

# Annual Report & Accounts 2021/22

Supporting world class treatment,  
research and outstanding care

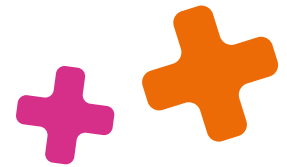


# Contents

<b>1. Foreword by Chair of Charitable Funds Committee</b>	<b>3</b>
<b>2. Who we are</b>	<b>4</b>
<b>3. How to support us</b>	<b>5</b>
<b>4. Your support and our achievements and performance</b>	<b>6</b>
<b>5. The difference you made</b>	<b>7</b>
<b>6. Our Future Plans</b>	<b>10</b>
<b>7. Structure, Governance and Management</b>	<b>11</b>
Structure	12
Risk Management and Internal Controls	12
Trustee and Advisers and Contact Details for the Charity	14
<b>8. Financial Review</b>	<b>16</b>
Going Concern	16
Reserves Policy	17
Investment Policy	17
Corporate Trustee Responsibilities Statement	18
Independent Auditor's report	19
<b>9. Financial Statements</b>	<b>22</b>
Consolidated Statement of Financial Activities for the year ended 31 March 2022	22
Consolidated Balance Sheet as at 31 March 2022	24
Parent Balance Sheet as at 31 March 2022	25
Consolidated Cash Flow Statement for the year ended 31 March 2022	26
<b>10. Notes to the Financial Statements</b>	<b>27</b>



# 1. Foreword by Chair of Charitable Funds Committee



## Welcome to Lancashire Teaching Hospital Charities annual report for 2021/22.

As an NHS Corporate Trustee Charity, we are delighted to be able to support NHS patients and their families across Lancashire and South Cumbria working closely with Lancashire Teaching

Hospitals NHS Foundation Trust as well as other NHS bodies across the region. We are committed to supporting world-class treatment, research, and outstanding care and can do this, thanks to the many generous donations and support from grateful patients and their families as well as from community groups, schools, local businesses, and grant funders.

As we emerge from the effects of the last 2 years, Covid-19 brought with it unprecedented challenges for colleagues and also impacted on fundraising plans which has resulted in reduced income, so this year we have carefully balanced the need to invest in new projects to support staff wellbeing, as well as supporting patient care.

We have also restarted some projects from the stage 3 and second wave covid grants from NHS Charities Together. These had to be suspended in 2020 due to restrictions and due to being the nominated 'nightingale' for the Northwest.

I would like to extend my sincere thanks to all who have given generously, donating both time and money, to support their local hospitals during the most difficult of times. I would also like to thank the 90 long serving Baby Beat Shop volunteers, who stayed loyal throughout the changing covid restrictions, to support us in our work, we really could not do what we do without them!

A special mention goes to those who are no longer with us, who very kindly chose to leave us a gift in their will. Their lasting legacies, together with your donations, grants and fundraising efforts have helped raise a total of £549,412, this is hugely appreciated by our clinical colleagues who continue to work tirelessly under enormous post covid pressures to be the very best they can be in caring for our patients and their families.

I am delighted to report that this year we have invested £54,759 in staff wellbeing projects including additional rest areas and memorial gardens. We have also invested £319,818 in patient comforts, additional equipment and support for families and £13,175 in research.

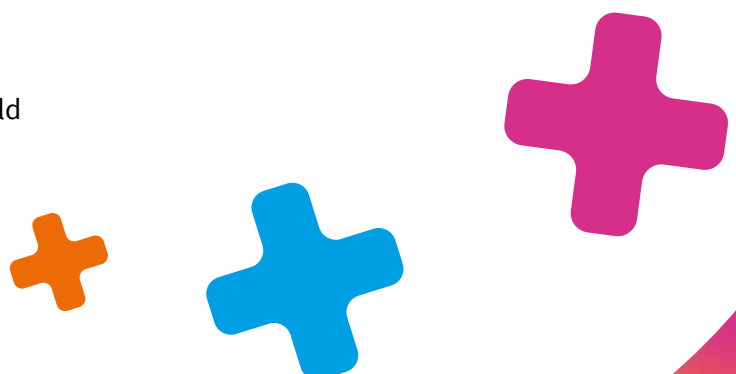
As we end the year, I am confident that the Charity is in great shape to move forward and we have now restarted fundraising activities, we also launched our first £1m Children's Appeal this year which is exciting news for local families. The improvements will make a huge difference to our youngest patients, some of whom face lengthy stays with us.

If you would like to know more about us or any other aspect of our work, do get in touch. When it comes to healthcare, every £ counts!

Very best wishes,

**Kate Smyth**

Charitable Funds Committee - Chair





## 2. Who we are

**Lancashire Teaching Hospitals Charity is registered with the charity commission (registered number 1051194) and we are constituted under the NHS Charities - Corporate Trustee model (see section 7 for details).**

The Charity exists 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 patients, their families and the staff who look after them.

Providing both general and specialist care for the benefit of 1.8m people across Lancashire and South Cumbria, Lancashire Teaching Hospitals NHS Foundation Trust is our key partner in fulfilling our charitable aims.

We welcome all support, as this allows us to invest in clinical excellence and outstanding care, as well as world class research. Please read on to find out more about what we do, what we have achieved and how we invest the money donated to us.

