

TORBAY AND SOUTH DEVON NHS CHARITABLE FUND
REGISTERED CHARITY NUMBER: 1052232

ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31st MARCH 2022

Trustee's Report

The Corporate Trustee of Torbay and South Devon NHS Charitable Fund (the charity) is Torbay and South Devon NHS Foundation Trust (the Trust).

1 - The Corporate Trustee

The Board of Directors of the Trust are responsible for the trusteeship of the charity. The members of the Board of Directors at the date of signing of this report were:

Executive Members

Liz Davenport – Chief Executive

Dave Stacey – Chief Finance Officer and Deputy Chief Executive

John Scott – Interim Chief Operating Officer

Michelle Westwood – Chief People Officer

Adel Jones – Director of Transformation and Partnerships

Deborah Kelly – Chief Nurse

Ian Currie – Medical Director

Joanne Watson – Health and Care Strategy Director

Oyetona Raheem – Interim Director of Corporate Governance and Trust Secretary

Non-executive Members

Sir Richard Ibbotson – Chairman

Chris Balch

Richard Crompton

Jacqui Lyttle

Vikki Matthews

Paul Richards

Robin Sutton

Sally Taylor

Siân Walker-McAllister

The non-executive directors on the Board of Directors are appointed and re-appointed by the Trust's Council of Governors in accordance with Schedule 1 of the Health and Social Care (Community Health and Standards) Act 2003, the National Health Service Act 2006 as amended by the Health and Social Care Act 2012, the Trust's Constitution and the NHS Improvement (regulator of NHS Foundation Trusts and NHS Trusts) Code of Governance. The general duties of the Council of Governors are to hold the non-executive directors individually and collectively to account for the performance of the Board of Directors and to represent the interests of the members of the Trust as a whole and the interests of the public.

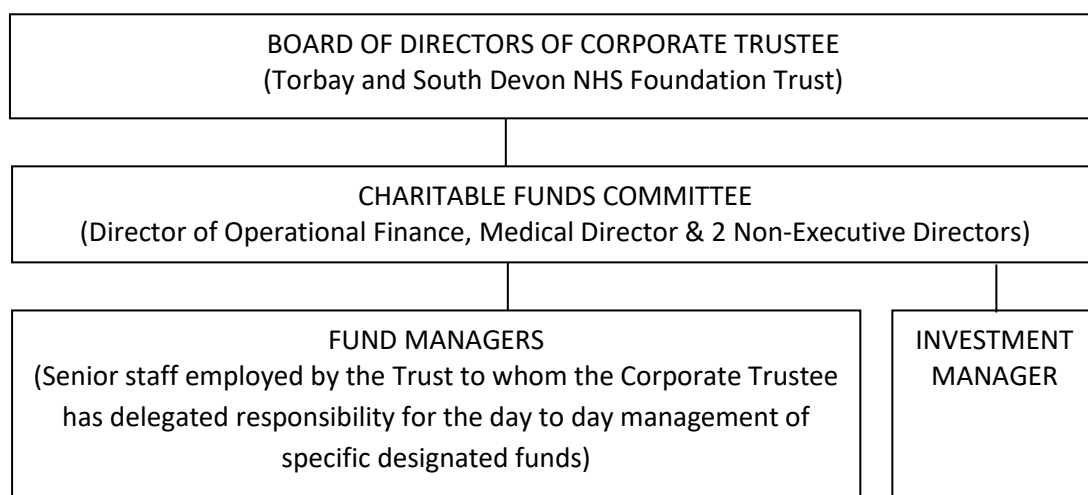
Newly appointed members of the Board go through an induction procedure to assist them in adjusting to the new social and working conditions in order to achieve maximum safe working and efficiency in the shortest possible time, to ensure they have knowledge of the organisation structure and how their particular area of work relates to the 'broader picture'.

The Trust administers the charity and disburses to the charity the cost of doing this. Further details are provided in Notes 3 and 10 to the Accounts. The Trust also charges the charity £18,000 per annum for the rent of the premises occupied by Rainbow Nursery. The rental value was provided by the District Valuer.

2 - Organisation structure

NHS bodies are not themselves charities. Only the property they hold on trust for exclusively charitable purposes constitutes charitable property.

The Trust's charitable funds are held within an Umbrella charity and 21 Special Purpose charities (2020/21: 21). These do not constitute separate charities for accounts purposes and are not separately registered. However, they facilitate the correct direction of donations towards the purposes for which they were granted. Each Special Purpose charity itself is divided into a number of designated funds for particular purposes. There are 192 designated funds (2020/21: 200).



Fund Managers have responsibility for managing these funds in accordance with procedures and with the concurrence of the Corporate Trustee. Fund Managers have delegated authority to authorise expenditure items up to £5,000. Items above this value require central approval.

3- Objectives

The governing document is the Model Declaration of Trust for an NHS Umbrella Charity dated 12th December 1995. The Objects clause states that the Corporate Trustee shall *“hold the fund upon trust to apply the income and, at their discretion, so far as may be permissible, the capital, for any charitable purpose or purposes relating to the National Health Service”*.

Each Special Purpose charity has its own governing document. The Objects clauses of the Special Purpose charities follow that of the Umbrella charity but, in addition, restrict the Objects ‘wholly or mainly’ to that of the relevant location or department.

4 - Aims

The Trust has resources from Exchequer funds which, though limited, are assigned according to a strict assessment of priorities and risks. Charitable funds are used to achieve an additional benefit for patients. To this end, charitable funds are used for items which can not be met from Exchequer resources. In addition to taking due account of the expressed wishes of donors, decision-makers also take due account of the likely expectations of donors and other stakeholders regarding the appropriate use of charitable funds and the possibility of damage to the charity's reputation from inappropriate use. Many donations from the general public are unsolicited and may be given with or without an indication of how the donor wishes the donation to be used.

The uses of charitable funds will include for example, medical equipment, building work, training and education and non-commercial research.

The Corporate Trustee seeks to ensure that the charity responds to the needs of the population by continuous consultation with beneficiaries, appropriate health professionals and representatives of local health bodies. Charitable funds are used to provide equipment, amenities and other patient benefits, for the advancement of health and to improve the conditions under which patients are cared for and to help to make staff within the local health community more effective in delivering healthcare.

Representatives of the Trust meet regularly with the local Hospital Leagues of Friends, to whom bids are made for donations of equipment which it would not otherwise be possible to fund. The Leagues of Friends' members are themselves potential patients of the local NHS services. Many also serve in a voluntary capacity within local hospitals.

The charity has complied with its duty under the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission. The beneficiaries of the charity are users of the National Health Service, which is a public class of people (within the meaning of the public benefit guidance). The charity therefore considers that its charitable activities are for the public benefit.

The charity achieves its aims principally through making grants of equipment or services to relevant NHS bodies (principally the Trust). The charity's policy for grant-making is described above. In addition, the charity runs a day nursery open to employees of relevant NHS bodies, which improves staff morale and retention and hence benefits patients. The charity does not currently make use of social investment. The charity's use of volunteers is confined to its use of volunteer fundraisers, as described further in section 6.1 of this report.

5 - Monitoring

Each year, the charity prepares an income and expenditure plan. This plan takes into account feedback received from Fund Managers, who are usually medical practitioners and other front-line staff who can best assess the needs of their patients. This plan is considered and approved by the Charitable Funds Committee, with delegated authority from the Trust Board.

The charity measures the success of the strategy through regular meetings of the Charitable Funds Committee, which in turn reports to the Trust Board.

The investment policy balances short-term income needs with medium to long-term growth to ensure the ability to meet future financial commitments. The Committee meets and communicates regularly with the charity's investment manager and monitors the manager's performance closely.

6 - Performance against objectives

The charity's over-riding objective is, firstly, to use donations within a reasonable timeframe to make grants which achieve the greatest benefit to the charity's beneficiaries and, secondly, to run the Rainbow nursery safely and effectively.

The charity sets default grant-making priorities each year, in line with Charity Commission guidance. For 2021/22, these priorities were:

- Items to help the organisation to recover from the impact of Covid.
- Purchases of medical equipment
- Comforts for patients and their visitors
- Discretionary staff training/development

Given the extensive nature of the services supported by the charity, the charity's management can not be aware of changing patient need within each individual service and therefore primarily relies upon its Fund Managers to decide how best to utilise donations (subject to the delegated authority limit detailed in Section 2). The above priorities are therefore a guide and are not prescriptive.

Due to its nature, voluntary income is dependent on the wishes of donors and is inherently variable. Grant expenditure is almost entirely discretionary and hence also highly variable. For these reasons, performance against the charity's annual plan is normally subject to a relatively high level of variability.

