

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

**ANNUAL REPORT AND ACCOUNTS**  
**FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2023**

## 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:

#### Non-executive Members

Sir Richard Ibbotson – Chairman  
Chris Balch  
Richard Crompton  
Jacqui Lyttle  
Vikki Matthews  
Paul Richards  
Robin Sutton  
Siân Walker-McAllister

#### Executive Members

Liz Davenport – Chief Executive  
Adel Jones – Director of Transformation and Partnerships/Deputy Chief Executive  
Mark Brice – Interim Chief Finance Officer  
John Scott – Interim Chief Operating Officer  
Deborah Kelly – Chief Nurse  
Michelle Westwood – Chief People Officer  
Ian Currie – Chief Medical Officer  
Joanne Watson – Health and Care Strategy Director  
Emily Long – Director of Corporate Governance and Trust Secretary

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.

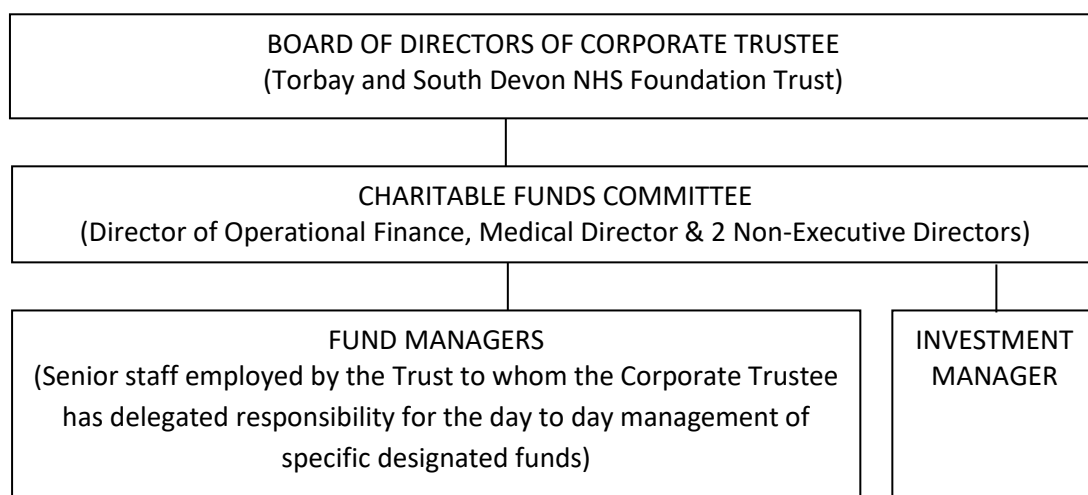
Newly appointed members of the Board go through an induction procedure to assist them in adjusting to the new social and working conditions in order to achieve maximum safe working and efficiency in the shortest possible time, to ensure they have knowledge of the organisation structure and how their 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 (2021/22: 21). These do not constitute separate charities for accounts purposes. 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 188 designated funds (2021/22: 192).



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 2022/23, these priorities were:

- Recovery from Covid, including the health and well-being of staff
- Purchases of medical equipment
- Items to improve the experience of patients and their carers
- 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.

|   | 2022/23     |             |           | 2021/22     |
|---|-------------|-------------|-----------|-------------|
|   | Plan        | Actual      | Variance  | Actual      |
|   | £'000       | £'000       | £'000     | £'000       |
| Income  | 965         | 903         | -62       | 801         |
| Expenditure   | -1,159      | -1,064      | 95        | -1,017      |
| <b>(Deficit)/surplus prior to investment gains/losses</b> | <b>-194</b> | <b>-161</b> | <b>33</b> | <b>-216</b> |

The charity planned in 2022/23 to incur a deficit (before investment gains/losses) of £194,000. 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 £161,000 was £33,000 favourable to plan. There were two principal reasons for this variance:

- Expenditure on projects funded by Covid donations and by legacies was £95,000 lower than planned, due to project delays.
- Income from new legacies was £69,000 lower than planned, which partly offset the above variance. Legacy income is highly unpredictable and the plan assumed receipt of an average value.

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.

### **Rainbow nursery**

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 nursery funds its costs from fees received from parents of the children and from Early Years funding received from Torbay Council.