### Our Aims and objectives

Lancashire Teaching Hospitals Charity aims to enhance the services already provided by Lancashire Teaching Hospitals NHS Foundation Trust. Through raising new money and careful management of existing funds, the Charity can provide a public benefit by making grants to the Trust (and the other organisations it works with) to invest in world class research, treatment and outstanding care. It does this by:

- ✓ **Purchasing the very latest or additional medical equipment.**
- ✓ **Providing improvements to patient comfort and wellbeing**
- ✓ **Investing in world class research for the benefit of our patients**
- ✓ **Supporting staff wellbeing in pursuit of their delivery of excellent patient care**

Grants from the Charity to the Trust are made in accordance with the Trust's standing financial instructions as well as charity law, our constitution and in accordance with the wishes of donors.

When considering where to focus our attention our corporate trustee's board and, particularly, the members of the charitable funds committee have regard to the Charity Commission for England and Wales's guidance on public benefit and what this means for the Charity.

In making grants, the charity endeavours to reflect the wishes of patients and staff by directing funds towards areas they tell us are most in need.

Our plans are to continue to increase our level of fundraising to pre pandemic levels whilst also increasing the opportunity for 'Out of Hospital' investment across the ICS region. By acting as lead charity for Lancashire and South Cumbria and working with NHS Charities Together we will work with not-for-profit organisations to help transform out of hospital health care across the region.



### 3. How to support us

**The Charity would like to thank all those who support us during such unprecedented times. The donations you make really do make a difference to patient care and to staff in caring for them.**

With many ways in which you can support your local and regional specialist Hospitals, such as running, swimming or cycling, knitting, singing or baking delicious cakes, your donations time or talents, make a world of difference to our patients and their loved ones, when they need it most.

#### Making a Donation

To make a donation please visit [www.lthcharity.org.uk](http://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 2021/22 we received a total of £68,913 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 – we'd love to hear from you!

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



## 4. Your support and our achievements and performance

**With a second year of Covid-19 restrictions impacting the charity's ability to deliver fully on its fundraising plans, income is understandably lower than predicted. However, the launch of the £1m Children's Appeal in May resulted in an increase in community support from staff as well as the community. Fundraising highlights included a sponsored 24 hour virtual cycling challenge raising £2,300, community Tractor Run's raising combined total of £9,400 and a local Primary School (Brookfield) who raised £2,900 from an organised sponsored run.**

With a new fundraising team and Covid-19 restrictions affecting parts of the year, fundraising plans, had to adapt. The Charity switched from 'in person' events to a series of virtual events. The community, NHS colleagues and local businesses rallied to support us with our first ever virtual events such as the Super Spring Challenge which raised a wonderful £2,589; the NHS Big Tea, which recognises the NHS birthday in July, raised £518 and our virtual Rainbow Run which raised £2,849. Thank you to all who took part.

With events such as the Great North Run being cancelled in 2020 and rolled over to 2021, we had 5 amazing runners who did us proud, raising a fabulous £3,420. As restrictions on lock down began to lift, our first ever Cross Bay Walk was able to go ahead, this was a welcome relief to all who took part, with 150 walkers signing up to cross the infamous sands of Morecambe Bay, and in so doing, raising £2,321. More details on our fundraising events and activities can be seen on our website [www.lthcharity.org.uk](http://www.lthcharity.org.uk).

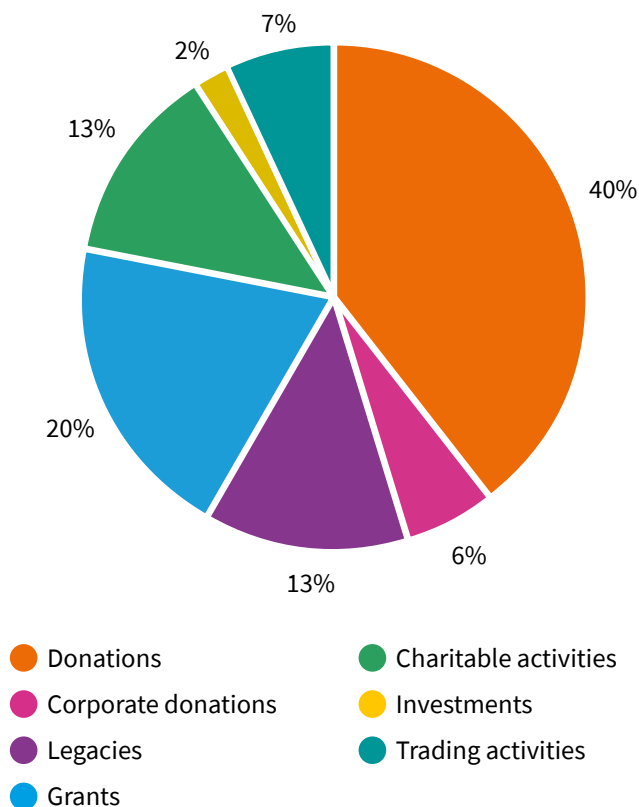




## 5. The difference you made

**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 £549,411 charitable income received during this financial year.



We restarted fundraising again in 2021/22 but the pandemic restrictions continued to affect our income. However, total income raised by events and community fundraising groups increased by £64k to £72k (2020/21: £8k).

