items to the new Critical Care Unit including a relatives room with kitchen facilities, backlit ceiling tiles, digital fish tank, reclining chairs, artwork and wayfinding signage as well as special exercise equipment to help patients with their recovery and furniture for the special counselling rooms within the Unit.



All monies spent were used to purchase additional goods or services not normally provided by the NHS.

Our fundraising practices

Members of Lancashire Teaching Hospitals Charity team support our staff and our donors both in the hospital and in the wider community to raise funds on behalf of the Charity. The Charity does not use external professional fundraisers or involve commercial participators. There have been no complaints about fundraising activity this year.

The Charity is signed up to the Fundraising Regulator's Code of Fundraising Practice and is a member of NHS Charities Together. Fundraising staff receive support from and are invited to take part in NHS Charities Together training webinars as well as attend the Institute of Fundraising Conference - North West. All staff follow the Trust's fundraising guidance policy and working practices are reviewed regularly to ensure compliance. They are also required to undertake relevant safeguarding mandatory training to help to recognise and protect vulnerable people. Volunteer fundraisers are given a full briefing and appropriate training before they are able to raise funds for the Charity and they also receive regular updates / reminders.

No direct marketing activity was carried out during this financial year.

6. Our Future Plans

As the year came to a close the Charity was preparing to launch a major capital appeal for Children's services, however with restrictions still in place, it is unlikely that events will return until at least the Summer of 2021. The Charity will continue to support and enhance health care services across the footprint of Lancashire Teaching Hospitals NHS Foundation Trust for the benefit 390,000 local people, as well as the 1.5m people who access regional specialist services across Lancashire and South Cumbria.

Plans for the year ahead will see further improvements to structures and governance surrounding special purpose funds as well as developing a proposal to link more closely with the voluntary and third sector in fulfilling the strategic direction of the Trust.

7. Structure, Governance and Management

Structure

The Charity follows the NHS Corporate Trustee operational model with members of Lancashire Teaching Hospitals NHS Foundation Trust Board being appointed as its Corporate Trustee. The Corporate Trustee members are appointed upon their appointment to the Board of Directors of Lancashire Teaching Hospitals NHS Foundation Trust.

The overall management and decision-making of the Charity is delegated by the Corporate Trustee to the Charitable Funds Committee.

Charitable Funds Committee

The Charitable Funds Committee meet quarterly and has specific terms of reference; no business may be transacted at a meeting unless three Non-Executive Directors and one Executive Director, who must be the Finance Director (or nominated deputy), are present.

The Charitable Funds Committee is responsible for reviewing and managing its charitable funds in accordance with the Trusts' Standing Financial Instructions and its Scheme of Delegated Powers of Authority.

The Charitable Funds Committee works within the delegated powers granted to it by the Corporate Trustee who retain the right to amend delegated powers and terms of reference as appropriate. As part of its delegated powers, it is responsible for the following:

- To establish a strategy for charitable funds and on the basis of professional advice, determine the investment policy within this strategy.
- To monitor performance and composition of the portfolio to ensure compliance with the investment policy and seek advice from the professional advisor, when required.
- To monitor charitable funds and approve the creation of new funds and ensure a periodic review of existing funds takes place.
- To ensure appropriate procedures are in place to control expenditure and ensure it is in accordance with the objectives of the funds.
- To ensure the requirements of the Charity Commission are complied with.
- To refer any matters arising to the Corporate Trustee.

The Committee is supported in doing so by the Head of Charities and Fundraising. The Charity operates within a framework with clear policies on investments, sponsorship, fundraising, expenditure and reserves. Authority to approve expenditure from funds is controlled through delegated limits.

Value of Expenditure (£)	Approval Required
0 - 9,999	Fund Advisor, Divisional Director and Head of Charities and Fundraising
10,000 – 30,000	Fund Advisor, Divisional Director and Head of Charities and Fundraising and Associate Director of Finance
Above 30,000	Charitable Funds Committee

The Funds

Lancashire Teaching Hospitals Charity is governed by a Trust Deed, which comprises of one unrestricted fund and twelve restricted funds for special purposes.

Unrestricted General Purpose Funds

The Corporate Trustee has discretion to apply these funds for any purpose within the objects of the Charity. However, the trustee has adopted a policy of designating funds within the unrestricted general funds in order to respect the wishes of the donors wherever possible. All general purpose funds which are not designated like this are recorded as general funds, still under the unrestricted funds umbrella and are spent, as far as possible, in the optimum way to further the wider objectives of the Charity.

Restricted Funds – Special Purpose

Registered under the Charitable Fund with the Charities Commission, Lancashire Teaching Hospitals Charity has twelve separate NHS Special Purpose Charities. These share the same registered number as the Charity but they are recognised as separate entities, holding donations given with specific conditions attached. They are all governed by separate Declarations of Trusts and their income can only be used for the purpose shown in their registration documents listed below:

1. Lancashire Teaching Hospitals NHS Foundation Trust Neurosciences Fund - for the relief in sickness of patients treated within the neurosciences directorate at the Royal Preston Hospital.
2. Lancashire Teaching Hospitals NHS Foundation Trust Staff Fund - for the relief of sickness at Lancashire Teaching Hospitals NHS Foundation Trust by promoting the efficient performance of their duties by the staff of the Trust.
3. Lancashire Teaching Hospitals NHS Foundation Trust Neonatal Fund - for the relief in sickness of new born babies at the Lancashire Teaching Hospitals NHS Foundation Trust.
4. Lancashire Teaching Hospitals NHS Foundation Trust Renal Medicine Fund - for any charitable purpose or purposes relating to the national health service wholly or mainly for the department of renal medicine of Lancashire Teaching Hospitals NHS Foundation Trust.
5. Lancashire Teaching Hospitals NHS Foundation Trust Endoscopy Unit Fund - for any charitable purpose or purposes relating to the national health services wholly or mainly for the endoscopy unit of Lancashire Teaching Hospitals NHS Foundation Trust.
6. Baby Beat Appeal - for the relief in sickness of the unborn child and its mother through pregnancy and labour to the point of birth within Lancashire Teaching Hospitals NHS Foundation Trust.
7. Lancashire Teaching Hospitals NHS Foundation Trust Obstetrics and Gynaecology Fund - for any charitable purpose or purposes relating to the National Health Service wholly or

mainly for the obstetrics and gynaecology directorate of Lancashire Teaching Hospitals NHS Foundation Trust.