The Rainbow nursery incurred a deficit of £17,000 on a turnover of £619,000 (2021/22: deficit of £5,000 on a turnover of £609,000). The deficit was £17,000 adverse to the planned breakeven position. Until recent years, the nursery typically made a surplus, allowing it to build up revenue reserves to fund periodic investments in the nursery. In recent years, the nursery sector nationally has struggled with recruitment of staff and increases in staff costs driven by increases in the minimum wage. The nursery has been affected by these issues, with staff recruitment having become noticeably more difficult during 2022/23, forcing the nursery to reduce its occupancy level.

At 31 March 2023, the nursery held reserves of £11,000 (2022: £28,000). A review of the options for the financial sustainability of the nursery is currently underway, considering also whether it would be in the best interests of the charity for the nursery to remain within the charity or to be held within the Foundation Trust.

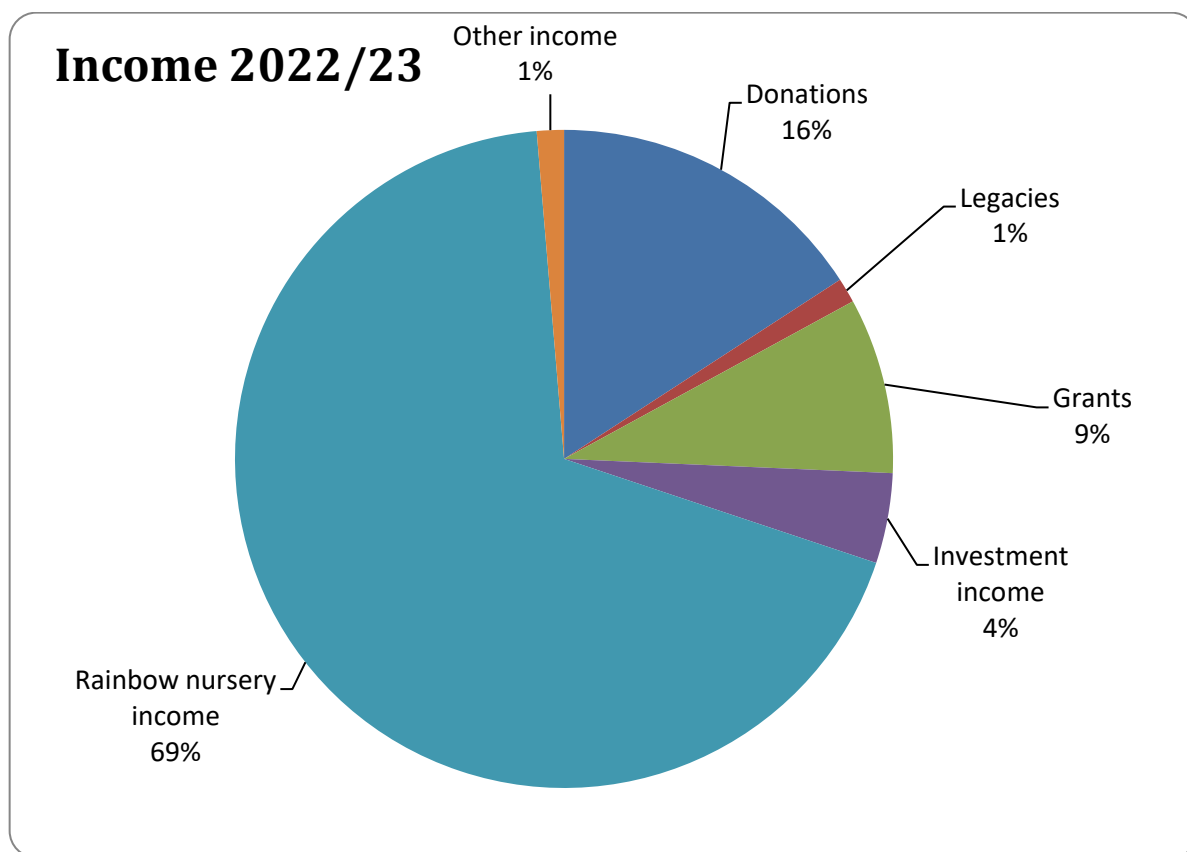
### **Expenditure funded retrospectively by external bodies**

The Corporate Trustee is fortunate to receive the support of many local charities, such as the Leagues of Friends of the Corporate Trustee's hospitals and the Torbay Medical Research Fund. Typically, such support is offered for specific items (for example, the purchase of a specific piece of medical equipment) and the support is received after the agreed expenditure has been incurred.