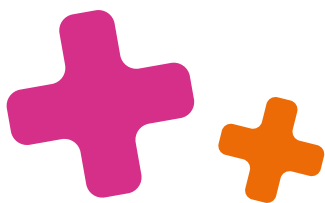
During 2021/22 the total received from donations and legacies came to £429k (2020/21: £1,040k) with corporate support ending the year at £32k (2020/21: £334k) and legacy income of £69k received (2020/21: £71k). The charity is also very grateful to the many businesses who gave gifts in kind totalling £71k (2021/22: £341k).

Following the Grant income received in 2020/21 from NHS Charities Together, a new Grants Officer role was introduced. This has increased fundraised income from other grants and trust with a total of £107k (2020/21: £92k) received which also included £76k from NHS Charities to prepare for community partnerships grant income to support out of hospital healthcare partnerships.

Retail trading has increased year on year with income of £38k (2020/21: £18k) which was made possible due to the tenacious support of the 90 Baby Beat Shop volunteers who continued to help, working flexibly around the various covid restrictions.

Investment income of £11k, (2020/21: £13k) was received in the form of dividends and bank interest on funds not immediately required.

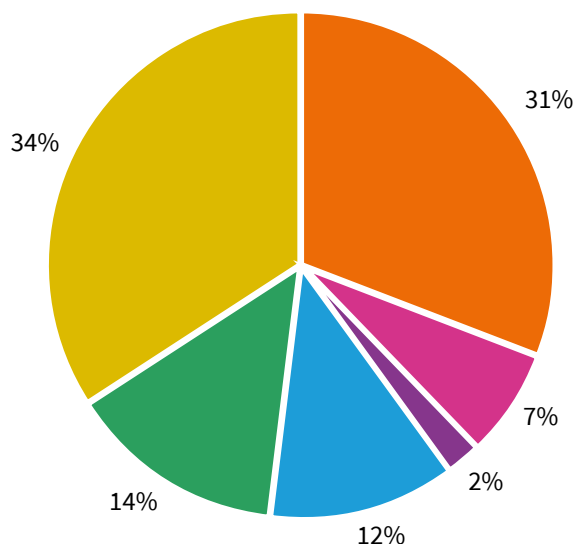




## What we spent the money on

This year the Charity is delighted to report that it has approved grant applications totalling £207k. Restrictions due to the pandemic prevented access to all areas to fulfil all planned investments, however work is now underway and should be completed by the end of 2022.

Of the total expenditure of £747k (2020/21: £1,755k), the amount spent on charitable activities, excluding support costs, was £388k (2020/21: £1,474k). 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.



- Grants for patient environment and wellbeing
- Grants for staff education and wellbeing
- Grants for medical research
- Grants for medical equipment
- Charitable activities support costs
- Raising funds

The chart shows our largest area of spend was on charitable activities.

Here are some of the ways in which donations have been used this year:



### Pregnancy Loss Counselling Room (£8,000)

a calm, safe and easily accessible room in the Gynaecology Assessment Unit at Royal Preston Hospital, offering parents some privacy and space to privately start to come to terms with their loss, receive counselling and discuss their next steps.

**The Panda Resusitaire (£15,006)** optimises life-saving care to babies born in the Emergency Department, its innovative radiant heating technology keeps babies safe and warm as they await transition to our specialist neonatal intensive care unit.



**The Maternity Engagement Research project (£8,040)** will enhance care provided to mothers who experience multiple pregnancies and secure the best outcomes for mum and babies, reducing still-births, neonatal admissions, and emergency C-section rates.







**Memorial Gardens (£85,000)** provide a lasting legacy and a source of comfort to all who lost colleagues, family and friends during the COVID-19 pandemic and weren't able to say goodbye. They also honour those who have generously given the gift of life to others through organ donation.



**RockingR Gaming Carts (£4,730)** Specially made for healthcare environments, these gaming carts come per loaded with games and help our younger patients manage pain, boredom, anxiety and sadness. They can also shorten hospital stays.

The above highlight some of the items and projects funded by your donations. All items purchased are in addition or above the NHS remit. Go to [www.lthcharity.org.uk](http://www.lthcharity.org.uk) to see more about the items we fund.



## Our fundraising practices

Members of Lancashire Teaching Hospitals Charity team support staff and 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 - Northwest. 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.

Volunteer fundraisers are always supported and briefed fully with the fundraising handbook before they raise funds for the Charity. During 2020/21 volunteer fundraisers were asked not to run any face-to-face events and we moved to online events. In 2021/22, a mixture of online and in person fundraising events took place and it is envisaged that this will continue until we are fully out of the threat of further restrictions.

All direct marketing is undertaken by the fundraising team to ensure that it is not unreasonably intrusive or persistent. Contact made with supporters started this year through direct marketing, we ensured that permission was requested and that all marketing material contained clear instructions on how a person can be removed from mailing lists.

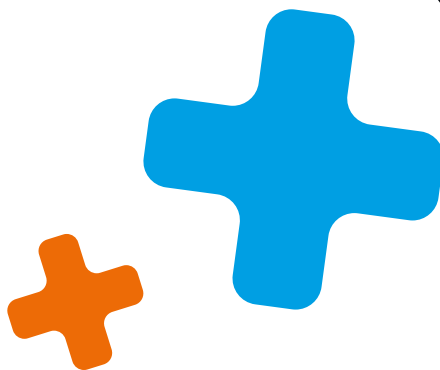


## 6. Our Future Plans

As the year came to a close the Charity was preparing to invest further in enhancing marketing so as to engage more support and increase awareness and income in order that it can continue to support and enhance health care services across the footprint of Lancashire Teaching Hospitals NHS Foundation Trust for the benefit of 390,000 local people, as well as the 1.8m people who access our regional specialist services from across the ICS Lancashire and South Cumbria region.