8. Lancashire Teaching Hospitals NHS Foundation Trust Cardiology Fund - for any charitable purpose or purposes relating to the National Health Service wholly or mainly for the cardiology service of Lancashire Teaching Hospitals NHS Foundation Trust.
9. Lancashire Teaching Hospitals NHS Foundation Trust Diagnostic Imaging Fund - for any charitable purpose or purposes relating to the National Health Service wholly or mainly for the diagnostic imaging directorate of Lancashire Teaching Hospitals NHS Foundation Trust.
10. Lancashire Teaching Hospitals NHS Foundation Trust Patients' Fund - for the relief in sickness of patients who are or have been treated within the Lancashire Teaching Hospitals NHS Foundation Trust.
11. Lancashire Teaching Hospitals NHS Foundation Trust Post Graduate Education Fund - to advance medical and dental education and assist in the education and further training of doctors, dentists, other members of the medical and dental professions, nurses and all other employees of Lancashire Teaching Hospitals NHS Foundation Trust and thereby to improve the services available to the patients served by Lancashire Teaching Hospitals NHS Foundation Trust.
12. Diabetic fund - for the treatment of patients at Chorley Hospital suffering from diabetes and/or research into diabetes at Chorley Hospital.

On the 16th June 2021, the Charity Commission agreed to remove the linked Charities listed above and merge them into the Charity under the existing single Trust deed.

Connected Parties and Linked Charities

The Charity holds 100% of the share capital in Baby Beat Limited (Company Registration Number 03817502), a retail outlet based in the Sharoe Green Unit at Royal Preston Hospital. All net profits are donated to the Charity under the Gift Aid scheme and the company's accounts have been consolidated with the Charity's accounts this financial year.

The Charity is linked to the separately registered charity, The Rosemere Cancer Foundation. It was established with the same declaration of trust in November 1995 and shares the same Corporate Trustee. The Charity pools its investments with that of The Rosemere Cancer Foundation to form a single investment portfolio, resulting in greater efficiency in the management of the investments.

Wider networks

The Charity is one of over 240 NHS charities in England and Wales who are members of NHS Charities Together. As a member charity, we have the opportunity to discuss matters of common concern and exchange information and experiences, join together with others to lobby government departments and others, and to participate in conferences and seminars which offer support and education for our staff and members of the charitable funds committee.

As a member of NHS Charities Together, we have also been very grateful to receive grants from their national emergency appeal.

Risk Management and Internal Controls

Due to the close relationship between the Trust and the Charity the risk management process is embedded into that of the Trust's assurance framework and risk management systems.

The Board of Directors of the Trust, who are also the Corporate Trustee, have adopted a formal risk management process to assess business risk and implement risk management strategies. Senior management and the trustee have:

- Identified the types of risk the Trust and Charity faces.
- Prioritised the risks in terms of impact and likelihood of materialising.
- Identified means of mitigating these risks.

A risk register has been prepared to assist in managing risk to which the Trust has been exposed. The risk register is monitored by the Trust's Governance framework who request regular updates on any the relevant action plans and ensure that all appropriate controls are in place or have been identified.

Principal risks and uncertainty facing the Charity

Due to the Covid-19 pandemic the impact on the charity's ability to fundraise has been significantly impacted. However, this has been offset by the impact of the nation's love of the NHS and the support this has engendered, as well as income granted to the charity through the donations given by NHS Charities Together.

The Charity considers the valuation of its investments and any decline in market values that would negatively affect fund balances, as a risk. The Charitable Funds Committee meet regularly with the investment advisors and receive quarterly updates to allow them to review the performance of the investments and the risk level associated with them. The current category of risk is 4 to 5 (low to moderate). The Charity's reserves and investment policies are designed to ensure that no unnecessary risks are taken and the investments continue to support the Charity to meet its objectives.

Internal controls

The Corporate Trustee has overall responsibility for ensuring that the organisation operates an appropriate system of controls financial and otherwise to provide reasonable assurance that:

- The Charity is operating efficiently and effectively.
- Its assets are safeguarded against unauthorised use or disposal.
- Proper records are maintained and that financial information used within the Charity or for publications is reliable.
- The Charity complies with relevant UK laws and regulations.

In this regard, the Corporate Trustee places reliance upon the Trust's Audit Committee whose remit is to examine the effectiveness and appropriateness of the system of internal controls. This is achieved by:

- Reviewing and approving the audit plan, determining the types of internal and external audits to be undertaken, the areas of the organisation which are subject to review, and examining any findings that arise.
- Reviewing the nature and scope of internal and external audit, and any matters raised for the attention of management. Any significant findings or identified risks are examined so that appropriate action can be taken.

The systems of financial control are designed to provide reasonable, but not absolute assurance against material misstatement or loss. These include:

- Regular review of the activities of the Fund and of its performance against pre-defined targets set by the Charitable Funds Committee.
- Formal delegation of authority to spend within clearly defined limits
- Identification and management of risks
- Scrutiny of internal and external audit.