In past years, such support flowed through the Charitable Fund. It was accounted for as a donation by the external charity to the Charitable Fund and as a corresponding grant by the Charitable Fund to the Corporate Trustee. Following a review, it has been concluded that it is not necessary or appropriate for the Charitable Fund to account for such support as its income and expenditure, given that the support is only received after the specified expenditure has been incurred, meaning that no funding is required to be held on trust. Instead, such support is now accounted for as given directly by the external charity to the Corporate Trustee.

The Charitable Fund's accounting policies have been updated (see Note 1(b) to the Accounts) and the prior year values have been restated accordingly. A summary of the impact of the prior year restatement is given in Note 21 to the Accounts.

## 6.1 – Income



| Income                 | 2022/23    | 2021/22    |
|------------------------|------------|------------|
|                        | £'000      | £'000      |
| Donations              | 143        | 124        |
| Legacies               | 11         | 18         |
| Grants                 | 78         | 0          |
| Investment income      | 40         | 39         |
| Rainbow nursery income | 619        | 609        |
| Other income           | 12         | 11         |
| <b>Total Income</b>    | <b>903</b> | <b>801</b> |

### Donations, legacies and grants

The Covid pandemic has had a significant impact on voluntary income. During and since the pandemic, the charity has received substantial grants from NHS Charities Together (the body distributing donations given to the NHS nationally). At the same time, general donations have fallen since the pandemic, perhaps indicating 'donor fatigue'.

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 2022/23 £11,000 was kindly bequeathed to the charity from 4 legacies. These ranged in value from £2,000 up to £5,000.

Further details of the expenditure funded by these generous donations are given on pages 9 to 12.

## **Fundraising**

Historically, the charity did not engage in a significant amount of fundraising activity, other than supporting volunteer fundraisers. From September 2022, the charity has had an experienced Fundraising and Partnerships Manager in place and has taken a more proactive approach to raising funds and awareness.

In April 2023, the charity was fortunate to receive a grant of £30,000 from NHS Charities Together, specifically to strengthen the charity's capacity. A significant proportion of this grant will be used to support the development of the charity's fundraising capacity.

In the period September 2022 to March 2023, activity focused on:

- 1) Developing the charity's brand:
  - a) A new working name for the charity of 'Torbay and South Devon NHS Charity' was agreed.
  - b) A charity logo was created and applied across a range of items and charity materials aimed at raising awareness and funds.
- 2) Building infrastructure needed for a successful fundraising charity:
  - a) A new CRM system was identified and procured to support fundraising, enable more in-depth reporting; and improve stewardship of supporters.
  - b) Online and social media presence was established.
- 3) Increasing donations and funds raised:
  - a) Help, support and advice was given to patients, staff and general public to raise funds, as well as attendance at fundraising events.
  - b) 'Off the shelf' fundraising opportunities, events and challenges were developed and promoted.
  - c) Applications to charitable trusts and local grant giving organisations were submitted.

Some highlights:

- 43 people supported to raise funds for the charity during 2022/23.
- £3,000 raised through a patient's silent auction, £2,000 raised by a head-shave undertaken by a patient and her best friend; £2,500 raised through an auction by Torquay United, £1,600 by the Rock Compliance 'Race the Regions' event, £1,000 awarded by Torquay Rotary.
- 12 staff took part in the Inflatable 5k event raising over £1,400.
- Nine teams across the Trust took part in the NHS Big Tea raising over £1,500.
- £1,500 raised and 300 patients received Christmas gifts through the Dunelm Mill Delivering Joy initiative.
- £6,000 in sponsorship raised for the Our People Awards 2023.
- Over £1,900 raised for (and by) Templar Ward so far as part of 12 months of fundraising activity.

Some examples of how the charity uses its funds are given below in sections 6.2 and 7.

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. This position will be reviewed as the charity's fundraising activities develop.