	2021/22				2022/23
	Plan	Actual	Variance		Plan
	£'000	£'000	£'000		£'000
Income	1,197	997	-200		1,115
Expenditure	-1,300	-1,213	+87		-1,309
(Deficit)/surplus prior to investment gains/losses	-103	-216	-113		-194

The charity planned in 2021/22 to incur a deficit (before investment gains/losses) of £103,000. In line with its reserves policy, the charity has been spending down excess accumulated reserves for a number of years. The actual deficit (before investment gains) of £216,000 was £113,000 adverse to plan. There were two principal reasons for this variance:

- Income from legacies was £63,000 lower than planned. Legacy income is highly unpredictable and the plan assumed receipt of an average value.
- Expenditure by delegated Fund Managers was £56,000 higher than planned, reflecting a continued desire by Fund Managers to spend down accumulated reserves.

Donations from NHS Charities Together (the body which has been distributing donations given to aid the NHS's Covid response) were £145,000 lower than planned, due to a delay in the receipt of these donations. However, expenditure on the projects funded by this income was also delayed. So this delay did not affect the level of the deficit.

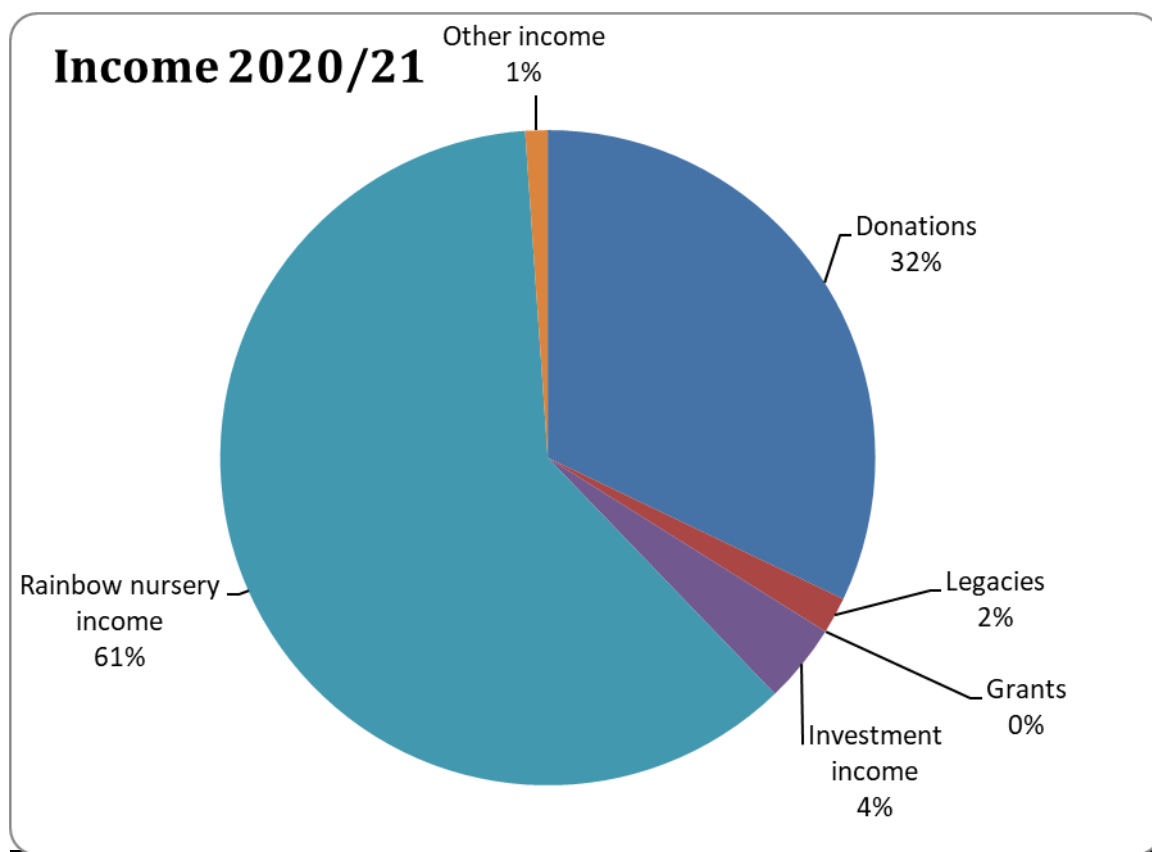
Further details of the generous support received from the Leagues of Friends, Torbay Medical Research Fund and other similar charities can be found on page 10 of this Report.

The Rainbow nursery incurred a deficit of £5,000, which was £16,000 adverse to the planned surplus of £11,000. As described in Note 8 to the Accounts, the Charitable Funds Committee has initiated a review into options to ensure the long-term financial sustainability of the nursery. Pending the conclusion of that review, the nursery has been able to fund any modest deficits out of its accumulated revenue reserves (March 2022: £28,000).

On behalf of those patients and staff who have benefited either directly or indirectly, the Corporate Trustee would like to thank all the donors who have made contributions to the funds during the year. This report does not have the scope to give details of all the ways in which the funds have been applied. However, by focusing on some of the highlights of the year, it illustrates the generosity of donors and the diversity of purposes for which their gifts have been used.

This section of the report gives details of significant activities that have contributed to the achievement of the charity's objectives and the furtherance of its charitable purposes for the public benefit.

6.1 – Income



Income	2021/22	2020/21
	£'000	£'000
Donations	320	437
Legacies	18	31
Grants	0	226
Investment income	39	41
Rainbow nursery income	609	587
Other income	11	12
Total Income	997	1,334

Donations, legacies and grants

The Covid pandemic has had a significant impact on voluntary income. During 2020/21, the charity received £184,000 from NHS Charities Together and raised £48,000 through its local Covid fundraising campaign. During 2021/22, local donations have been significantly reduced, perhaps reflecting an element of 'donor fatigue'. In addition, no further grants have been received from NHS Charities Together, although further grants are expected in 2022/23.

Overall, the combined level of donation and grant income in 2021/22 (£338,000) was significantly lower than in the prior year (£663,000).

A gift in a will is a valued way of donating to charity and we are fortunate to be remembered by so many people each year. Legacy income is unpredictable and therefore tends to vary from year to year. During 2021/22 £18,000 was kindly bequeathed to the charity from 6 legacies. These ranged in value from less than £1,000 up to £5,000.

Further details of the expenditure funded by these generous donations are given on pages 9 to 10.

Fundraising

In recent years the charity has not engaged in a significant amount of fundraising activity. The local Leagues of Friends have been active throughout South Devon and have been very successful at raising funds for the benefit of our community. Each year, around 10-20 members of the public or members of staff have contacted the charity to volunteer to fundraise for it, most commonly through obtaining sponsorship for a challenging event such as a marathon or through organising a fundraising social event. These fundraising activities have been supported by the charity's small administrative team. The charity does not currently use the services of professional fundraisers or commercial participators.

While the charity aims to ensure that fundraising is always conducted appropriately, given the small scale of fundraising activity the charity has not chosen to join or adopt any of the voluntary schemes or standards for fundraising, such as those provided by the Fundraising Regulator or Fundraising Standards Board.

There are significant practical limitations on monitoring the activities of volunteer fundraisers (who mostly conduct their fundraising from their private homes). As such, very limited monitoring can be undertaken but the charity is ready to act swiftly in the event of a complaint. No such complaints were received in the year (2020/21: none).

The charity does not believe that there is a significant risk to vulnerable people from the activities of volunteer fundraisers who, unlike professional fundraisers and commercial participators, have no financial interest in maximising donations. The charity does ask all volunteer fundraisers not to do anything which would reflect badly on the NHS.