Trustee and Advisers and Contact Details for the Charity

As the Charity operates under a Corporate Trustee model, the names of the directors are required to be disclosed:

Responsibility	Name	Post From	To
Chair	Ebrahim Adia		
Vice Chair	Tim Watkinson		
Non-Executive Director	Ann Pennell		
Non-Executive Director	Geoff Rossington		
Non-Executive Director	Kate Smyth		
Non-Executive Director	Paul O'Neill		
Non-Executive Director	Jim Whitaker		
Non-Executive Director	Tricia Whiteside		
Chief Executive Officer	Kevin McGee	01/09/2021	
Chief Executive Officer	Karen Partington		31/08/2021
Finance Director/Deputy Chief Executive	Jonathan Wood		
Medical Director	Geraldine Skailes		
Nursing, Midwifery and AHP Director	Sarah Cullen		
Strategy and Workforce and Education Director	Karen Swindley		
Chief Operating Officer	Faith Button		
Chief Information Officer for the ICP	Stephen Dobson		
Director of Continuous Improvement	Ailsa Brotherton		
Director of Service Development (Interim)	Gary Doherty	01/12/2020	
Service Development Director	Adrian Griffiths		26/11/2020

Charitable Funds Committee Members:

Responsibility	Name
Non-Executive Director (Chair of Committee)	Geoff Rossington
Medical Director	Geraldine Skailes
Nursing, Midwifery and AHP Director	Sarah Cullen
Finance Director/Deputy Chief Executive	Jonathan Wood
Non-Executive Director	Tricia Whiteside
Non-Executive Director	Kate Smyth

All members have been in post since 1 April 2020 unless otherwise stated.

Registered Charity Number and name: **1051194**
Lancashire Teaching Hospitals Charity

Principal Office address: Royal Preston Hospital
Sharoe Green Lane

Fulwood
Preston
PR2 9HT

Head of Charities and Fundraising:

Paula Wilson
e | paula.wilson@lthtr.nhs.uk

Finance Office address:

Lingmell House
Water Street
Chorley
PR7 1EJ

The following advisors were retained by the Charity in 2020/21:

Bankers

National Westminster Bank PLC
35 Fishergate
Preston
PR1 2BY

Auditors

Beever and Struthers
Suite 9b
The Beehive Lions Drive
Shadsworth Business Park
Blackburn
BB1 2QS

Investment Advisors

Brewin Dolphin Securities Ltd
PO Box 512
National House
36 St Anne House
Manchester
M60 2EP

Solicitors

Hempsons
Portland Tower
Portland Street
Manchester
M1 3LF

8. Financial Review

The Charity's annual accounts have been produced in accordance with FRS102 as were the previous years. Therefore, no adjusting entries were required for the comparative year.

The charity is reporting a deficit for the year, before adjustments for market value gains or losses on investments of £281k. (2019/20: surplus of £224k)

The investment portfolio performed well during the year after the markets that were significantly affected in March 2020 by the Covid-19 pandemic, recovered to pre-pandemic values. An unrealised gain of £14k at the end of 2019/20 increased during the year to be an unrealised gain of £133k that was off-set by an actual loss on the sale of investments of £4k.

Incoming resources of £1,474k were £443k higher than 2019/20. This represents a 43% increase.

- Income from donations, legacies and grants of £1,040k was £98k better than the previous year. This is largely due to the outpouring of support for the NHS and a significant increase in corporate donations.
- Other trading income was £18k, £44k lower than 2019/20 a decrease of 71%. During the year the shop closed to comply with the lockdown restrictions and when restrictions allowed they opened with reduced opening hours.
- Investment income was £13k, £14k lower than 2019/20 as interest rates remained low and the charity received a reduced share of the dividend income as per the apportionment that is based on the balance of funds for the charities in the investment pool.
- Income from charitable activities was £403k that was largely due to the grants received from NHS Charities Together (£395k). This is a new income stream for the charity.

Support costs of £150k were £57k higher than 2019/20. This is due to the increase in staff costs as additional resource was required to support the charity that was inundated with donated gifts and services for staff at the start of the pandemic. Additional support was also brought into the charity to support grant applications as traditional fundraising methods were impacted by the lockdown restrictions.

Net current assets of £709k were £271k lower than the prior year as a consequence of the increased creditor at the end of 2020/21. This increase is due to charitable activities expenditure that was incurred in the final month of the year.

Total Charity funds were therefore £152k lower than 2019/20 at a level of £1,692k; required to fund the Charity's outstanding commitments for various projects and items of equipment.

Going Concern

The trustee considers that there are no material uncertainties about Lancashire Teaching Hospitals Charity's ability to continue as a going concern. Whilst the Covid-19 pandemic impacted on the charity's ability to fundraise as a grant making charity with ongoing commitments, the trustee expects that the amount of grants that can be made in 2021/22 will remain low rather than affecting the charity's ability to continue as a going concern.

Reserves Policy

The charity has a reserves policy which was reviewed in March 2021. The Charity has considered the level of reserves to be held for the prudent management of its working assets, commitments and contingencies.

Reserves are defined as funds that are freely available to fund the day-to-day operation of the charity and are not subject to commitments or other restrictions. The trustee requires that reserves are available to cover the following:

- Unrealised gains on investments recognised in the accounts
- Provision for short-term commitments and ongoing programmes and
- 6 months of operating expenditure

At 31st March 2021 the Charity held total reserves of £1,692k (2019/20: £1,844k) of which £1,073k (2019/20: £1,209k) are held in restricted reserves. The balance held in unrestricted funds at 31 March 2021 is £619k.

The cumulative unrealised gain on investments that has been recorded in the accounts for the Charity is £133k with a total realised and unrealised gain recognised in 2020/21 of £129k (2019/20: £73k loss) including a loss on the sale of investments of £4k (2019/20: £15k gain).

The Charity currently has commitments of £372k of which £65k is to be funded from restricted reserves and £307k from unrestricted reserves. The trustee aims to maintain free reserves in unrestricted funds at a level which equates to approximately six months of operating expenditure £118k, plus £50k for fundraising costs for the Children's appeal that will launch early in 2021/22. The trustee considers that this level will provide sufficient funds to respond to delays or changes in applications for grants and to ensure that support and governance cost are covered.

The level of reserves is continually monitored by the Trustee and the policy will be reviewed at least every two years.

Investment Policy

The policy is reviewed annually; it was last reviewed at the Charitable Funds Committee meeting that took place in June 2021, when Brewin Dolphin were in attendance.

The Charity's investments are held in stocks and shares and are managed by a well-respected investment management company, Brewin Dolphin. The Trust maintains a strict control over investments, laying down a well-structured framework within which Brewin Dolphin must operate in order to minimise the risks associated with investments.

Overseas equities should not exceed 15% of the total holding of equities and investments in negotiable instruments known as "derivatives" are not permitted in any circumstances.