Plans for the year ahead will also see further improvements to structures as the charity expands and to governance so as to be able to link more closely with the voluntary and third sector in fulfilling the strategic direction of the Trust as well as the ICS.

We will continue to monitor and review our plans, especially in the light of the ongoing war in Ukraine and increasing cost of living at the end of the current financial year.





## 7. Structure, Governance and Management

**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 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
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 Fund Structure

Lancashire Teaching Hospitals Charity is now governed by a single Trust Deed. On the 16<sup>th</sup> June 2021 the Charity Commission approved to dissolve the twelve special purpose charities that shared the same registered number as the Charity but were recognised as separate entities. These funds continue to be managed under the restrictions that were specified and are used in accordance with the restrictions imposed.

Unrestricted funds comprise of those funds which the Corporate Trustee has discretion to use for any purpose within the objects of the Charity. The trustee respects the wishes of the donors wherever possible and all unrestricted funds are spent, as far as possible, in the optimum way to further the wider objectives of the Charity.

## 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 were also invited to apply for and receive grants from them.

## 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 of 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 over the last 2 years has been significant. However, this has been offset by the impact of the nation's love of the NHS and the support this has engendered. Consideration is also being given to the impact that the current the cost of living crisis may have on the Charity's ability to raise funds. The Charity's reserves policy is designed to ensure that it can continue to meet its objectives under these circumstances.

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 as well as how the Ukraine conflict continues to affect the markets. 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:

### Charitable Funds Committee Members:

Responsibility	Name	Post From	To
Chair	Ebrahim Adia		31/08/2022
Vice Chair	Paul O'Neill	12/08/2022	
Vice Chair	Tim Watkinson		12/08/2022
Non-Executive Director	Tim Watkinson	13/08/2022	
Non-Executive Director	Ann Pennell		
Non-Executive Director	Geoff Rossington		30/09/2021
Non-Executive Director	Kate Smyth		
Non-Executive Director	Paul O'Neill		11/08/2022
Non-Executive Director	Jim Whitaker		
Non-Executive Director	Tricia Whiteside		
Non-Executive Director	Victoria Crorken	24/01/2022	
Chief Executive Officer	Kevin McGee	01/09/2021	
Chief Executive Officer	Karen Partington		31/08/2021
Finance Director/Deputy Chief Executive	Jonathan Wood		
Chief Operating Officer	Faith Button		
Medical Director	Geraldine Skailes		
Nursing, Midwifery and AHP Director	Sarah Cullen		
Strategy and Workforce and Education Director	Karen Swindley		
Chief Information Officer	Stephen Dobson		
Director of Continuous Improvement	Ailsa Brotherton		
Director of Service Development	Gary Doherty		
Director of Communications and Engagement	Naomi Duggan	04/11/2021	

### Charitable Funds Committee Members:

Responsibility	Name	Post From	To
Non-Executive Director (Chair of Committee)	Kate Smyth	01/10/2021	
Non-Executive Director (Chair of Committee)	Geoff Rossington		30/09/2021
Non-Executive Director	Tricia Whiteside		
Non-Executive Director	Kate Smyth		30/09/2021
Non-Executive Director	Victoria Crorken	24/01/2022	
Medical Director	Geraldine Skailes		
Nursing, Midwifery and AHP Director	Sarah Cullen		
Finance Director/Deputy Chief Executive	Jonathan Wood		

All members have been in post since 1 April 2021 unless otherwise stated.







Registered Charity Number and name:	<b>1051194, Lancashire Teaching Hospitals Charity</b>
Principal Office address:	Royal Preston Hospital Sharoe Green Lane Fulwood Preston PR2 9HT
Head of Charities and Fundraising:	<b>Paula Wilson</b> <b>e: paula.wilson@lthtr.nhs.uk</b>
Finance Office address:	Lingmell House Water Street Chorley PR7 1EJ

The following advisors were retained by the Charity in 2021/22:

#### **Bankers**

National Westminster Bank PLC  
35 Fishergate  
Preston  
PR1 2BY

#### **Auditors**

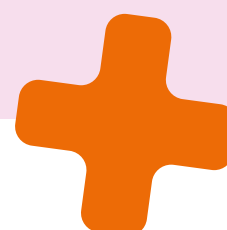
Beever and Struthers  
Suite 9b  
The Beehive Lions Drive  
Shadsworth Business Park  
Blackburn  
BB1 2QS

#### **Investment Advisors**

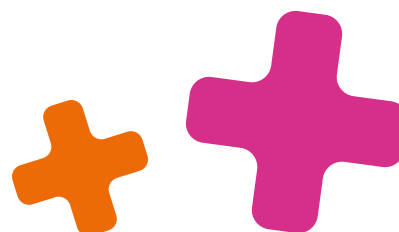
Brewin Dolphin Securities Ltd  
PO Box 512  
National House  
36 St Anne House  
Manchester  
M60 2EP

#### **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 £197k. (2020/21: deficit of £281k)

The investment portfolio performed well during the year until the final quarter when the market value of investments fell due to the Ukraine conflict. An unrealised gain of £35k at the end of 2020/21 reduced during the year due to an unrealised loss of £27k this year that is offset by an actual gain on the sale of investments of £40k.