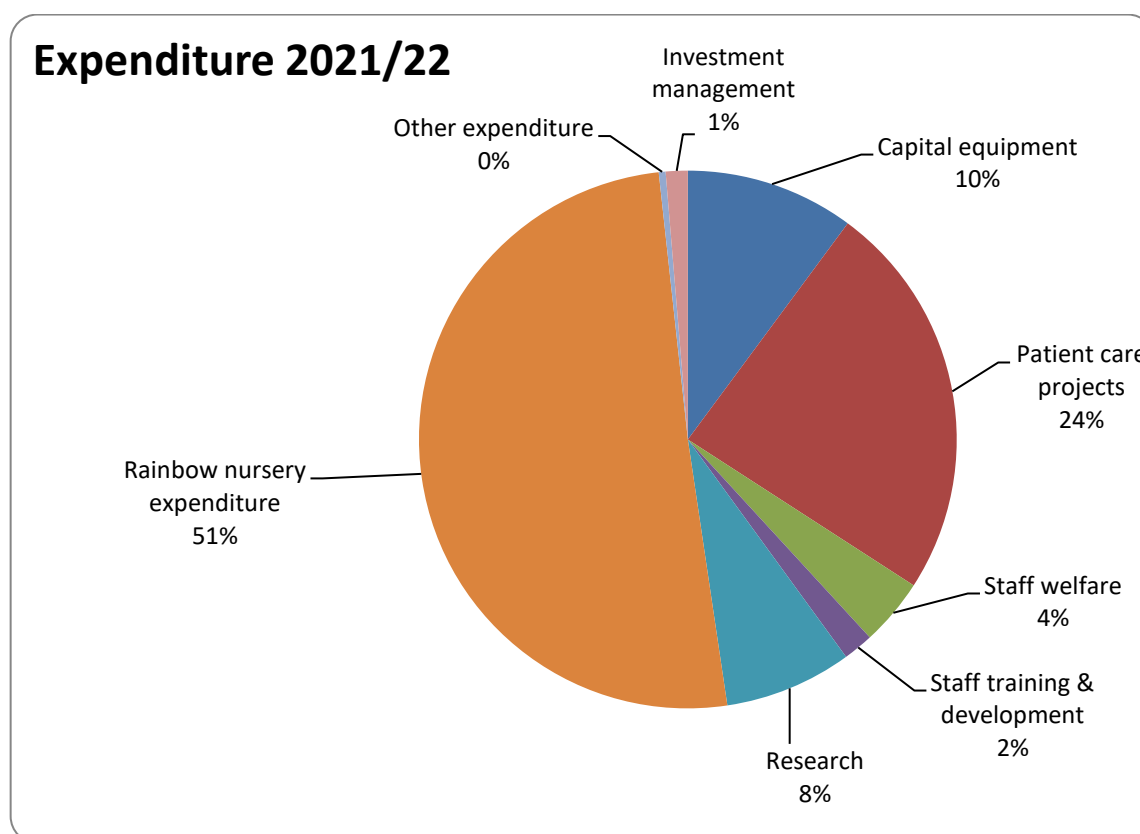
In September 2022, the charity started to employ an experienced Fundraising Manager and, during the remainder of 2022/23, the charity expects to start to develop its fundraising activities.

The charity sells mastectomy bras to patients. In previous years these sales had been treated as income-raising activities. From 2021/22, it was decided that it would be more appropriate to classify these sales as charitable activities. Further details can be found in notes 5 and 7 to the Accounts.

Gift Aid

Torbay and South Devon NHS Charitable Fund participates in the government's Gift Aid scheme. Wherever possible we encourage donors to assist us with this by authorising us to claim tax back from HM Revenue and Customs in respect of their donation. This can increase the value of the donation by 25% at no additional cost to the donor. In 2021/22 we boosted our donations by £4,763 as a result of this initiative.

6.2 – Expenditure



Expenditure	2021/22	2020/21
	£'000	£'000
Capital equipment	123	87
Patient care projects	291	311
Staff welfare	49	43
Staff development	22	17
Research	93	78
Transfers to other charities	3	0
Rainbow nursery expenditure	614	589
Other expenditure	2	2
Fundraising trading	0	10
Investment management	16	15
Total expenditure	1,213	1,152
Other expenditure - grants written back	0	(400)
Total resources expended	1,213	752

Expenditure in both 2021/22 and the prior year was lower than the longer-term average. This is thought to be principally because many charitable projects were delayed due to the need for staff to focus on the Covid response.

No grants were written back during the year, in contrast to the prior year, when one grant of £400,000 was written back. As a result, the overall level of resources expended was significantly higher during 2021/22 compared to the prior year.

Expenditure for the year included a total of £215,000 funded by Leagues of Friends, the Torbay Medical Research Fund and other charities. Further details of this expenditure is given on page 10.

Projects funded by Covid donations and grants

The following projects were completed during the year:

- Improvements to Bayview Café (£26,000)
- Bicycle storage facilities (£9,000)
- Outdoor spaces (£18,000)
- Bayview Restaurant videowall (£7,000)
- Staff wellbeing and support (£6,000)

Ongoing projects include:

- Improvements to Rose Garden (£40,000)
- Modernisation of staff rooms (£32,000)
- Support for BAME (Black, Asian and Minority Ethnic) staff network (£3,000)

General charitable expenditure

There has been a reduced level of general charitable expenditure during the current and prior year, as staff have prioritised dealing with the Covid pandemic. The following are examples of some of the ways in which donations have been put to use during 2021/22:

- Items for Stoma care (£13,000)
- Ultrasound system and transducer for Allerton Ward (£18,000)
- Staff development on Ricky Grant Day Unit and Turner Ward (£5,000)
- Specialist chair for Ophthalmology (£5,000)
- Improvements to On Call room in Anaesthetics (£5,000)

Leagues of Friends, Torbay Medical Research Fund and other charities

The charity remains greatly indebted to the various hospital Leagues of Friends, the Torbay Medical Research Fund and other charities, who raise and provide us with funds to support our work. Listed below are just some of the projects funded by them during the year.

Torbay Hospital League of Friends

- Ventilators for Intensive Care Unit (£33,000)
- Patient trolleys for Cardiology (£12,000)
- Bariatric Stairclimbers for Patient Transport (£12,000)
- Laparoscopic training equipment for Upper Gastrointestinal Surgery (£5,000)

Dawlish Hospital League of Friends

- Electrocardiogram machine (£3,000)
- Reclining armchairs (£3,000)
- Blood fridge (£4,000)

Newton Abbot Hospital League of Friends

- Specialist trauma chairs (£5,000)
- Dysphagia devices for Speech and Language Therapy (£3,000)

Teignmouth Hospital League of Friends

- Electrocardiogram machine (£2,000)
- Portable Electrocardiogram machine for District Nurses (£2,000)

Totnes Hospital League of Friends

- Dart Ward redecoration (£5,000)
- OverBed tables (£2,000)
- Specialist hospital beds (£3,000)

Torbay Medical Research Fund

- Research study 137 - A feasibility randomised controlled trial of a targeted peer coaching service for outpatients with long-term conditions (£19,000)
- Research study 132 - Doctoral and pre-doctoral fellowship for nurses, midwives and allied health professional (£55,000)

Torbay Prostate Support Association

- Specialist treatment chair for use in prostate biopsy (£18,000)

There were also many other smaller projects and pieces of equipment funded by the various Leagues of Friends, the Torbay Medical Research Fund and other charities totalling £29,000 making a grand total funded from these sources during the year of £215,000.

Rainbow Nursery

Rainbow Nursery funds its costs, which in 2021/22 amounted to £614,000 (2020/21: £589,000), from fees charged to parents of the children attending the Nursery and from Early Years funding by Torbay Council. The Nursery is a purpose-built facility, sited at the Torbay Hospital Annexe, with 50 registered places. It provides staff with reassurance that their children are being well cared for while they are at work. It consistently receives excellent reports from OFSTED and is recognised for the high standards of care and pre-school education it provides.

The Covid pandemic has had a severe impact on the nursery. During 2021/22, this included very significant levels of staff and child sickness absence due to Covid infection. In addition, social distancing and additional cleaning requirements had an ongoing adverse impact on costs. The Trust generously provided funding to the Nursery during the year to offset the impact of Covid. This funding amounted to £42,000 (2020/21: £94,000). Further information regarding the financial position of the nursery is provided in Note 8 to the Accounts.

7 - Risk Management

The Charity operates within the framework of internal control established by Torbay and South Devon NHS Foundation Trust, for which the Board of Directors of the Trust is accountable.

The system of internal control is based on an ongoing process designed to:

- identify and prioritise the risks to the achievement of the organisation's policies, aims and objectives, and
- evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

Responsibility for the oversight of the risk management process has been delegated by the Board to the Risk and Assurance Integrated Governance Group which manages the assurance framework. The Trust's risk management strategy provides an integrated framework for the identification and management of risks of all kinds. This is supported by a single risk management and assurance framework. There is a review process under the leadership of the executive directors.

The charity has identified the following principal risks and uncertainties:

- Safe nursery services

This risk is controlled through staff training and management, the Trust's risk management procedures (eg monitoring of state of nursery building) and appropriate insurance policies. Assurance is provided through the Ofsted regulatory regime and the Trust's internal assurance processes.

- Performance of investment portfolio

This risk is controlled by means of an investment policy and written instructions to the investment manager, who provides at least a quarterly report for the Corporate Trustee and attends meetings of the Charitable Funds Committee twice a year. The charity holds a medium risk investment portfolio spread across a diverse range of investments which is actively managed and reviewed by the Charitable Funds Committee. Assurance is provided through the scrutiny of the Charitable Funds Committee, including the comparing of investment performance against a peer benchmark.