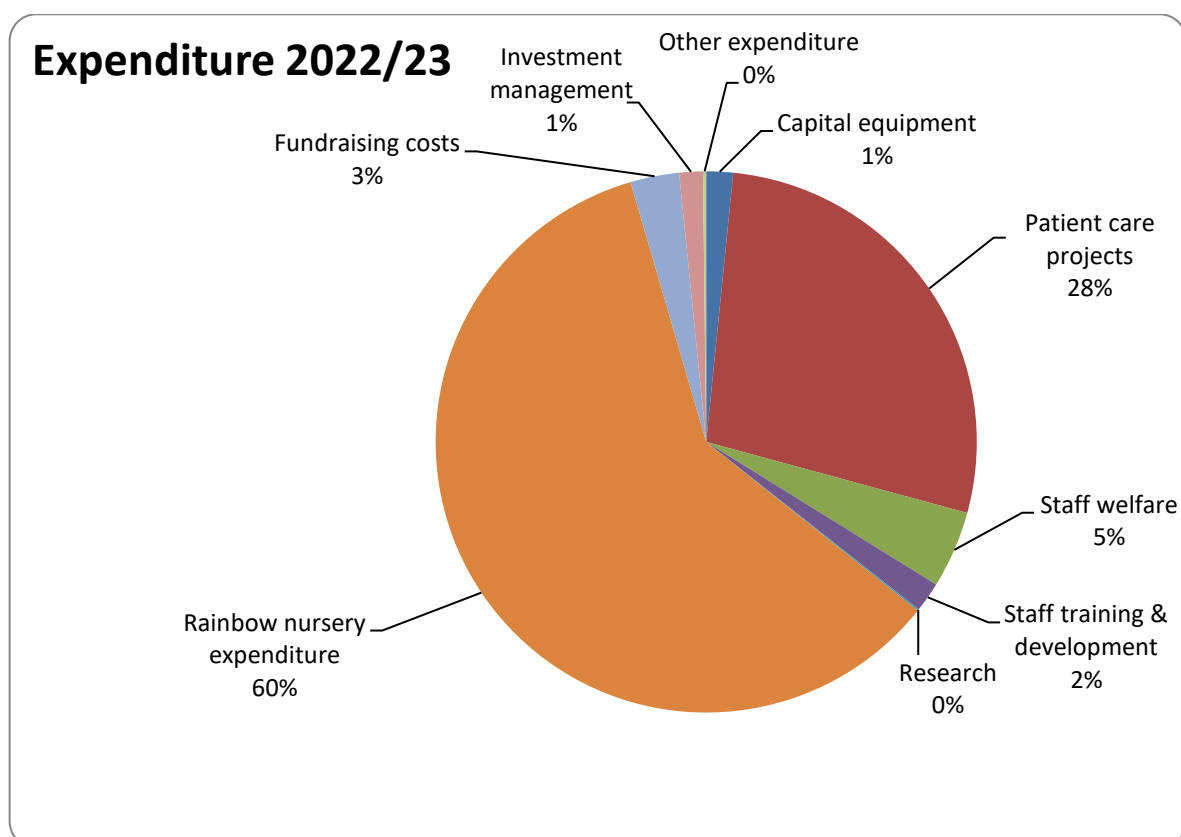
There are significant practical limitations on monitoring the activities of volunteer fundraisers (who mostly conduct their fundraising from their private homes). As such, very limited monitoring can be undertaken but the charity is ready to act swiftly in the event of a complaint. No such complaints were received in the year (2021/22: 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 participants, 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.

### 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 2022/23 we boosted our donations by £3,682 as a result of this initiative.

## 6.2 – Expenditure



| <b>Expenditure</b>              | <b>2022/23</b> | <b>2021/22</b> |
|---------------------------------|----------------|----------------|
|                                 | <b>£'000</b>   | <b>£'000</b>   |
| Capital equipment               | 17             | 60             |
| Patient care projects           | 294            | 251            |
| Staff welfare                   | 49             | 49             |
| Staff development               | 19             | 21             |
| Research                        | 1              | 1              |
| Transfers to other charities    | 0              | 3              |
| Rainbow nursery expenditure     | 636            | 614            |
| Fundraising costs               | 31             | 0              |
| Investment management           | 15             | 16             |
| Other expenditure               | 2              | 2              |
| <b>Total resources expended</b> | <b>1,064</b>   | <b>1,017</b>   |

Charitable expenditure almost always consists of discretionary one-off project costs (for example, purchase of medical equipment). As such, it fluctuates from year to year.