Investment in tobacco, alcohol and armaments is prohibited. If it should come to light that a company has become involved in unethical practices the Corporate Trustee should be consulted with a view to selling the investment.

The market value of managed funds shall not exceed 75% of the total charitable fund reserves.

Corporate Trustee Responsibilities Statement

The Corporate Trustee are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). They are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the Trust Deed. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The law applicable to charities in England and Wales requires the Trustee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Charity and of the incoming resources and application of resources of the Charity for the period. In preparing these financial statements, the Trustee is required to:

- Select suitable accounting policies and apply them consistently
- Observe the methods and principles in the charities SORP (FRS 102)
- Make judgements and estimates that are reasonable and prudent
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in business.

The Corporate Trustee is responsible for the maintenance and integrity of the Charity and financial information. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Corporate Trustee confirms that there is no relevant audit information of which the Charity's auditors are unaware and they have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Charity's auditors are aware of that information.

By order of the Corporate Trustee

Signed:



Ebrahim Adia
Chair

Date: 01.10.2021



Jonathan Wood
Trustee

Date: 01.10.2021

Independent Auditor's report

Independent Auditor's Report to the trustee of Lancashire Teaching Hospitals Charity.

Opinion

We have audited the financial statements of Lancashire Teaching Hospitals Charity "the parent charity" and its subsidiary "the group" for the year ended 31 March 2021 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Parent Balance Sheet, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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.

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2020 and of its incoming resources and application of resources, including its income and expenditure 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent 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 Charitable Company'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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The trustee is responsible for the other information. 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the trustee's report is inconsistent in any material respect with the financial statements; or
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Corporate Trustee Responsibilities Statement set out on page 15, the trustee is responsible for the preparation of the group and parent charity financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine what 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 Trustee is responsible for assessing the group's and the parent 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 Trustee either intends to liquidate the group or the parent charity or to cease operations, or have no realistic alternative but to do so.

Auditor's 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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations.
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the computer component manufacturing and supply sector.
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including, the Charities Act 2011, taxation legislation, data protection, anti-bribery, employment, environmental and health and safety legislation.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence.
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud.
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures on specific balances for which robust, substantive analytical procedures have been undertaken to identify any unusual or unexpected relationships.
- tested journal entries to identify unusual transactions.
- investigated the rationale behind significant or unusual transactions.

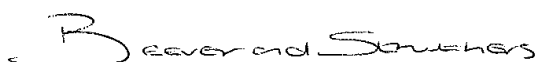
There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's web-site at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the parent charity's Trustee, 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 trustee 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.



Beever and Struthers, Statutory Auditor

Beever and Struthers is eligible to act as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

Suite 9b
The Beehive Lions Drive
Shadsworth Business Park
Blackburn
BB1 2QS

Date: 8 October 2021

9. Financial Statements

Lancashire Teaching Hospitals Charity
Consolidated Statement of Financial Activities for the year ended 31 March 2021

		2020/2021			2019/2020		
		Unrestricted Funds £000	Restricted Funds £000	Total Funds £000	Unrestricted Funds £000	Restricted Funds £000	Total Funds £000
Notes							
Income and endowments from:							
Donations and legacies	3.1	224	816	1,040	328	614	942
Charitable activities	3.2	5	398	403	-	-	-
Other trading activities	3.3	-	18	18	-	62	62
Income from Investments	3.4	5	8	13	7	20	27
Total incoming resources		234	1,240	1,474	335	696	1,031
Expenditure on:							
Raising funds	4	37	105	142	12	147	159
Charitable activities	5	250	1,363	1,613	297	335	632
Other		-	-	-	16	-	16
Total Expenditure		287	1,468	1,755	325	482	807
Net gain / (loss) on investments	10.1	37	92	129	(19)	(54)	(73)
Net (expenditure) / income		(16)	(136)	(152)	(9)	160	151
Net movement in funds		(16)	(136)	(152)	(9)	160	151
Reconciliation of Funds							
Total funds brought forward		635	1,209	1,844	644	1,049	1,693
Total Funds carried forward		619	1,073	1,692	635	1,209	1,844

Lancashire Teaching Hospitals Charity
Consolidated Balance Sheet as at 31 March 2021

	Notes	Unrestricted Funds £000	Restricted Funds £000	Total at 31 March 2021 £000	Total at 31 March 2020 £000
Fixed Assets					
Investments	10	367	616	983	864
Total Fixed Assets		367	616	983	864
Current Assets					
Inventories	12	-	6	6	9
Debtors	13	2	1	3	204
Cash and cash equivalents	14	297	1,188	1,485	916
Total Current Assets		299	1,195	1,494	1,129
Liabilities					
Creditors falling due within one year	16	47	738	785	149
Net Current Assets		252	457	709	980
Total Assets less Current Liabilities		619	1,073	1,692	1,844
Total Net Assets		619	1,073	1,692	1,844
The Funds of the Charity					
Restricted income funds	17	-	1,073	1,073	1,209
Unrestricted income funds		619	-	619	635
Total Charity Funds		619	1,073	1,692	1,844

The financial statements on pages 20 to 34 were approved and authorised for issue by the Board of Trustees on the 21st September 2021 and approved on its behalf by the Charitable Funds Committee.

Signed:



Date: 1st October 2021

Lancashire Teaching Hospitals Charity
Parent Balance Sheet as at 31 March 2021

	Notes	Unrestricted Funds £000	Restricted Funds £000	Total at 31 March 2021 £000	Total at 31 March 2020 £000
Fixed Assets					
Investments	10	367	616	983	864
Total Fixed Assets		367	616	983	864
Current Assets					
Debtors	13	2	8	10	220
Cash and cash equivalents	14	297	1,186	1,483	909
Total Current Assets		299	1,194	1,493	1,129
Creditors falling due within one year	16	47	737	784	149
Net Current Assets		252	457	709	980
Total Assets less Current Liabilities		619	1,073	1,692	1,844
Total Net Assets		619	1,073	1,692	1,844
The Funds of the Charity					
Restricted income funds	17	-	1,073	1,073	1,209
Unrestricted income funds		619	-	619	635
Total Charity Funds		619	1,073	1,692	1,844

The financial statements on pages 20 to 34 were approved and authorised for issue by the Board of Trustees on the 21st September 2021 and approved on its behalf by the Charitable Funds Committee.