- Compliance with regulatory requirements and maintenance of donor confidence

This risk is controlled through staff training and management, the scrutiny of the Charitable Funds Committee and the Trust's internal assurance processes (eg internal financial controls, as described below). Assurance regarding compliance is gained through internal audit.

The impact of the Covid pandemic upon the charity has been four-fold:

- There has been a significantly increased level of donations to NHS charities, at both the national and local levels.
- Regular charitable activity has reduced, as staff prioritise the Covid response.
- The Rainbow nursery has been severely impacted by staff and child absences and an ongoing increased level of costs. The Trust has offset the financial impact.
- Investment markets have been subject to high levels of volatility.

The major risks to which the charity is exposed, as identified by the Corporate Trustee, have been reviewed and systems or procedures have been established to manage those risks.

Internal Financial Control and Governance

The Charitable Funds Committee is a sub-committee of the Trust Board and usually meets three or four times a year. It has delegated authority and terms of reference within which it governs, manages and regulates the finances, accounts, investments, assets, business and other affairs of the charity. It reports to the full Board of the Trust, which is ultimately responsible for the Corporate Trusteeship of the charity. There are also procedures specifically related to the financial management of the Charitable Fund. Amongst other things, these define expenditure limits applicable to the above structure.

Each year an income and expenditure plan is drawn up in consultation with the fund managers in order that the Corporate Trustee may know that the funds are available and adequate to fulfil the obligations of the charity. The financial position as at the 31st March 2022 was more than adequate to meet future plans and obligations as at that date, both overall and on a fund-by-fund basis.

The Standing Orders and Standing Financial Instructions of the Trust cover both Exchequer and charitable funds. Financial procedures comply with the Standing Financial Instructions of the Trust and include a Scheme of Delegation to Fund Managers. Compliance is rigorously checked and controlled. The financial and accounting procedures and arrangements are audited periodically by internal audit. The most recent internal audit was conducted during 2019/20, resulting in a 'Significant' (top level) assurance rating. Our external auditors audit the accounts annually and no material control issues have been raised.

8 - Reserves

The Charity Commission defines reserves as “that part of a charity’s unrestricted funds that is freely available to spend on any of the charity’s purposes” (Charity reserves: building resilience (CC19)). The underlying purpose is to identify those funds which can potentially act as a contingency against financial risks such as fluctuations in income or in the level of charitable need.

While the charity has minimal funds which are ‘freely available’ in this sense, it has significant fund balances which can be used for any of the charity’s purposes but which are restricted or designated for use within particular clinical areas. As these funds are spread over a wide number of clinical areas, they cumulatively provide a significant source of funding for financial contingencies that the charity might face.

For the above reason, the charity assesses its reserves primarily by monitoring the level of overall funds (excluding endowments, which can not be spent).

In line with Charity Commission guidance, the policy of the charity is to ensure that donations are spent within a reasonable period of receipt. An appropriate balance may be held in order to take account of potential fluctuations in income and the valuation of the investment portfolio, and to accommodate fluctuations in the level of charitable need which result in changes in expenditure requirements. Balances may also be built up temporarily in order to ‘save up’ for a higher-value item of expenditure. The Corporate Trustee considers this policy to be in the best interests of the charity.

In 2016, the Corporate Trustee identified that the value of accumulated funds was higher than was required. Fund Managers were encouraged to utilise excess fund balances. In June 2018, the Committee reviewed the position and set a target level of funds (excluding endowments) of £1.15m. The actual level of these funds can be expected to fluctuate above and below the target, given the variability of both voluntary income and discretionary grant expenditure. As at March 2022, these funds total £1.41m (March 2021: £1.57m).

The legal structure of the charity includes 21 Special Purpose Charities (see section 2 above). The governing document of each Special Purpose Charity requires that its funds be ‘wholly or mainly’ spent within a particular clinical area. As a result, funds held within Special Purpose Charities must be classified as restricted funds. The majority of the charity’s funds are held within these Special Purpose Charities and are therefore classified as restricted funds.

9 - Future plans

As charitable resources are limited, the Corporate Trustee has introduced guidance for Fund Managers regarding priority areas for charitable expenditure. This is to ensure that charitable donations are used as effectively as possible.

For 2022/23, the Corporate Trustee has asked Fund Managers to prioritise expenditure on:

- Recovery from the impact of the Covid pandemic
- Discretionary staff training/development
- Purchases of medical equipment
- Comforts for patients and their visitors

The Corporate Trustee believes that these priorities will maximise the benefit to patients.

Charitable needs may often arise at short notice and the charity retains sufficient reserves to allow it to respond swiftly to such needs, in collaboration with Trust clinicians and managers.

10 - Assets and Liabilities

Total assets and liabilities	31/03/22	31/03/21
	£'000	£'000
Investments	1,760	1,689
Debtors	31	77
Cash and cash equivalents	33	304
Total assets	1,824	2,070
Creditors	48	148
Total liabilities	48	148
Total assets less liabilities	1,776	1,922

The value of investments increased during the year due to increases in the market value of the portfolio.

The value of cash was unusually high at March 2021, due to the receipt of significant Covid donations which could not be spent by the end of that year. The value of cash has declined to more normal levels during the year, as the charity has started utilising these Covid donations and as the charity has continued to spend down its excess accumulated reserves.

10.1 Investments

The investment portfolio is medium risk, spread across a diverse range of investments including Government 'gilt-edged' securities, local authority securities and loans, UK equities and authorised UK and overseas unit and investment trusts, plus cash on deposit. The split between the asset groups were as follows: -

	31 March 2022	31 March 2021
Fixed Interest	15%	16%
Equities	67%	69%
Property	6%	5%
Alternative assets	9%	7%
Cash	3%	3%
Total	100%	100%

Investment Policy and Ethical Investments

Charitable bodies are bound by the Trustee Act 2000. The Corporate Trustee also follows the basic principles for the investment of charitable funds as outlined by the Charity Commission. The Governing Document authorises the Corporate Trustee to invest the retained funds held in duly authorised investments.

The Corporate Trustee seeks to maximise the return from retained funds by prudent investment, taking into account available dividend, interest and potential growth in the value of the investments.

The current objective, taking into account the above factors, is to achieve a balance of maximising current income while aiming for a growth in capital value in order to obtain a reasonable long-term overall return at medium risk.

The Corporate Trustee has employed Investec Wealth & Investment Limited since July 2011 on a discretionary basis to manage the portfolio. The risk profile is regarded as medium and the manager is specifically requested to avoid direct investment in companies whose core business is in the following areas:

- Manufacture/production/retail of tobacco
- Production/retail of alcohol
- Production/retail of foods with high fat content
- Production/retail of foods/drinks with high sugar content

The Corporate Trustee has also sought assurance from the investment manager regarding the ESG (Environmental, Social and Governance) scoring of the investment portfolio. Based on the Sustainalytics scoring method, at June 2022 the portfolio scored 19.8 (June 2020: 19.3), which is favourable to the MSCI Index average of 21.7 (June 2020: 22.8).

The current benchmarks that the portfolio is measured against, with their weighting ratios are:-

Investment type	Weighting	Benchmark
Bonds	17%	FTA Government Gilt Index
Equities – UK	25%	FTSE All Share Index
Equities - Overseas	45%	FTSE World (ex UK) Index
Property	5%	IPD Property Index
Alternatives	5%	Bank of England Base Rate plus 2%
Cash	3%	Bank of England Base Rate minus 0.5%

The investment managers provide quarterly performance reports, which include performance against the benchmark indices listed above.

A review of the portfolio performance is undertaken by the Corporate Trustee twice-yearly at the meetings of the Charitable Funds Committee, alongside a review of the performance of the investment manager. The performance of the investment manager is also subject to a more extensive review every three years. The last such review was in November 2017. The review due to be held in November 2020 has been delayed, primarily due to Covid.

The investment policy is reviewed by the Corporate Trustee annually.

11 - Contact details

The day-to-day management of the charity is delegated to the Trust's Senior Finance Manager – Capital and Financial Accounting. This role is currently undertaken by Patrick Vincent ACMA.