Incoming resources of £550k were £924k lower than 2020/21. This represents a 63% decrease.

- Income from donations, legacies and grants of £429k was £611k less than the previous year due to the outpouring of support for the NHS and a significant increase in corporate donations received in 2020/21.
- Other trading income was £38k, £20k higher than 2020/21. This increase of 111% reflects a return to trading in 2021/22. During the year, the shops opening hours increased when lockdown restrictions eased.
- Investment income was £2k lower than last year 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 of £72k was £331k lower than 2020/21 largely due to the grants received from NHS Charities Together (£395k) in the previous year. In 2021/22, a return to face-to-face fundraising has generated £72k compared to £8k in the previous year.

Support costs of £155k were £5k higher than 2020/21. This is due to the increase in staff costs as additional resource was required to support the charity following the launch of the Children's appeal and return to fundraising activity.

Net current assets of £514k were £195k lower than the previous year as a consequence of the reduced cash balance at the end of 2021/22. This is due to charitable activities expenditure incurred and payments to creditors owed at the end of 2020/21.

Total Charity funds were therefore £184k lower than 2020/21 at a level of £1,508k; 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. The Covid-19 pandemic continues to affect the charity and fundraising income remains low with the added concern that the cost-of-living crisis will also affect future giving. However, 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 continue to be reduced in 2022/23. However, there are no material uncertainties affecting the current year's accounts.



## Reserves Policy

The charity has a reserves policy which was reviewed in March 2022. 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 the 31st March 2022 the Charity held total reserves of £1,508k (2020/21: £1,692k) of which £875k (2020/21: £1,073k) are held in restricted reserves. The balance held in unrestricted funds is £633k (2020/21: £ 619k).

The cumulative unrealised gain on investments that has been recorded in the accounts for the Charity is £27k (2020/21 £133k) with a realised and unrealised gain recognised in 2021/22 of £13k (2020/21: £129k).

The Charity currently has commitments of £349k of which £271k is to be funded from restricted reserves and £78k from unrestricted reserves. The trustee aims to maintain free reserves in unrestricted funds at a level which equates to approximately six months of planned operating expenditure £175k, plus £32k for fundraising costs for the Children's appeal. 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 2022, 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.

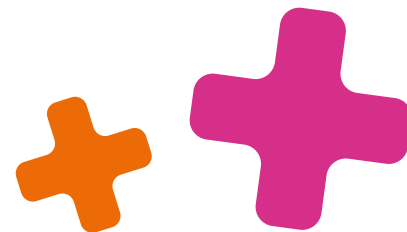
Overseas equities should not exceed 15% of the total holding of equities and investments in negotiable instruments known as "derivatives" are not permitted in any circumstances.

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:

**Paul O'Neill**  
Vice Chair

Date: 21 September 2022

**Jonathan Wood**  
Trustee

Date: 21 September 2022



## 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 2022 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 2022 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

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

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





## Other information

The 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 18](#), 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.

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](http://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.

*Beever and Struthers*

S Lomax FCA (Senior Statutory Auditor)  
For and on behalf of Beever and Struthers

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

Date: 28 September 2022

## 9. Financial Statements

### Consolidated Statement of Financial Activities for the year ended 31 March 2022

		2021/2022			2020/2021		
	Notes	Unrestricted Funds £000	Restricted Funds £000	Total Funds £000	Unrestricted Funds £000	Restricted Funds £000	Total Funds £000
<b>Income and endowments from:</b>							
Donations and legacies	3.1	101	328	<b>429</b>	224	816	<b>1,040</b>
Charitable activities	3.2	11	61	<b>72</b>	5	398	<b>403</b>
Other trading activities	3.3	-	38	<b>38</b>	-	18	<b>18</b>
Income from Investments	3.4	5	6	<b>11</b>	5	8	<b>13</b>
<b>Total incoming resources</b>		<b>117</b>	<b>433</b>	<b>550</b>	234	1,240	1,474
<b>Expenditure on:</b>							
Raising funds	4	70	186	<b>256</b>	37	105	142
Charitable activities	5	128	363	<b>491</b>	250	1,363	1,613
<b>Total Expenditure</b>		<b>198</b>	<b>549</b>	<b>747</b>	287	1,468	1,755
Net gain on investments	10.1	47	(34)	<b>13</b>	37	92	129
<b>Net (expenditure)</b>		<b>(34)</b>	<b>(150)</b>	<b>(184)</b>	(16)	(136)	(152)
Transfer between funds	17	48	(48)	-	-	-	-
<b>Net movement in funds</b>		<b>14</b>	<b>(198)</b>	<b>(184)</b>	(16)	(136)	(152)
<b>Reconciliation of Funds</b>							
Total funds brought forward	17	619	1,073	<b>1,692</b>	635	1,209	1,844
<b>Total Funds carried forward</b>	17	<b>633</b>	<b>875</b>	<b>1,508</b>	619	1,073	1,692