The exception is expenditure relating to the Rainbow nursery. Further information regarding the financial performance of the nursery is given in section 6, above.

**Projects made possible through the generous support of NHS Charities Together and donations from individuals, groups and companies during Covid aimed at supporting NHS staff and patients during this challenging time**

The following projects were completed during the year:

- Improvements to Bayview Café wellbeing area (£17,000)
- Improvements for staff rest rooms (£7,000)
- Environment Gardens and Green spaces (£12,000)
- Artist in residence (£11,000)
- Mental Health – Wellness for staff (£8,500)
- Support for BAME (Black, Asian and Minority Ethnic) Leadership (£4,000)
- Volunteering (£5,000)
- Lockable cycle compound (£10,000)
- Discharge Lounge (£1,200)

Ongoing projects include:

- Environment Gardens and Green spaces (£13,000)
- Artist in residence (£29,000)
- Improvements for staff rest rooms (£58,000)
- Mental Health – Wellness for staff (£41,000)
- Support for BAME (Black, Asian and Minority Ethnic) Leadership (£1,500)
- Culture – (£8,000)

## Some examples of other charitable expenditure

For Torbay Hospital:

- Overnight chair-bed sleeper for Warrington Ward (£1,100)
- Electric Armchairs for Cromie Ward (£5,300)
- Sleeper chair for Louisa Cary ward (£1,500)
- Specialist twin Cot for the Special Care Baby Unit (£4,500)
- A specialist training mannequin for the Intensive Care Team (£13,600)
- Staff training for the Ricky Grant Day Unit/Turner Ward (£2,000)

For Newton Abbot Hospital:

- A patient lifting device (£1,300)
- Pharmacy Trolley (£1,700)

Across all sites:

- A commemorative Tree Trail (£3,500)
- Staff training provided by the Centre of Education (£2,500)

## 7 – Examples of how donations have made a difference

### 7.1 - Outings and activities for young adult carers in Torbay (total spend £500)



Young adult carers are young people aged 16–25 who care, unpaid, for a family member or friend with an illness or disability, mental health condition or an addiction. The Torbay Young Adult Carers (TYAC) team provide much needed help, advice and support to around 241 young carers locally.

Although the Torbay Young Adult Carers (TYAC) service is funded by the NHS, the team offers a range of events, outings and meet-ups for young carers, funded by charitable donations. In 2022/23, the TYAC team was able to offer regular drop

in sessions, sailing, a Christmas meal and trips to Plymouth Aquarium and Bristol. These activities were so important to the young carers, building resilience and mental well-being and offering them a chance to pause responsibilities and enjoy being a teenager or young adult for a few hours.

One of the young adult carers supported by the service says,

*“The events have given me time to myself which I find hard to do between caring and working. It has also taught me valuable skills to take away and use, skills like organising, trust, improving my social*

*skills and confidence. I am part of the operational group as well which allows me to voice opinions and take part in fundraising events and this helps build my confidence and experience. I mostly use the drop-in service to have two hours to relax, play games and make friends.”*

## **7.2 - A new sleeper chair for Louisa Cary ward (the children’s ward at Torbay Hospital) £1,500**

Parents of children cared for on Louisa Cary ward often need to stay by their child’s bedside overnight, sometimes for days at a time. Getting a good night’s sleep is essential for coping with what is likely to be a stressful and challenging time in their and their child’s life. New sleeper chairs by the child’s bedside, replacing old style camp beds, have helped to provide greater comfort for parents and have been a big success.