Principal Address

Torbay and South Devon NHS Charitable Fund
c/o Torbay and South Devon NHS Foundation Trust
Hengrave House
Torbay Hospital
Lawes Bridge
Torquay
Devon TQ2 7AA

Finance Office

Charitable Funds Accountant
Finance Department
Torbay and South Devon NHS Foundation Trust
Regent House
Regent Close
Torquay
Devon TQ2 7AN

Auditors

Bishop Fleming LLP
Salt Quay House
4 North East Quay
Sutton Harbour
Plymouth PL4 0BN

Investment Advisers

Investec Wealth & Investment
2 Gresham Street
London EC2V 7QP

Bankers

National Westminster Bank plc
108 Union Street
Torquay
Devon TQ1 2AQ

Scottish Widows
67 Morrison Street
Edinburgh EH3 8YJ

Further Information

If you require any further information about the Torbay and South Devon NHS Charitable Fund please contact Chief Finance Officer, Torbay and South Devon NHS Foundation Trust, Regent House, Regent Close, Torquay, Devon TQ2 7AN

Signed on behalf of the Corporate Trustee

Non-Executive Director and member of Charitable Funds Committee

Torbay and South Devon NHS Foundation Trust

Date:

TORBAY AND SOUTH DEVON NHS CHARITABLE FUND

ACCOUNTS 2021/22

FOREWORD

These accounts have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011 and UK GAAP as it applies from 1 January 2019.

STATUTORY BACKGROUND

Torbay and South Devon NHS Foundation Trust is the Corporate Trustee of the Torbay and South Devon NHS Charitable Fund under paragraph 47(2)(c) of the National Health Service Act 2006.

The Torbay and South Devon NHS Charitable Fund is registered with the Charity Commission and includes funds held in respect of the following Hospitals:

Ashburton Hospital
Bovey Tracey Hospital
Brixham Hospital
Dartmouth Hospital
Dawlish Hospital
Newton Abbot Hospital
Paignton Hospital
Teignmouth Hospital
Torbay Hospital
Totnes Hospital

MAIN PURPOSE OF THE FUNDS HELD ON TRUST

The main purpose of the fund is to apply income for any charitable purpose relating to the National Health Service wholly or mainly for the services provided by the Torbay and South Devon NHS Foundation Trust.

Statement of Trustee's Responsibilities

The trustee is responsible for preparing the Trustee's Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 that period.

In preparing these financial statements, the trustee is required to:

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

The trustee is 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 the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008. It is 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.

By Order of the Trustee

Signed:

Director of Operational Finance

Date

Independent Auditor's Report to the Trustee of Torbay and South Devon NHS Charitable Fund

Opinion

We have audited the financial statements of Torbay and South Devon NHS Charitable Fund (the 'charity') for the year ended 31 March 2022 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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 responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Our responsibilities and the responsibilities of the trustee 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 and Accounts, other than the financial statements and our auditor's report thereon. The trustee is responsible for the other information contained within the Annual Report and Accounts. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 financial statements is inconsistent in any material respect with the trustee's report; or
- the charity has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Independent auditor's report to the trustee of Torbay and South Devon NHS Charitable Fund (continued)

Responsibilities of the trustee

As explained more fully in the Statement of Trustee's Responsibilities, the trustee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustee determines 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 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 charity or to cease operations, or has no realistic alternative but to do so.

Auditor 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 regulations made under section 154 of that Act.

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 procedures undertaken in order to identify and assess risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, are as follows:

- we have considered the nature of the industry and sector, control environment and business performance;
- we have considered the results of our enquiries of management and those charged with governance about their own identification and assessment of the risk of irregularities;
- for any matters identified we have obtained and reviewed the charity's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations whether they were aware of any instances of non-compliance;
 - detecting and responding to the risk of fraud and whether they have knowledge of actual, suspected or alleged fraud; and
 - the internal controls established to mitigate the risks of fraud or non-compliance with laws and regulations.
- we have considered the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and potential indicators of fraud.

As a result of these procedures, we have considered the opportunities and incentives that may exist within the organisation for fraud and identified the highest area of risk to be in relation to income recognition, with a particular risk in relation to year-end cut off. In common with all audits under ISAs (UK) we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the charity operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the Charities SORP (FRS 102) - Accounting and Reporting by Charities and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). In addition, we have considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the charity's ability to operate or to avoid a material penalty. These include data protection regulations, health and safety regulations, licensing acts and employment legislation.

Independent auditor's report to the trustee of Torbay and South Devon NHS Charitable Fund (continued)

Auditor responsibilities for the audit of the financial statements (continued)

As a result of performing the above procedures, we have cut-off of revenue recognition as a key audit matter related to the potential risk of fraud. Our procedures to respond to risks identified included the following:

- documenting and validating the control environment for income and debtors and carrying out walkthrough testing;
- undertaking substantive sample-based testing or proof in total calculations on all material revenue streams to ensure revenue has been recognised appropriately and accurately;
- considering manual income journals as part of our work on fraud risks documented above;
- reviewing the financial statement disclosures and testing to supporting documentation;
- enquiring of management concerning actual and potential litigation claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement;
- reading minutes of meetings of those charged with governance; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from an error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

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

Use of our report

This report is made solely to the 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 trustee, for our audit work, for this report, or for the opinions we have formed.

Bishop Fleming LLP (Statutory Auditor)
Salt Quay House, 4 North East Quay, Sutton Harbour, Plymouth, Devon, PL4 0BN

Date:

Bishop Fleming LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Statement of Financial Activities for the year ending 31 March 2022

	Note	Unrestricted Funds 2021/22 £'000	Restricted Funds 2021/22 £'000	Endowment Funds 2021/22 £'000	Total 2021/22 £'000	Total 2020/21 £'000
Income and endowments from:						
Donations and legacies	4	50	288	0	338	694
Charitable activities	5	0	620	0	620	587
Other trading activities	5	0	0	0	0	12
Investments	6	16	23	0	39	41
Total		66	931	0	997	1,334
Expenditure on:						
Raising funds	7	(4)	(8)	(4)	(16)	(25)
Charitable activities						
- NHS capital equipment grants	8	(13)	(110)	0	(123)	(87)
- Patient welfare & amenities	8	(49)	(242)	0	(291)	(311)
- Staff welfare & amenities	8	(3)	(46)	0	(49)	(43)
- Staff development	8	(11)	(11)	0	(22)	(17)
- Research	8	0	(93)	0	(93)	(78)
- Transfers to other charities	8	0	(3)	0	(3)	0
- Rainbow nursery expenditure	8	0	(614)	0	(614)	(589)
Sub-total charitable activities		(76)	(1,119)	0	(1,195)	(1,125)
Other expenditure	21	0	(2)	0	(2)	398
Total		(80)	(1,129)	(4)	(1,213)	(752)
Net gains/(losses) on investments	13.4	13	41	16	70	229
Net income/(expenditure)		(1)	(157)	12	(146)	811
Transfers between funds		0	0	0	0	0
Net movement in funds		(1)	(157)	12	(146)	811
Reconciliation of funds:						
Total funds brought forward		415	1,154	353	1,922	1,111
Total funds carried forward	18	414	997	365	1,776	1,922

A prior year Statement of Financial Activities with analysis by fund type is provided in note 2.1.

Balance Sheet as at 31 March 2022

	Note	Unrestricted Funds 31/03/2022 £'000	Restricted Funds 31/03/2022 £'000	Endowment Funds 31/03/2022 £'000	Total 31/03/2022 £'000	Total 31/03/2021 £'000
Fixed assets:						
Investments	13	409	986	365	1,760	1,689
Total fixed assets		409	986	365	1,760	1,689
Current Assets:						
Debtors	14	5	26	0	31	77
Cash at bank and in hand	15	13	20	0	33	304
Total current assets		18	46	0	64	381
Liabilities						
Creditors: Amounts falling due within one year	16	(13)	(35)	0	(48)	(148)
Net current liabilities		5	11	0	16	233
Total net assets		414	997	365	1,776	1,922
The funds of the charity:						
Endowment Funds	18	0	0	365	365	353
Restricted Income Funds	18	0	997	0	997	1,154
Unrestricted Income Funds	18	414	0	0	414	415
Total charity funds		414	997	365	1,776	1,922

The notes on pages 26 to 39 form part of these accounts.

A prior year Balance Sheet with analysis by fund type is provided in note 2.2.