Signed:



Date: 1st October 2021

Lancashire Teaching Hospitals Charity
Consolidated Cash Flow Statement for the year ended 31 March 2021

	Notes	Total at 31 March 2021 £000	Total at 31 March 2020 £000
Cash flows from operating activities:			
Net cash provided / (used) in operating activities	18	546	(13)
Cash flows from investing activities:			
Interest received	3.4	-	-
Dividends received	3.4	13	27
Purchase of investments	10.1	(84)	(445)
Proceeds from sale of investments	10.1	94	458
Net cash provided by investing activities:		23	40
Change in cash and cash equivalents in the reporting period		569	27
Cash and cash equivalents at the beginning of the reporting period		916	889
Cash and cash equivalents at the end of the reporting period		1,485	916

10. Notes to the Financial Statements

Accounting policies

1.1 Basis of preparation

The financial statements of the charity are presented in £ Sterling, rounded to the nearest thousand and have been prepared under the historical cost convention, with the exception of investments which are included at fair value.

The financial statements have been prepared in accordance with the 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 (FRS102) (effective 1 January 2015) - Charities SORP (FRS102), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS102) and the Charities Act 2011. The Charity constitutes a public benefit entity as defined by FRS102.

1.2 Going concern

The trustee considers that there are no material uncertainties about the Lancashire Teaching Hospitals Charities' ability to continue as a going concern. The Covid-19 pandemic has had an impact on the charity's fundraising income for unrestricted funds although this is offset by the generous donations made by members of the public in the first lockdown and restricted income from the NHS Charities Together

As a grant making charity with few on-going commitments, this will impact on the new grants that can be made in the short term rather than affecting the charity's ability to continue as a going concern. It is expected that the amount of grants that can be made will be reduced in 2021/22. However, there are no material uncertainties affecting the current year's accounts.

In future years, the key risks to the charity are a fall in income from donations or investment income but the trustee has arrangements in place to mitigate those risks (see the risk management and reserves sections of the annual report for more information).

1.3 Critical judgements in applying accounting policies

In the application of the Charity's accounting policies, which are described in notes 1.1 to 1.21, the Trustee is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The key judgements are those policies relating to incoming resources (notes 1.7 and 1.8), recognition of expenditure and associated liabilities as a result of grant (note 1.11) and fixed asset investments (note 1.15). The Trustee does not consider there are any sources of estimation uncertainty requiring disclosure beyond the accounting policies listed below.

1.4 Key estimations

The value of potential legacies disclosed in note 19. Contingent assets and liabilities is estimated using information received from solicitors and current property market valuations.

1.5 Funds structure

Where there is a legal restriction on the purpose to which a fund may be put, the fund is classified as a restricted fund or an endowment fund.

Restricted funds are those where the donor has provided for the donation to be spent in furtherance of a specified charitable purpose. Endowment funds arise when the donor has expressly provided that the gift is to be invested and only the income of the fund may be spent.

1. Accounting policies (continued)

1.5 Funds structure (continued)

Lancashire Teaching Hospitals Charity has twelve restricted special purpose funds, no endowment funds and one designated unrestricted fund. The major funds held are disclosed in note 17.

Those funds which are neither endowment nor restricted income funds are unrestricted income funds which can be analysed between designated (earmarked) funds where the trustees have set aside amounts to be used for specific purposes or which reflect the non-binding wishes of donors, and unrestricted funds which are at the trustees' discretion.

1.6 Basis of consolidation

The group financial statements consolidate the results of the Charity's trading subsidiary, Baby Beat Limited, on a line by line basis. Advantage has been taken of the SORP and the parent charity's own income and expenditure has not been disclosed in these financial statements. The income of the Lancashire Teaching Hospitals Charity was £1,474k (2019/20: £1,031k), giving rise to a deficit of £152k (2019/20: surplus £151k).

Subsidiary companies are exempt from the requirement of the Companies Act 2006 relating to the audit of the individual accounts by virtue of S479A.

1.7 Incoming resources

All incoming resources are recognised once the charity has entitlement to the resources, it is probable that the resources will be received and the monetary value of the incoming resources can be measured with sufficient reliability.

Where there are terms or conditions attached to incoming resources, particularly grants, then these terms or conditions must be met before the income is recognised as the entitlement condition will not be satisfied until that point. Where terms or conditions have not been met or uncertainty exists as to whether they can be met then the relevant income is not recognised in the year but deferred and shown on the balance sheet as deferred income.

1.8 Incoming resources from legacies

Legacies are accounted for as incoming resources either upon receipt or where the receipt of the legacy is probable.

Receipt is probable when:

- confirmation has been received from the representatives of the estate(s) that probate has been granted
- the executors have established that there are sufficient assets in the estate to pay the legacy and
- all the conditions attached to the legacy have been fulfilled or are within the charity's control.

If there is uncertainty as to the amount of the legacy and it cannot be reliably estimated, then the legacy is shown as a contingent asset until all of the conditions for income recognition are met.

1.9 Gifts in kind and donated services

Gifts in kind are recognised as a reasonable estimate of their fair value or where the monetary value of gifts cannot be reliably measured, they will be included in the accounts when they are sold and the amount actually

Donated services are measured and included in the accounts on the basis of the value of the gift to the charity. i.e. what the charity would pay in the open market for the services that are being donated.

1. Accounting policies (continued)

1.10 Resources expended and irrecoverable VAT

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to each category of expense shown in the Statement of Financial Activities.

Expenditure is recognised when the following criteria are met:

- there is a present legal or constructive obligation resulting from a past event
- it is more likely than not that a transfer of benefits (usually a cash payment) will be required in settlement
- the amount of the obligation can be measured or estimated reliably.

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

1.11 Recognition of expenditure and associated liabilities as a result of grant

Grants payable are payments made to linked, related party or third-party NHS bodies and non-NHS bodies, in furtherance of the charitable objectives of the funds held on trust, primarily relief of those who are sick.