## Consolidated Balance Sheet as at 31 March 2022

	Notes	Unrestricted Funds £000	Restricted Funds £000	<b>Total at 31 March 2022 £000</b>	Total at 31 March 2021 £000
<b>Fixed Assets</b>					
Investments	10	412	582	<b>994</b>	983
<b>Total Fixed Assets</b>		<b>412</b>	<b>582</b>	<b>994</b>	983
<b>Current Assets</b>					
Inventories	12	-	5	<b>5</b>	6
Debtors	13	2	1	<b>3</b>	3
Cash and cash equivalents	14	249	350	<b>599</b>	1,485
<b>Total Current Assets</b>		<b>251</b>	<b>356</b>	<b>607</b>	1,494
<b>Liabilities</b>					
Creditors falling due within one year	16	30	63	<b>93</b>	785
<b>Net Current Assets</b>		<b>221</b>	<b>293</b>	<b>514</b>	709
Total Assets less Current Liabilities		<b>633</b>	<b>875</b>	<b>1,508</b>	1,692
Total Net Assets		<b>633</b>	<b>875</b>	<b>1,508</b>	1,692
The Funds of the Charity					
Restricted income funds	17	-	875	875	1,073
Unrestricted income funds	17.1	633	-	633	619
<b>Total Charity Funds</b>	17.2	<b>633</b>	<b>875</b>	<b>1,508</b>	1,692

The financial statements on pages 22 to 37 were approved and authorised for issue by the Board of Trustees on the 20th September 2022 and approved on its behalf by the Charitable Funds Committee.

Signed:



Date: 21st September 2022

## Parent Balance Sheet as at 31 March 2022

	Notes	Unrestricted Funds £000	Restricted Funds £000	<b>Total at 31 March 2022 £000</b>	Total at 31 March 2021 £000
<b>Fixed Assets</b>					
Investments	10	412	582	<b>994</b>	983
<b>Total Fixed Assets</b>		<b>412</b>	<b>582</b>	<b>994</b>	983
<b>Current Assets</b>					
Debtors	13	2	8	<b>10</b>	10
Cash and cash equivalents	14	249	328	<b>577</b>	1,483
<b>Total Current Assets</b>		<b>251</b>	<b>336</b>	<b>587</b>	1,493
Creditors falling due within one year	16	30	60	<b>90</b>	784
<b>Net Current Assets</b>		<b>221</b>	<b>276</b>	<b>497</b>	709
<b>Total Assets less Current Liabilities</b>		<b>633</b>	<b>858</b>	<b>1,491</b>	1,692
<b>Total Net Assets</b>		<b>633</b>	<b>858</b>	<b>1,491</b>	1,692
<b>The Funds of the Charity</b>					
Restricted income funds	17.1	-	858	<b>858</b>	1,110
Unrestricted income funds	17.2	633	-	<b>633</b>	582
<b>Total Charity Funds</b>		<b>633</b>	<b>858</b>	<b>1,491</b>	1,692

The financial statements on pages 22 to 37 were approved and authorised for issue by the Board of Trustees on the 20th September 2022 and approved on its behalf by the Charitable Funds Committee.

Signed: 

Date: 21st September 2022



## Consolidated Cash Flow Statement for the year ended 31 March

	Notes	<b>Total at 31 March 2022 £000</b>	Total at 31 March 2021 £000
<b>Cash flows from operating activities:</b>			
<b>Net cash (used) in operating activities</b>	18	<b>(899)</b>	<b>(294)</b>
<b>Cash flows from investing activities:</b>			
Interest received	3.4	-	-
Dividends received	3.4	11	13
Proceeds from sale of investments	10.1	(312)	(94)
Purchase of investments	10.1	310	84
<b>Net cash provided by investing activities:</b>		<b>13</b>	<b>23</b>
<b>Change in cash and cash equivalents in the reporting period</b>	15	<b>(886)</b>	<b>(271)</b>
Cash and cash equivalents at the beginning of the reporting period	14	1,485	916
<b>Cash and cash equivalents at the end of the reporting period</b>	14	<b>599</b>	<b>1,485</b>

# 10. Notes to the Financial Statements

## 1. 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 continues to affect the charity and fundraising income remains low with the added concern that the cost-of-living crisis will affect future giving.

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 continue to be reduced in 2022/23. 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.

Lancashire Teaching Hospitals Charity has restricted funds, no endowment funds and one designated unrestricted fund. The material restricted 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 £549k (2020/21: £1,474k), giving rise to a deficit of £185k (2020/21: deficit £152k).

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. Gifts in kind are recognised as a reasonable estimate of their fair value or the amount actually realised.

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 realised.

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.

## 1.10 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.

### 1.15 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

21s September 2022

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

### 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.

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 £1,351k (2020/21: £631k), including grants of £388k (2020/21: £1,474k).

The Charity was recharged £301k (2020/21: £223k) 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 (2020/21: £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 (2020/21: £nil).

As at 31 March 2022 £52k (2020/21: £31k) was owed to Lancashire Teaching Hospitals NHS Foundation Trust.

The Trustee have purchased trustee indemnity insurance of £3k. (2020/21: £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 (71%) of the portfolio (2020/21: 72%).