The accounts on pages 23 to 39 were approved by the Corporate Trustee on and signed on its behalf by:

Director of Operational Finance

Date

Statement of cash flows for the year ending 31 March 2022

	Note	Total 2021/22 £'000	Total 2020/21 £'000
Cash flows from operating activities:			
Net income/(expenditure) for the year (as per the Statement of Financial Activities)		(146)	811
Adjustments for:			
- (Gains)/losses on investments	13.4	(70)	(229)
- Dividends, interests and rents from investments	6	(39)	(41)
- Decrease/(increase) in debtors	14	46	169
- (Decrease)/increase in creditors	16	(100)	(695)
Net cash used in operating activities		(309)	15
Cash flows from investing activities:			
Dividends, interests and rents from investments	6	39	41
Less non-cash dividends included within above value	13.3	(1)	0
Plus purchased interest	13.3	0	1
Cash withdrawn from the investment portfolio	13.3	0	200
Net cash provided by investing activities		38	242
Change in cash and cash equivalents over the year		(271)	257
Cash and cash equivalents at the beginning of the year	15	304	47
Cash and cash equivalents at the end of the year	15	33	304

Notes to the Accounts

1. Accounting policies

(a) Basis of preparation

The accounts have been prepared under the historic cost convention, with the exception of investments which are included at their market value.

These accounts have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011 and UK GAAP as it applies from 1 January 2019.

The accounts have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

Judgements

The most significant judgements made in applying the charity's accounting policies are:

- the assumption that voluntary income is not subject to legal trusts unless there is clear written evidence of such a legal trust
- the assumption that, where the executor of a legacy has not raised any issues relating to the payment of a legacy, this can be taken as evidence that the executors have established that there are sufficient assets to pay the legacy.

Estimates

The charity does not consider that it makes any estimations which have a significant risk of causing a material adjustment within the following financial year. The most significant estimation made is that of allocating support costs (further details of which are given in note 10), which is not considered to be subject to any significant risk.

Going concern

The charity's business activities are limited to the running of the Rainbow nursery. As explained in Note 8, the nursery holds sufficient reserves of its own to support its operation for the foreseeable future. Should exceptional financial pressures be placed upon the nursery, the Corporate Trustee could also draw upon the charity's significant other reserves.

The charity's non-business activities (grants to support the work of the Foundation Trust) are discretionary. Long-term commitments are not normally made and grants are only awarded where funds are already in place to support the grant. The charity is exposed to the risk of fluctuating voluntary income and/or investment losses, but such risks can be managed through a corresponding reduction in discretionary grant expenditure and/or the utilisation of the charity's significant reserves.

Taking the above into account, the Corporate Trustee has a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. This is not subject to any material uncertainties. The charity therefore continues to adopt the going concern basis in preparing its accounts.

Public benefit and legal form

The charity is a public benefit entity and an unincorporated trust.

Notes to the Accounts

1. Accounting policies (continued)

(b) Funds structure

Where there is a legal restriction on the purpose to which a fund may be put, the fund is classified either as an endowment fund, where the donor has expressly provided that the income of the fund may be applied, or as a restricted income fund where the donor has provided for the donation to be spent in furtherance of a specified charitable purpose.

Endowment funds, where capital is held to generate income for charitable purposes, are sub analysed between those where the trustee has the discretion to spend the capital, expendable endowment and those where there is no discretion to spend the capital, permanent endowment. The charity has five permanent endowment funds and no expendable endowments.

Those funds which are neither endowment nor restricted income funds are unrestricted income funds which are used wholly at the trustee's discretion.

The major funds held in each of these categories are disclosed in note 18.

(c) Incoming resources

All incoming resources are recognised once the charity has entitlement to the resources, it is probable (more likely than not) that the resources will be received and the monetary value of incoming resources can be measured with sufficient reliability. Until these criteria are met, any monies received would be classified as deferred income.

(d) Incoming resources - legacies

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

Receipt is probable when:

- Probate has been granted,
- The executors have established that there are sufficient assets in the estate to pay the legacy and
- All 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.

(e) Incoming resources from endowment funds

The incoming resources received from the investment of endowment funds have been earmarked in accordance with the donor's stated wishes by allocating to the nominated restricted general funds.

(f) 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.

(g) Resources expended - grants

Grants payable are payments or donations of goods or services 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 recognised as expenditure when the conditions for their payment have been met or where there is a constructive obligation to make a payment.

Notes to the Accounts

1. Accounting policies (continued)

(g) Resources expended - grants (continued)

Evidence of a constructive obligation exists where:

- The commitment made by the charity is specific, for example a promise is made to provide particular goods, services or grant funding;
- This commitment is communicated directly to particular beneficiaries or grant recipients; and
- There is an established pattern of practice which indicates to the recipient that we will honour our commitment.

The Trustee has control over the amount and timing of grant payments and consequently where approval has been given by the Trustee and all of the above criteria have been met then a liability is recognised. Grants are not usually awarded with conditions attached. However, when they are, then those conditions have to be met before the liability is recognised.

Due to the close working connection between the charity and the Corporate Trustee, the recognition criteria will normally only be met when the charity's staff team have clearly indicated the charity's acceptance of a grant liability.

(h) Allocation of overhead and support costs

Support costs are those costs which do not relate directly to a single activity. These include some staff costs, costs of administration, internal and external audit costs. Support costs have been apportioned between fundraising costs and charitable activities on an appropriate basis. The analysis of support costs and the bases of apportionment applied are shown in note 10.

(i) 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.

(j) 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 8.

(k) 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 charity's investment manager, excluding dividend.

The main form of financial risk faced by the charity is that of volatility in investment and foreign exchange markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning particular investment sectors. Further information on investments can be found in note 13.

Notes to the Accounts

1. Accounting policies (continued)

(k) Fixed asset investments (continued)

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

Fixed asset investments includes cash held by the investment manager for investment purposes.

(l) Debtors

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

(m) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

(n) Creditors

Creditors are amounts owed by the charity. They are measured at the amount that the charity expects to have to pay to settle the debt.

(o) Financial Instruments

The charity's Financial Instruments are all Basic Financial Instruments and consist of:

- Investments. See note 1(k). The carrying value for investments on the balance sheet at the reporting date entirely consists of financial assets measured at fair value through profit or loss.
- Debtors. See note 1(l).
- Cash and cash equivalents. See note 1(m).
- Creditors. See note 1(n).

(p) Pensions

The charity does not issue contracts of employment or operate a pension scheme. Employees of Torbay and South Devon NHS Foundation Trust who are under the control of the charity are treated as charity staff. Pension costs in relation to these staff are recharged to the charity by the Foundation Trust.

(q) Pooling scheme

An official pooling scheme is operated for investments relating to the following funds:

South Devon Healthcare NHS Foundation Trust (Expendable Funds) Common Investment Fund
South Devon Healthcare NHS Foundation Trust (Capital) Common Investment Fund

The scheme was registered with the Charity Commission on 23rd February 1999.

(r) Taxation

The Charity is a registered charity, and as such is entitled to certain tax exemptions on income and profits from investments, and surpluses on any trading activities carried on in the furtherance of the charity's primary objectives, if these profits and surpluses are applied solely for charitable purposes.

Notes to the accounts

2. Prior year comparatives by type of fund

2.1 Statement of Financial Activities

	Note	Unrestricted Funds 2020/21 £'000	Restricted Funds 2020/21 £'000	Endowment Funds 2020/21 £'000	Total 2020/21 £'000
Income and endowments from					
Donations and legacies	4	109	585	0	694
Charitable activities - Rainbow nursery income	5	0	587	0	587
Other trading activities		0	12	0	12
Investments	6	16	25	0	41
Total		125	1,209	0	1,334
Expenditure on:					
Raising funds	7	(3)	(18)	(4)	(25)
Charitable activities					
- NHS capital equipment grants	8	(20)	(67)	0	(87)
- Patient welfare & amenities	8	(72)	(239)	0	(311)
- Staff welfare & amenities	8	(4)	(39)	0	(43)
- Staff training & education	8	0	(17)	0	(17)
- Research	8	0	(78)	0	(78)
- Transfers to other charities	8	0	0	0	0
- Rainbow nursery expenditure	8	0	(589)	0	(589)
Sub-total charitable activities	8	(96)	(1,029)	0	(1,125)
Other expenditure		70	328	0	398
Total		(29)	(719)	(4)	(752)
Net gains on investments	13.4	39	129	61	229
Net income/(expenditure)		135	619	57	811
Transfers between funds		0	0	0	0
Net movement in funds		135	619	57	811
Reconciliation of funds:					
Total funds brought forward		280	535	296	1,111
Total funds carried forward	18	415	1,154	353	1,922

Notes to the accounts

2. Prior year comparatives by type of fund (continued)

2.2 Balance Sheet

	Note	Unrestricted Funds 31/03/2021 £'000	Restricted Funds 31/03/2021 £'000	Endowment Funds 31/03/2021 £'000	Total 31/03/2021 £'000
Fixed assets:					
Investments	13	353	983	353	1,689
Total fixed assets		353	983	353	1,689
Current Assets:					
Debtors	14	30	47	0	77
Cash at bank and in hand	15	65	239	0	304
Total current assets		95	286	0	381
Liabilities					
Creditors: Amounts falling due within one year	16	(33)	(115)	0	(148)
Net current liabilities		62	171	0	233
Total net assets		415	1,154	353	1,922
The funds of the charity:					
Endowment Funds	18	0	0	353	353
Restricted Income Funds	18	0	1,154	0	1,154
Unrestricted Income Funds	18	415	0	0	415
Total charity funds	18	415	1,154	353	1,922

Notes to the accounts

3. Related party transactions

During the year no parties (2020/21: one party) related to a member of the Board of Torbay and South Devon NHS Foundation Trust (the Corporate Trustee) have undertaken material transactions with the charity. No members of the key management staff or parties related to them has undertaken any material transactions with the charity (2020/21: none).