Tine Roberts, staff nurse on the ward says:

*“We are really pleased with the new sleeper chairs, they are easy to clean, easy to set up and more comfortable for our parents.”*



## **7.3 - Group yoga sessions for patients following breast cancer treatment (£1,900)**

Thanks to charitable funds, Torbay Hospital’s Breast Care team has been able to offer free of charge weekly yoga sessions to patients following breast cancer treatment, led by an experienced yoga teacher, Theresa. These sessions make a significant difference to both the physical health and mental well-being of the ladies who attend, one of the ladies benefiting from the yoga said:

*“Theresa’s yoga group and her knowledge and care, and the support of other group members has carried me through - not only cancer, but other medical and life events too. It has been one of the most important factors in my recovery, mind, body and spirit.”*



## 7.4 - A new twin cot for Torbay Hospital's Special Care Baby Unit (SCBU) £4,500

The SCBU team, caring for new born babies requiring special care, was delighted to purchase their first ever twin cot for new-born twins needing special care thanks to the charity's support. Babies Henry and Ronnie were the first set of twins to try out the new twin cot.

*"The SCBU team care for sets of twins on a regular basis and up until now, the babies would have to be in separate cots. Now, thanks to the funds that have been raised, twins can be cared for together, providing them with the comfort of knowing their sibling is close by and helping their parents keep their new family together",* said SCBU matron, Carol.



## 7.5 - Supporting parents suffering the loss of a baby (£800)

At Torbay Hospital, a bereavement suite is available for parents who have suffered any kind of baby loss such as miscarriage or stillborn birth. The suite provides bereaved parents with a little oasis of peace and calm at a very difficult time in their lives. In addition to items in the suite, the Charity funds small items including keepsake hearts in two parts for families facing the loss of their baby. One heart can be placed in the baby's hand or blanket when saying goodbye and the other is for the parent to keep. It is a small gesture that means a great deal to the parents supported by the team at Torbay.

Bereavement midwife Anna Stewart said:

*"We are always so grateful for donations, they make such a difference to help us to help parents who have sadly experienced the loss of a baby.*

*Many of the items we provide to parents, even the coffee machine, are funded thanks to people's kind donations."*





## 8 - 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 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 2023 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.

## **9 - 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 June 2018, the Committee reviewed the level of funds and set a target level (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 voluntary income, discretionary grant expenditure and investment gains/losses. As at March 2023, these funds total £1.16m (March 2022: £1.41m).

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 have been 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.

## 10 - 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 2023/24, the Corporate Trustee has asked Fund Managers to prioritise expenditure on:

- Supporting the change process that many NHS services are going through.
- The health and well-being of staff.
- 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.

## 11 - Assets and Liabilities

| <b>Total assets and liabilities</b>  | <b>31/03/23</b> | <b>31/03/22</b> |
|--------------------------------------|-----------------|-----------------|
|                                      | <b>£'000</b>    | <b>£'000</b>    |
| Investments                          | 1,479           | 1,760           |
| Debtors                              | 9               | 10              |
| Cash and cash equivalents            | 104             | 33              |
| <b>Total assets</b>                  | <b>1,592</b>    | <b>1,803</b>    |
|                                      |                 |                 |
| Creditors                            | 93              | 27              |
| <b>Total liabilities</b>             | <b>93</b>       | <b>27</b>       |
|                                      |                 |                 |
| <b>Total assets less liabilities</b> | <b>1,499</b>    | <b>1,776</b>    |

The value of investments reduced during the year. This was due to reductions in the market value of the portfolio and sales of investments to fund the planned operating deficit.

The charity's expenditure is incurred on its behalf by the Corporate Trustee and the charity periodically reimburses the Corporate Trustee. The Corporate Trustee, as a large organisation, has offered the charity some flexibility in terms of the timing of these reimbursements. The amount owing to the Corporate Trustee was higher at 31 March 2023 than at the prior year end – as such the cash balance and creditor balance were both higher than at the prior year end.



## 11.1 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: -

|                    | <b>31 March<br/>2023</b> | <b>31 March<br/>2022</b> |
|--------------------|--------------------------|--------------------------|
| Fixed Interest     | 17%                      | 15%                      |
| Equities           | 64%                      | 67%                      |
| Property           | 6%                       | 6%                       |
| Alternative assets | 11%                      | 9%                       |
| Cash               | 2%                       | 3%                       |
| <b>Total</b>       | <b>100%</b>              | <b>100%</b>              |

### Investment Policy and Ethical Investments

Charitable bodies are bound by the Trustee Act 2000. The Corporate Trustee also follows the 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 current objective 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 18.1, which is favourable to the benchmark of 22.1.