## 3. Incoming resources

### 3.1 Income from donations and legacies

	Unrestricted Funds £000	Restricted Funds £000	2021/2022 Total £000	2020/2021 Total £000
Donations	51	170	221	543
Corporate Donations	3	29	32	334
Legacies	42	27	69	71
Grants	5	102	107	92
<b>Total</b>	<b>101</b>	<b>328</b>	<b>429</b>	<b>1,040</b>

Donations of goods £71k (2020/21: £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	2021/2022 Total £000	2020/2021 Total £000
NHS Charities Together grant (stage 1)	-	-	-	145
NHS Charities Together grant for Covid 2nd wave	-	-	-	50
NHS Charities Together Starbucks grant	-	-	-	2
NHS Charities Together grant (stage 3)	-	-	-	198
Events	1	29	30	8
Community Fundraising Groups	10	26	36	-
Other	-	6	6	-
<b>Total</b>	<b>11</b>	<b>61</b>	<b>72</b>	<b>403</b>

The charity received grants from the NHS Charities Together Covid-19 emergency appeal in 2020/21

### 3.3 Income from other trading activities

	Unrestricted Funds £000	Restricted Funds £000	2021/2022 Total £000	2020/2021 Total £000
Baby Beat Ltd shop sales total	-	38	38	18

### 3.4 Investment income

	Unrestricted Funds £000	Restricted Funds £000	2021/2022 Total £000	2020/2021 Total £000
Dividend income	5	6	11	13
Bank account interest	-	-	-	-
Total	5	6	11	13

## 4. Analysis of expenditure on raising funds

	Unrestricted Funds £000	Restricted Funds £000	2021/2022 Total £000	2020/2021 Total £000
Fundraising team	48	112	160	104
Fundraising activities	3	4	7	3
Advertising / marketing	2	9	11	7
Trading activities	-	21	21	12
Investment management fees	2	3	5	5
Support costs	15	37	52	11
Total	70	186	256	142

## 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	2021/2022 Total £000	Grant funded Activity £000	Support Costs £000	2020/2021 Total £000
Patient Environment and Wellbeing	233	62	295	563	53	616
Staff Education and Wellbeing	55	15	70	672	63	735
Research	13	3	16	27	3	30
Medical Equipment	87	23	110	212	20	232
Total	388	103	491	1,474	139	1,613

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 £71k (2020/21: £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 (£44k) (2020/21: £37k), 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.

### 7.1 Analysis of total support costs

	Raising funds £000	Charitable Activities £000	2021/2022 Total £000	Raising funds £000	Charitable Activities £000	2020/2021 Total £000
Financial Administration	7	14	21	2	19	21
Information Technology	-	1	1	-	3	3
Professional fees	1	3	4	1	17	18
Administration costs	-	1	1	-	1	1
Salary recharges	42	79	121	8	91	99
External Audit	2	3	5	-	4	4
Subscriptions / memberships	-	1	1	-	3	3
Bank Charges	-	1	1	-	1	1
<b>Total</b>	<b>52</b>	<b>103</b>	<b>155</b>	<b>11</b>	<b>139</b>	<b>150</b>

	Unrestricted Funds £000	Restricted Funds £000	2021/2022 Total £000	2020/2021 Total £000
Governance costs	18	26	44	37
Support costs	27	84	111	113
<b>Total</b>	<b>45</b>	<b>110</b>	<b>155</b>	<b>150</b>

### 7.2 Auditor's remuneration

Total Audit Fees for 2021/22 were £3,850 (excluding VAT) which related solely to the audit with no additional work undertaken (2020/21: £3,654). The audit fee is included within governance costs.

### 7.3 Support cost allocation

	Unrestricted Funds £000	Restricted Funds £000	2021/2022 Total £000	2020/2021 Total £000
Raising Funds	15	37	52	11
Charitable Activities	30	73	103	139
<b>Total</b>	<b>45</b>	<b>110</b>	<b>155</b>	<b>150</b>

## 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 2021/22. (2020/21: £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

	2021/2022	2020/2021
	Total	Total
	£000	£000
Salaries and wages	235	175
Social Security costs	32	24
Employer contributions	34	25
Total	301	224
Fundraising	159	104
Finance administration	21	21
Administration support	121	99
Total	301	224

All staff engaged in the activities of the Charity are employed by Lancashire Teaching Hospitals NHS Foundation Trust. No staff are directly employed by the Charity.

The average number of full-time and part-time employees during the year was 2 and 7 respectively (2020/21: 2 / 5), an estimated number of full-time equivalent employees of 2 (2020/21: 2). These employees are involved in fundraising and providing support to the charitable activities or the governance of the charity.

Lancashire Teaching Hospitals 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 £54k (2020/21: £56k).

No employees had emoluments in excess of £60k (2020/21: none).



## 10. 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 2021/22. (2020/21: £nil). For more information on the Board members remuneration refer to the Lancashire Teaching Hospitals NHS Foundation Trust annual report and accounts.

### 10.1 Movement in fixed asset investments

	2021/2022	2020/2021
	£000	£000
Market value brought forward	983	864
Add : acquisitions at cost	310	84
Less: disposals at cost	(312)	(94)
Realised and unrealised gain / (loss) for the year	13	129
Market value at 31 March 2022	994	983
Historic cost	950	898
	2021/2022	2020/2021
	£000	£000
Unrealised gain on carrying value of the investments	(27)	133
Loss on sale of investments	40	(4)
Total realised and unrealised gain for year	13	129

### 10.2 Fixed asset investments by type

	2021/2022	2020/2021
	Market Value	Market Value
	£000	£000
Listed equity investments	225	221
Fixed interest investments	590	645
Other investment funds	179	117
	994	983

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

	2021/2022	2020/2021
	£000	£000
Income	38	18
Costs	(21)	(12)
Operating profit	17	6
Amount gift aided to Lancashire Teaching Hospitals Charity	-	(6)
Retained in subsidiary	(17)	-

## 11.2 Summarised balance sheet of subsidiary trading company

	2021/2022 £000	2020/2021 £000
Inventories	5	6
Debtors	-	-
Cash and cash equivalents	22	2
Creditors: amounts falling due within one year	(2)	-
Creditors: amounts falling due after more than one year	(8)	(8)
Net assets	17	-
Capital and reserves	17	-

The £17k profit, retained in the subsidiary will be gift aided to the charity post year end.