During the year one (2020/21: 1) public sector organisation has undertaken material transactions with the charity. Torbay Council provided £155k (2020/21: £142k) Early Years funding to the charity in respect of the charity's provision of nursery services to eligible children.

The charity has made revenue and capital payments to the Corporate Trustee:

- Finance and administration costs bought in from Torbay and South Devon NHS Foundation Trust, £117k (2020/21 £62k). Please see Note 10 for further details.

- Reimbursement of charitable expenditure incurred by Torbay and South Devon NHS Foundation Trust on behalf of the charity, £1,096k (2020/21: £1,090k). The Corporate Trustee also provided financial support of £42k (2020/21: £93k) to the charity to offset the financial impact of Covid on the nursery.

During the year, the Corporate Trustee was not paid or reimbursed for the costs it incurs in its role as Corporate Trustee, such as the salary costs of members of the Board of the Corporate Trustee (2020/21: £0).

There was an outstanding creditor due to Torbay and South Devon NHS Foundation Trust at 31st March 2022 of £19k (31 March 2021: £76k).

No members of the Corporate Trustee's Board received honoraria, emoluments or expenses in the year from the Charitable Fund (2020/21: none).

Notes to the Accounts

4. Donations and legacies

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2021/22 £'000	Total 2020/21 £'000
Donations	33	287	0	320	437
Legacies	17	1	0	18	31
Grants	0	0	0	0	226
Total	50	288	0	338	694

5. Charitable activities

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2021/22 £'000	Total 2020/21 £'000
Rainbow nursery income	0	609	0	609	587
Other	0	11	0	11	0
Total	0	620	0	620	587

Rainbow nursery provides nursery services, primarily to employees of Torbay and South Devon NHS Foundation Trust. The 'Other' category relates to income from sales of mastectomy bras to patients. In prior years, this income was classified within 'Other trading activities' (see also note 7).

6. Investments

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2021/22 £'000	Total 2020/21 £'000
Listed investments	16	23	0	39	41
Total	16	23	0	39	41

Investment income is received from the charity's investment portfolio. In recent years, interest income received from cash balances has been negligible.

7. Raising funds

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2021/22 £'000	Total 2020/21 £'000
Investment management costs	(4)	(8)	(4)	(16)	(15)
Fundraising trading costs	0	0	0	0	(10)
	(4)	(8)	(4)	(16)	(25)

The charity employs a professional investment management company (Investec Wealth & Investment Ltd) to manage its investment portfolio. Fundraising trading costs related to the cost of mastectomy bras which are sold to patients. During the year, it was decided that it would be more appropriate to account for this cost within 'Expenditure on charitable activities - Patient welfare & amenities'. The 2021/22 cost has been classified in this way.

8. Analysis of expenditure on charitable activities

	Activities undertaken £'000	Grant expenditure £'000	Support costs £'000	Total 2021/22 £'000	Total 2020/21 £'000
NHS capital equipment grants	0	(123)	0	(123)	(87)
Patient welfare & amenities	0	(173)	(118)	(291)	(311)
Staff welfare & amenities	0	(45)	(4)	(49)	(43)
Staff development	0	(21)	(1)	(22)	(17)
Research	0	(93)	0	(93)	(78)
Transfers to other charities	0	(3)	0	(3)	0
Sub-total - grant expenditure	0	(458)	(123)	(581)	(536)
Rainbow nursery expenditure	(609)	0	(5)	(614)	(589)
Total	(609)	(458)	(128)	(1,195)	(1,125)

Notes to the Accounts

8. Analysis of expenditure from charitable activities (continued)

With the exception of the running costs of the Rainbow nursery, the charity's expenditure consists of grants to relevant NHS bodies.

Over the long run, the running costs of Rainbow nursery are met from nursery fee income received. A surplus has been made in most years, allowing the nursery to build up revenue reserves, which totalled £28,000 at 31 March 2021 (31 March 2021: £30,000). During 2021/22, the nursery incurred a deficit of £2,000 (2020/21: £2,000) - largely due to the impact of the NHS-wide pay award and the declining real value of funding received from Torbay Council. While the operational impact of Covid was very significant for the nursery, the financial impact was offset by financial support received from the Trust (as described in Note 3).

The Charitable Funds Committee has initiated a review of the options for ensuring the financial sustainability of the nursery. In the meantime, the nursery's revenue reserves provide funding to cover immaterial deficits that may be incurred.

9. Analysis of grant expenditure

All grants are made to organisations. All grants have been made to Torbay and South Devon NHS Foundation Trust with the exception that one grant of £3k was made to Devon Partnership Trust Special Charity (2020/21: no exceptions).

An analysis of grant expenditure by type of activity is given in Note 8, which also discloses the support costs allocated to each category of grant expenditure.

10. Support costs

	Basis of allocation	Charitable activities £'000	Total 2021/22 £'000	Total 2020/21 £'000
External audit fees	Value of balance	11	11	14
Staffing cost - governance activities	Value of balance	16	16	15
Total governance cost		27	27	29
Staffing cost - administrative activities	Value of expenditure	101	101	47
		128	128	76

Support costs are those costs which can not be directly attributed to an individual activity. These include the cost of the staff who administer the charity and governance costs (such as the audit fee). In deciding upon a basis for allocating support costs, the charity has considered the Charity Commission's 'NHS Charities Guidance'. The charity believes that 'value of balance' is the most appropriate basis of allocation for governance costs, as the value of funds is a key driver for governance activities, and 'value of expenditure' is the most appropriate basis of allocation for day to day management/administration costs, as management of expenditure is the principal administrative activity. Support costs are allocated across c 200 separate funds. This is a complex process and, as such, the charity does not consider that it would be sensible to adopt more complex bases of apportionment. Support costs are allocated between fund types in line with the above bases of apportionment.

Most support costs are incurred by the Foundation Trust and recharged to the charity, as disclosed in Note 3 and as described in Note 12. Support costs have risen significantly in 2021/22, due to the costs of administering the very generous donations in response to the Covid pandemic.

Grant expenditure tends to consist of one-off discretionary projects. By contrast, Rainbow nursery expenditure mainly consists of recurring costs which are simple to administer, once set up. The allocation of support costs takes account of this distinction and reduces the allocation to Rainbow nursery accordingly.

Analysis of support costs by fund

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total 2021/22 £'000	Total 2020/21 £'000
Patient welfare	14	104	0	118	68
Staff welfare	0	4	0	4	2
Staff development	0	1	0	1	1
Rainbow nursery expenditure	0	5	0	5	5
	14	114	0	128	76

Notes to the Accounts

11. Auditors' remuneration

The auditors' remuneration of £9,500 excl VAT (2020/21 £11,830 excl VAT) related to the audit with no additional work undertaken (2020/21: none). Including unrecoverable VAT, the cost to the charity was £11,400 (2020/21: £14,196).

12. Analysis of staffing cost

	Rainbow nursery £'000	Support costs £'000	Total 2021/22 £'000	Total 2020/21 £'000
Wages and salaries	463	95	558	485
Social security costs	28	9	37	29
Employer contributions to NHS Pension Scheme	58	13	71	67
	549	117	666	581
Average headcount	37.7	11.1	48.8	45.4
Average whole-time equivalent	20.7	2.5	23.2	21.7

The charity does not issue contracts of employment. The values disclosed above relate to staff who are employed on contracts of employment issued by Torbay and South Devon NHS Foundation Trust but who are effectively under the control of the charity and are therefore treated as employees of the charity. From time to time the charity, in addition, provides funding to the Foundation Trust to support other staff posts (eg research posts) but does not control these individuals, who are therefore not considered to be employees of the charity and are not included within the values disclosed above.

There are no employees who received employee benefits excluding employer pension costs of more than £60,000 (2020/21: none).