Grant payments are accounted for on an accruals basis where the conditions for their payment have been met or where a third party has a reasonable expectation that they will receive the grant.

The trustee has control over the amount and timing of grant payments and consequently where approval has been given by the charitable funds committee, on behalf of the trustee, grants are considered commitments. An appropriate designation is made for these commitments in the appropriate fund until payment is due to be made at which point the expenditure and liability is recognised in the accounts. Approved commitments of expected future expenditure are disclosed in note 20.

1.12 Allocation of support costs and overheads

Support costs are those costs which do not relate directly to a single activity, including governance costs, that are costs which relate to the strategic as opposed to the day to day management of a charity.

Support costs include some staff costs, costs of administration and external audit costs. They have been apportioned between the cost of raising funds and charitable activities on the basis of expenditure incurred in relation to each category. The analysis of support costs and the apportionment is shown in note 7.

1.13 Fundraising costs

The costs of generating funds are those costs attributable to generating income for the charity, other than those costs incurred in undertaking charitable activities or the costs incurred in undertaking trading activities in furtherance of the charity's objects. The costs of generating funds represent fundraising costs together with investment management fees. Fundraising costs include expenses for fundraising activities and salaries and overhead costs paid to a related party, Lancashire Teaching Hospitals NHS Foundation Trust, shown in note 2.

Quarterly management fees are offset against commission charges. Fees that exceed the commission charge are deducted from the funds on deposit are shown in note 4.

1.14 Charitable activities

Costs of charitable activities comprise all costs incurred in the pursuit of the charitable objects of the charity. These costs, where not wholly attributable, are apportioned between the categories of charitable expenditure in addition to the direct costs. The total costs of each category of charitable expenditure include an apportionment of support costs as shown in note 5.

1. Accounting policies (continued)

1.15 Fixed asset investments

Investments are a form of basic financial instrument. Fixed asset investments are initially recognised at their transaction value and are subsequently measured at their fair value (market value) as at the balance sheet date. The Statement of Financial Activities includes the net gains and losses arising on revaluation and disposals throughout the year. Quoted stocks and shares are included in the balance sheet at the current market value quoted by the investment analyst, excluding dividend. Other investments are included at the trustee's best estimate of market value.

The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

All realised and unrealised gains and losses are combined in the Statement of Financial Activities and are taken as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and opening carrying value or their purchase value, if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value.

1.16 Inventories

Inventories are valued at the lower of cost and net realisable value.

1.17 Debtors

Debtors are amounts owed to the charity. They are measured on the basis of their recoverable amount.

1.18 Cash and cash equivalents

Cash at bank and in hand is held to meet the day to day running costs of the charity as they fall due. Cash equivalents are short term, highly liquid investments, held in interest bearing savings accounts.

1.19 Creditors

Creditors and provisions are amounts owed by the charity. They are recognised when the Charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount.

Amounts which are owed in more than a year are shown as long term creditors.

1.20 Financial Instruments

Financial assets and financial liabilities are recognised when the Charity becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

The Charity only holds financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

1.21 Remuneration and benefits

No staff are directly employed by the Charity. All staff engaged in the activities of the Charity are employed by Lancashire Teaching Hospitals NHS Foundation Trust. The Charity is recharged for individuals time spent engaged in either charitable activities, raising funds or providing support (e.g. back office functions) to the Charity, shown in note 9.

1.21 Remuneration and benefits (continued)

All recharged staff members belong to the NHS Pension Scheme which is an unfunded defined benefit scheme, accounted for as a defined contribution scheme. The recharge from Lancashire Teaching Hospitals NHS Foundation Trust includes the employer contributions to that scheme. For more information on the NHS Pension Scheme refer to the Lancashire Teaching Hospitals NHS Foundation Trust annual report and accounts.

2. Related party transactions

Lancashire Teaching Hospitals Charity is managed by the Corporate Trustee which is also the Board of Directors of Lancashire Teaching Hospitals NHS Foundation Trust which is the main beneficiary of the charity. During the year the Charity made revenue and capital payments to Lancashire Teaching Hospitals NHS Foundation Trust of £631k (2019/20: £648k).

The Charity was recharged £224k (2019/20: £154k) for staff working for the charity throughout the year, whose contracts are paid by Lancashire Teaching Hospitals NHS Foundation Trust. This includes accounting and administrative support provided to the Charity at a cost of £21k (2019/20: £21k).

During the year none of the Trustees or members of the key management staff or parties related to them have undertaken any material transactions with the Lancashire Teaching Hospitals Charity (2019/20: £nil).

As at 31 March 2021 £31k (2019/20: £103k) was owed to Lancashire Teaching Hospitals NHS Foundation Trust.

The Trustee has not purchased trustee indemnity insurance. (2019/20: £nil)

The Charity's investment portfolio is pooled with that of The Rosemere Cancer Foundation. The Charity receives an apportionment of the income and expenditure related to the investments based on its share (72%) of the portfolio (2019/20: 75%).

3. Incoming resources

3.1 Income from donations and legacies

	Unrestricted Funds £000	Restricted Funds £000	2020/2021 Total £000	2019/2020 Total £000
Donations	140	403	543	323
Corporate Donations	8	326	334	3
Legacies	70	1	71	613
Grants	6	86	92	3
Total	224	816	1,040	942

Donations of goods (£341k) are included in income valued at their market value. All of these donations have been distributed during the year.

3.2 Charitable activities income

	Unrestricted Funds £000	Restricted Funds £000	2020/2021 Total £000	2019/2020 Total £000
NHS Charities Together grant (stage 1)	-	145	145	-
NHS Charities Together grant for Covid 2nd wave	-	50	50	-
NHS Charities Together Starbucks grant	-	2	2	-
NHS Charities Together grant (stage 3)	-	198	198	-
Events	5	3	8	-
Total	5	398	403	-

The charity received grants from the NHS Charities Together Covid-19 emergency appeal.