These accounts have been prepared by McMillan & Co LLP, Chartered Accountants, 28 Eaton Avenue, Matrix Office Park, Buckshaw Village, Chorley, Lancashire, PR7 7NA.

## 12. Inventories

Inventories comprise finished goods held for resale.

Group		Parent	
2021/2022 £000	2020/2021 £000	2021/2022 £000	2020/2021 £000
5	6	-	-

## 13. Analysis of debtors

Amounts falling due within one year.

	Group		Parent	
	2021/2022 £000	2020/2021 £000	2021/2022 £000	2020/2021 £000
Accrued income	-	-	-	-
Prepayments	2	2	2	2
Subsidiary debtors	1	1	-	-
Loan due from subsidiary undertaking	-	-	8	8
Total	3	3	10	10

## 14. Analysis of cash and cash equivalents

	Group		Parent	
	2021/2022 £000	2020/2021 £000	2021/2022 £000	2020/2021 £000
Charity bank account	545	1,455	545	1,455
Subsidiary bank account	22	2	-	-
Stockbroker deposit account	32	28	32	28
Total	599	1,485	577	1,483

## 15. Analysis of changes in net debt

	At 1 April 2021 £000	Cash flows £000	At 31 March 2022 £000
Cash and Cash equivalents	1,485	(886)	599
Total	<b>1,485</b>	<b>(886)</b>	<b>599</b>

## 16. Analysis of creditors

Amounts falling due within one year.

	Group		Parent	
	2021/2022 £000	2020/2021 £000	2021/2022 £000	2020/2021 £000
Creditors	53	31	51	31
Accruals and deferred income	40	754	39	753
Total	<b>93</b>	<b>785</b>	<b>90</b>	<b>784</b>

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

This year the Charity has received approval from the Charity Commission to dissolve the twelve special purpose charities that had previously been recognised as separate entities under the same charity registration number. All of the funds related to these special purpose charities continue to be managed as restricted funds.

	Balance 31 March 2021 £000	Incoming Resources £000	Resources Expended £000	Transfer Between Funds £000	Balance 31 March 2022 £000
Baby Beat	266	123	(208)	-	181
Children's Appeal	8	97	(44)	-	61
Community Partnership	-	75	(23)	-	52
Critical Care Patient Fund	65	(2)	(7)	-	56
Staff Wellbeing Fund	207	2	(67)	-	142
Others	546	117	(200)	(48)	415
Unrealised Gains and Losses	(19)	21	(34)	-	(32)
Total Restricted Funds	<b>1,073</b>	<b>433</b>	<b>(583)</b>	<b>(48)</b>	<b>875</b>

Materiality of restricted funds is considered to be funds with a closing balances greater than £50k for the purpose of this analysis, all other restricted funds are included in other.

Fund balances are shown before the allocation of unrealised gains and losses.

## 17.2 Restricted funds

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 2021 £000	Incoming Resources £000	Resources Expended £000	Transfer Between Funds £000	Balance 31 March 2022 £000
Unrestricted Funds	564	108	(127)	48	593
Unrealised Gains and Losses	55	9	(24)	-	40
Total Restricted Funds	1,073	433	(583)	(48)	875

Fund balances are shown before the allocation of unrealised gains and losses.

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

	2021/2022 £000	2020/2021 £000
Net (expenditure) / income for 2021/22 (as per the SOFA)	(184)	(152)
(Gain) / loss on investments	(13)	(129)
Dividends, interest and rents from investments	(11)	(13)
Decrease in inventories	1	-
Increase in debtors	-	-
Decrease / (increase) in creditors	(692)	-
Net cash used in operating activities	(899)	(294)

## 19. Contingent assets and liabilities

	2021/2022 £000	2020/2021 £000
Legacies	135	111
Total	135	111

Potential legacies not yet received that have been identified from Wills and Testaments have an estimated value of £135k.



## 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	2021/2022 Total £000	2020/2021 Total £000
Total commitments as at 31 March 2022	<b>78</b>	<b>271</b>	<b>349</b>	372

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. 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. No multi-year grants are included in these commitments.

## 21. Events after the reporting period

There are no adjusting events after the reporting period. However, it should be noted that these accounts have not been consolidated into the main accounts of Lancashire Teaching Hospitals NHS Foundation Trust due to materiality.

The £17k profit, retained in the subsidiary will be gift aided to the charity post year end.



**Lancashire Teaching Hospitals Charity**

Royal Preston Hospital  
Fulwood, Preston, PR2 9HT

**T: 01772 528500**

**E: [Charity@lthtr.nhs.uk](mailto:Charity@lthtr.nhs.uk)**

**[www.lthcharity.org.uk](http://www.lthcharity.org.uk)**

**f** **in** **@LancHospCharity**

**Reg. Charity No. 1051194**