13. Investments

13.1 Fixed asset investments by class

	Total value held in the UK 2021/22 £'000	Total value held in the UK 2020/21 £'000
Listed investments - at fair value	1,703	1,644
Cash or cash equivalents	57	45
Total	1,760	1,689

13.2 Movement in fixed asset investments - listed investments

	2021/22 £'000	2020/21 £'000
Market value brought forward at 1st April	1,644	1,653
Purchases at cost	263	507
Disposals at carrying value	(252)	(680)
Unrealised gain/(loss) on revaluation	48	164
Market valuation as at 31st March	1,703	1,644

Notes to the Accounts

13. Investments (continued)
13.3 Movement in fixed asset investments - cash or cash equivalents

	2021/22 £'000	2020/21 £'000
Brought forward at 1st April	45	8
Proceeds on disposal of listed investments	274	745
Purchases of listed investments	(263)	(507)
Purchased interest	0	(1)
Less non-cash dividends included within purchases	1	0
Cash withdrawn from the investment portfolio	0	(200)
Value as at 31st March	57	45

During 2021/22 the charity made no withdrawals from the investment portfolio (2020/21: £200k). These withdrawals are made in order to fund planned reductions in reserves (as described in the Annual Report).

13.4 Gains on investments

	2021/22 £'000	2020/21 £'000
Realised gains	22	65
Unrealised gains	48	164
Total	70	229

14. Debtors

	Total 2021/22 £'000	Total 2020/21 £'000
Trade debtors	22	65
Prepayments and accrued income	9	12
Total	31	77

15. Cash at bank and in hand

	Total 2021/22 £'000	Total 2020/21 £'000
Current account	29	300
Deposit accounts	4	4
Total	33	304

16. Creditors: amounts falling due within one year

	Total 2021/22 £'000	Total 2020/21 £'000
Accruals	(29)	(72)
Torbay and South Devon NHS Foundation Trust	(19)	(76)
Total	(48)	(148)

Creditors are unsecured, repayable on demand and not subject to interest.

17. Contingent assets - legacies

As at 31 March 2022 there were two (31/03/2021: one) legacies with an estimated total value of £5k (31/03/2021: £2k) where probate had been granted but where income had not been recognised because either the value could not be measured with sufficient reliability or probability of receipt had not been established.

Notes to the Accounts

18. Analysis of funds

	Balance 31/03/2021 £'000	Incoming resources £'000	Resources expended £'000	Gains and losses £'000	Transfers £'000	Balance 31/03/2022 £'000
Endowment funds (see also note 18.1)						
Torbay Hospital PGMF Fund	67	0	(1)	3	0	69
Ashburton Hospital Easterbrook Bequest	19	0	0	1	0	20
Newton Abbot Hospital Easterbrook Bequest	19	0	0	1	0	20
Newton Abbot Hospital Blake Bequest	230	0	(2)	10	0	238
Newton Abbot Hospital Gribble Bequest	18	0	(1)	1	0	18
Total Endowment funds	353	0	(4)	16	0	365
Restricted income funds (see also note 18.2)						
Torbay Hospital Patients	177	39	(49)	8	0	175
Torbay Hospital Cancer Services	61	53	(42)	2	0	74
Torbay Hospital Heart & Lung Unit	71	5	(14)	3	0	65
Torbay Hospital Staff	76	619	(626)	2	0	71
Torbay Hospital General	338	175	(300)	9	0	222
Paignton Hospital General	78	2	(1)	3	0	82
Torbay Hospital General Surgery & Urology	61	3	(7)	2	0	59
Torbay Hospital Gastroenterology	27	1	(8)	1	0	21
Torbay Hospital Radiology	38	15	(32)	2	0	23
Torbay Hospital Radiotherapy	44	5	(8)	2	0	43
Torbay Hospital Laboratory Medicine	54	4	(6)	2	0	54
Torbay Hospital Maternity	17	2	(3)	1	0	17
Torbay Hospital Ophthalmology	33	0	(11)	1	0	23
Torbay Hospital Endocrinology	35	1	(3)	2	0	35
Others (6)	44	7	(19)	1	0	33
Total Restricted funds	1,154	931	(1,129)	41	0	997
Unrestricted income funds (see also note 18.3)						
Community Hospitals	72	46	(48)	3	0	73
Other	343	20	(32)	10	0	341
Total Unrestricted funds	415	66	(80)	13	0	414
Total funds	1,922	997	(1,213)	70	0	1,776

Notes to the Accounts

18. Analysis of funds (continued)

18.1 Details of material Endowment funds

Torbay Hospital Post Graduate Medical Centre (PGMC) Fund - a gift from the South West Regional Hospital Board in 1973, to be held in perpetuity and the income from which is applied to the Torbay Hospital Bursary fund to be used :-

- a) to finance projects of an educational or research nature;
- b) to contribute to expenses for conferences ; and
- c) to award prizes.

Ashburton Hospital Easterbrook Bequest - a legacy from the estate of the late Elsie Easterbrook, the will being dated 1973, to be held in perpetuity for the benefit of Ashburton Hospital. The income generated is applied to the Ashburton Hospital General Fund.

Newton Abbot Hospital Easterbrook Bequest - a legacy from the estate of the late Elsie Easterbrook, the will being dated 1973, to be held in perpetuity for the benefit of Newton Abbot Hospital. The income generated is applied to the Newton Abbot Hospital General Fund.

Newton Abbot Hospital Blake Bequest - a legacy from the estate of the late Elizabeth Blake who died in 1938 to be held in perpetuity for the benefit of Newton Abbot Hospital. The income generated is applied to the Newton Abbot Hospital General Fund.

Newton Abbot Hospital Gribble Bequest - a legacy from the estate of the late Frederick Gribble who died in 1943 to be held in perpetuity for the benefit of Newton Abbot Hospital. The income generated is applied to the Newton Abbot Hospital General Fund.

18.2 Details of material restricted funds

Torbay Hospital Patients - For the relief of patients treated at Torbay Hospital, Torquay, Devon through the purchase of, for example, medical equipment and staff training & education.

Torbay Hospital Cancer Services - For any charitable purposes in connection with Cancer Services, Torbay Hospital.

Torbay Hospital Heart & Lung Unit - For any charitable purposes in connection with the Heart & Lung Unit, Torbay Hospital.

Torbay Hospital Staff - For the relief of sickness by promoting efficient performance by the staff of Torbay Hospital. This includes the Rainbow Day Nursery , Christmas and other social functions.

Torbay Hospital General - For any charitable purposes for Torbay Hospital, Torquay, Devon, including donations from the Torbay Hospital League of Friends.

Paignton Hospital General - For any charitable purposes for Paignton Hospital, Devon, including donations from the Paignton Hospital League of Friends.

Torbay Hospital General Surgery & Urology - For any charitable purposes in connection with the General Surgery & Urology Directorate, Torbay Hospital.

Torbay Hospital Gastroenterology - For any charitable purposes in connection with the Gastroenterology Unit, Torbay Hospital.

Torbay Hospital Radiology - For any charitable purposes in connection with the Radiology Directorate, Torbay Hospital

Torbay Hospital Radiotherapy - For any charitable purposes in connection with the Radiotherapy Department, Torbay Hospital

Torbay Hospital Laboratory Medicine - For any charitable purposes in connection with the Laboratory Medicine Directorate, Torbay Hospital

Torbay Hospital Maternity - For any charitable purposes in connection with the Maternity Department, Torbay Hospital

Torbay Hospital Ophthalmology - For any charitable purpose in connection with the Ophthalmology Department, Torbay Hospital

Torbay Hospital Endocrinology - For any charitable purposes in connection with the Endocrinology Service, Torbay Hospital

Other restricted funds relate to other wards and clinical departments at Torbay Hospital and other community hospitals as listed in the foreword for which donors have indicated their wishes when making their generous gifts.

Notes to the Accounts

18. Analysis of funds (continued)

18.3 Details of material unrestricted funds

Community Hospitals - for any charitable purpose or purposes in connection with the Community Hospitals operated by Torbay and South Devon NHS Foundation Trust, with the exception of Brixham and Paignton Community Hospitals (which each have their own Restricted Funds).

19. Ultimate controlling party

The ultimate controlling party of the charity is Torbay and South Devon NHS Foundation Trust, which is the Corporate Trustee of the charity. The Foundation Trust provides NHS healthcare and social care services to the Torbay and South Devon area. Its registered address is Torbay Hospital, Lowes Bridge, Torquay, TQ2 7AA.

Copies of the 2021/22 Annual Report and Financial Statements of Torbay and South Devon NHS Foundation Trust can be obtained by writing to: Chief Finance Officer, Torbay and South Devon NHS Foundation Trust, Torbay Hospital, Lowes Bridge,

20. Mergers

The charity has not undertaken any mergers with other charities.