3. Incoming resources (continued)

3.3 Income from other trading activities

	Unrestricted Funds £000	Restricted Funds £000	2020/2021 Total £000	2019/2020 Total £000
Baby Beat Ltd shop sales total	-	18	18	62

3.4 Investment income

	Unrestricted Funds £000	Restricted Funds £000	2020/2021 Total £000	2019/2020 Total £000
Dividend income	5	8	13	27
Bank account interest	-	-	-	-
Total	5	8	13	27

4. Analysis of expenditure on raising funds

	Unrestricted Funds £000	Restricted Funds £000	2020/2021 Total £000	2019/2020 Total £000
Fundraising team	28	76	104	79
Fundraising activities	2	1	3	4
Advertising / marketing	2	5	7	5
Trading activities	-	12	12	47
Investment management fees	2	3	5	6
Support costs	3	8	11	18
Total	37	105	142	159

5. Analysis of expenditure on charitable activities

The charity pursued its charitable activities by making grants. Support costs have been apportioned across the categories of charitable expenditure on the basis of the associated transaction cost incurred by the charity disclosed in note 7.

	Grant funded Activity £000	Support Costs £000	2020/2021 Total £000	Grant funded Activity £000	Support Costs £000	2019/2020 Total £000
Patient Environment and Wellbeing	563	53	616	221	30	251
Staff Education and Wellbeing	672	63	735	77	10	87
Research	27	3	30	54	7	61
Medical Equipment	212	20	232	205	28	233
Total	1,474	139	1,613	557	75	632

Throughout the year the charity received donated gifts in kind that were distributed to staff and patients that. The estimated cost of the donated goods (£341k) is included in these figures.

6. Analysis of grants

All grants are made to the Lancashire Teaching Hospitals NHS Foundation Trust. The total cost of making grants, including support costs, is shown on the face of the Statement of Financial Activities, and the actual disbursement for each category of charitable activity is disclosed in note 5.

7. Allocation of support costs and overheads

Support and overhead costs are allocated between fundraising activities and charitable activities. Governance costs are those support costs which relate to the strategic and day to day management of a charity.

These costs are apportioned across the charitable activities on the basis of expenditure incurred in relation to each category.

7. Allocation of support costs and overheads (continued)

7.1 Analysis of total support costs

	Raising funds £000	Charitable Activities £000	2020/2021 Total £000	Raising funds £000	Charitable Activities £000	2019/2020 Total £000
Financial Administration	2	19	21	4	17	21
Information Technology	-	3	3	2	7	9
Professional fees	1	17	18	1	2	3
Administration costs	-	1	1	-	1	1
Salary recharges	8	91	99	10	44	54
External Audit	-	4	4	1	3	4
Subscriptions / memberships	-	3	3	-	-	-
Bank Charges	-	1	1	-	1	1
Total	11	139	150	18	75	93

Included in professional fees is £12k for donated services that supported the charity office refurbishment.

	Unrestricted Funds £000	Restricted Funds £000	2020/2021 Total £000	2019/2020 Total £000
Governance costs	13	24	37	26
Support costs	29	84	113	67
Total	42	108	150	93

7.2 Auditor's remuneration

Total Audit Fees for 2020/21 were £3,654 (excluding VAT) which related solely to the audit with no additional work undertaken (2019/20: £3,361). The audit fee is included within governance costs.

7.3 Support cost allocation

	Unrestricted Funds £000	Restricted Funds £000	2020/2021 Total £000	2019/2020 Total £000
Raising Funds	3	8	11	18
Charitable Activities	39	100	139	75
Total	42	108	150	93

8. Trustee remuneration, benefits and expenses

The members of Lancashire Teaching Hospitals NHS Foundation Trust board give their time freely and receive no remuneration for the work that they undertake in relation to the charity. No expense claims were reimbursed to members of the board, by the charity in 2020/21. (2019/20: £nil). For more information on the Board members remuneration refer to the Lancashire Teaching Hospitals NHS Foundation Trust annual report and accounts.

9. Analysis of staff costs and remuneration of key management personnel

	2020/2021 Total £000	2019/2020 Total £000
Salaries and wages	175	119
Social Security costs	24	17
Employer contributions	25	18
Total	224	154
Fundraising	104	79
Finance administration	21	21
Administration support	99	54
Total	224	154

9. Analysis of staff costs and remuneration of key management personnel (continued)

The average number of full-time and part-time employees during the year was 2 and 5 respectively (2019/20: 2 / 2), an estimated number of full-time equivalent employees of 4 (2019/20: 2). These employees are involved in fundraising and providing support to the charitable activities or the governance of the charity.

Lancashire Teaching Hospitals NHS Foundation Trust Charity considers its key management personnel to be the member of the Lancashire Teaching Hospitals NHS Foundation Trust board, acting on behalf of the corporate trustee and the Head of Charities and Fundraising. The total employment benefits included employer pension contributions of the key management personnel were £56k (2019/20: £37k).

At the start of the year fundraising staff for the Rosemere Cancer Foundation supported the distribution of donated goods to the charity as they were unable to perform their roles due to the lockdown restrictions. Due to the volume of donated goods and the administration of the grants received from NHS Charities Together, more of the Head of Charities and Fundraising's time has been apportioned to the charity than the previous year.

No employees had emoluments in excess of £60k (2019/20: none).

10. Fixed asset Investments

10.1 Movement in fixed asset investments	2020/2021	2019/2020
	£000	£000
Market value brought forward	864	950
Add : acquisitions at cost	84	445
Less : disposals	(94)	(458)
Realised and unrealised gain / (loss) for the year	129	(73)
Market value at 31 March 2021	<u>983</u>	<u>864</u>
Historic cost	<u>898</u>	<u>950</u>
	2020/2021	2019/2020
	£000	£000
Unrealised gain on carrying value of the investments	133	(88)
Loss on sale of investments	(4)	15
Total realised and unrealised gain for year	<u>129</u>	<u>(73)</u>
10.2 Fixed asset investments by type	2020/2021	2019/2020
	Market Value	Market Value
	£000	£000
Listed equity investments	221	379
Fixed interest investments	645	411
Other investment funds	117	160
	<u>983</u>	<u>950</u>

The charity manages these investment risks by retaining expert advisors and operating an investment policy that provides for a high degree of diversification of holdings within investment asset classes. All investments were made in companies listed on a UK stock exchange or incorporated in the UK and therefore all investments are treated as investment assets in the UK.

11. Subsidiaries

Baby Beat Limited (03817502) is registered in England and Wales and is wholly owned by Lancashire Teaching Hospitals NHS Foundation Trust Charity and is a retailer of children's clothing and confectionary. Details of its trading activities are set out below.

11.1 Subsidiary results	2020/2021	2019/2020
	£000	£000
Income	18	62
Costs	(12)	(50)
Operating profit	6	12
Amount gift aided to Lancashire Teaching Hospitals Charity	(6)	(7)
Retained in subsidiary	<u>-</u>	<u>5</u>

11. Subsidiaries (continued)

11.2 Summarised balance sheet of subsidiary trading company	2020/2021	2019/2020
	£000	£000
Inventories	6	9
Debtors	-	1
Cash and cash equivalents	2	7
Creditors: amounts falling due within one year	-	-
Creditors: amounts falling due after more than one year	(8)	(12)
Net assets	-	5
Capital and reserves	-	5

These accounts have been prepared by Elver Consultancy Ltd, Chartered Accountants, Suite 312, Atlas House, Caxton Lane, Wigan, WN3 6XU.

12. Inventories

Inventories comprise finished goods held for resale.

Group		Parent	
2020/2021	2019/2020	2020/2021	2019/2020
£000	£000	£000	£000
6	9	-	-

13. Analysis of debtors

Amounts falling due within one year

	Group		Parent	
	2020/2021	2019/2020	2020/2021	2019/2020
	£000	£000	£000	£000
Accrued income	-	201	-	206
Prepayments	2	2	2	2
Subsidiary debtors	1	1	-	-
Loan due from subsidiary undertaking	-	-	8	12
Total	3	204	10	220

14. Analysis of cash and cash equivalents

	Group		Parent	
	2020/2021	2019/2020	2020/2021	2019/2020
	£000	£000	£000	£000
Charity bank account	1,455	886	1,455	886
Subsidiary bank account	2	7	-	-
Stockbroker deposit account	28	23	28	23
Total	1,485	916	1,483	909

15. Analysis of changes in net debt

	At 1 April 2020	Cash flows	31 March 2021
	£000	£000	£000
Cash and Cash equivalents	916	569	1,485
Total	916	569	1,485

16. Analysis of creditors

Amounts falling due within one year

	Group		Parent	
	2020/2021	2019/2020	2020/2021	2019/2020
	£000	£000	£000	£000
Creditors	31	105	31	105
Accruals and deferred income	754	44	753	44
Total	785	149	784	149

The creditor figure represents the sum owed at the end of the year by the charity to a related parties, Lancashire Teaching Hospitals NHS Foundation Trust. There are no creditors falling due after more than one year.

17. Analysis of charitable funds

17.1 Restricted funds

Lancashire Teaching Hospitals Charity has 12 restricted special purpose funds and no endowment funds. The 2020/21 analysis of the material special purpose funds is as below, with the remaining funds shown in others:

	Balance 31 March 2020	Incoming Resources	Resources Expended	Gains and Losses	Balance 31 March 2021
	£000	£000	£000	£000	£000
Neurosciences	54	8	(6)	2	58
Staff Fund	104	873	(668)	12	321
Renal	520	13	(425)	17	125
Baby Beat	350	123	(224)	17	266
Patients	179	211	(102)	8	296
Others	2	12	(43)	36	7
Total Restricted Funds	1,209	1,240	(1,468)	92	1,073

For the purpose of this analysis, materiality of restricted funds is considered to be funds with a closing balances greater than £30k.

17.2 Details of material restricted funds

Name of fund	Description of the nature and purpose of each fund
Neurosciences	For the relief of sickness in patients treated within the Neurosciences
Staff Fund	For the relief of sickness in patients by promoting the efficient performance of staff in their day to day duties.
Renal fund	For any Charitable purposes relating to the Department of Renal Medicine.
Baby Beat	For the relief of sickness in the unborn child and its mother through pregnancy and labour to the point of birth.
Patients Fund	For the relief of sickness in patients who are or who have been treated within the Lancashire Teaching Hospitals NHS Foundation Trust.

17.3 Unrestricted fund

The Unrestricted Fund is split into designated funds which are used to fund activities that benefit patients of Lancashire Teaching Hospitals NHS Foundation Trust and the staff that deliver patient care to those patients.

	Balance 31 March 2020	Incoming Resources	Resources Expended	Gains and Losses	Balance 31 March 2021
	£000	£000	£000	£000	£000
Total unrestricted funds	635	234	(287)	37	619

The Charity has no designated funds.

18. Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2020/2021	2019/2020
	£000	£000
Net (expenditure) / income for 2020/21 (as per the SOFA)	(152)	151
(Gain) / loss on investments	(129)	73
Dividends, interest and rents from investments	(13)	(27)
Decrease in inventories	3	5
Increase in debtors	201	(192)
Decrease / (increase) in creditors	636	(23)
Net cash used in operating activities	546	(13)

19. Contingent assets and liabilities

	2020/2021	2019/2020
	£000	£000
Legacies	111	55
Total	111	55

Potential legacies not yet received that have been identified from Wills and Testaments have an estimated value of £111k.

20. Commitments

The Charity has the following outstanding commitments at the end of the year as they have made a provisional agreement to fund various projects and items of equipment. These have not been accounted for in the SOFA.

	Unrestricted Funds £000	Restricted Funds £000	2020/2021 Total £000	2019/2020 Total £000
Total commitments as at 31 March 2021	307	65	372	661

As described in note 6, the charity awards a number of grants in the year. Included in commitments are many grants that are awarded and expected to be paid out in the next financial year. No multi-year grants are included in these commitments.

As the charity has control over the award and timing of payment of grants, they remain commitments until there is certainty about the payment that will be funded from existing and future reserves.

21. Events after the reporting period

There are no adjusting events after the reporting period.