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

| <b>Investment type</b> | <b>Weighting</b> | <b>Benchmark</b>                     |
|------------------------|------------------|--------------------------------------|
| 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.

## 12 - Contact details

The day-to-day management of the charity is delegated to a senior manager within the Corporate Trustee's Finance Department. 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 2022/23**

#### **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 2023 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 2023, 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 trustee's responsibilities statement, 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 and 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 the 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 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 indicators of fraud or non-compliance with laws and regulations throughout the audit.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the FRC's website at: <https://www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor%E2%80%99s-responsibilities-for>. This description forms part of our auditor's 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 as a body, 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 2023

|                                    | Note | Unrestricted<br>Funds<br>2022/23<br>£'000 | Restricted<br>Funds<br>2022/23<br>£'000 | Endowment<br>Funds<br>2022/23<br>£'000 | Total<br>2022/23<br>£'000 | Total<br>(restated)<br>2021/22<br>£'000 |
|------------------------------------|------|---|---|--|---------------------------|---|
| <b>Income and endowments from:</b> |      |   |   |  |                           |   |
| Donations and legacies             | 4    | 9   | 223                                     | 0                                      | 232                       | 142                                     |
| Charitable activities              | 5    | 0   | 631                                     | 0                                      | 631                       | 620                                     |
| Other trading activities           | 5    | 0   | 0                                       | 0                                      | 0                         | 0                                       |
| Investments                        | 6    | 17  | 23                                      | 0                                      | 40                        | 39                                      |
| <b>Total</b>                       |      | <b>26</b>                                 | <b>877</b>                              | <b>0</b>                               | <b>903</b>                | <b>801</b>                              |
| <b>Expenditure on:</b>             |      |   |   |  |                           |   |
| Raising funds                      | 7    | (12)                                      | (31)                                    | (3)                                    | (46)                      | (16)                                    |
| Charitable activities              |      |   |   |  |                           |   |
| - NHS capital equipment grants     | 8    | (8)                                       | (9)                                     | 0                                      | (17)                      | (60)                                    |
| - Patient welfare & amenities      | 8    | (72)                                      | (222)                                   | 0                                      | (294)                     | (251)                                   |
| - Staff welfare & amenities        | 8    | (5)                                       | (44)                                    | 0                                      | (49)                      | (49)                                    |
| - Staff development                | 8    | (1)                                       | (18)                                    | 0                                      | (19)                      | (21)                                    |
| - Research                         | 8    | 0   | (1)                                     | 0                                      | (1)                       | (1)                                     |
| - Transfers to other charities     | 8    | 0   | 0                                       | 0                                      | 0                         | (3)                                     |
| - Rainbow nursery expenditure      | 8    | 0   | (636)                                   | 0                                      | (636)                     | (614)                                   |
| Sub-total charitable activities    |      | (86)                                      | (930)                                   | 0                                      | (1,016)                   | (999)                                   |
| Other expenditure                  | 21   | 0   | (2)                                     | 0                                      | (2)                       | (2)                                     |
| <b>Total</b>                       |      | <b>(98)</b>                               | <b>(963)</b>                            | <b>(3)</b>                             | <b>(1,064)</b>            | <b>(1,017)</b>                          |
| Net gains/(losses) on investments  | 13.4 | (31)                                      | (59)                                    | (26)                                   | (116)                     | 70                                      |
| <b>Net income/(expenditure)</b>    |      | <b>(103)</b>                              | <b>(145)</b>                            | <b>(29)</b>                            | <b>(277)</b>              | <b>(146)</b>                            |
| Transfers between funds            |      | 0   | 0                                       | 0                                      | 0                         | 0                                       |
| <b>Net movement in funds</b>       |      | <b>(103)</b>                              | <b>(145)</b>                            | <b>(29)</b>                            | <b>(277)</b>              | <b>(146)</b>                            |
| <b>Reconciliation of funds:</b>    |      |   |   |  |                           |   |
| Total funds brought forward        |      | 414                                       | 997                                     | 365                                    | 1,776                     | 1,922                                   |
| <b>Total funds carried forward</b> | 18   | <b>311</b>                                | <b>852</b>                              | <b>336</b>                             | <b>1,499</b>              | <b>1,776</b>                            |

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

**Balance Sheet as at 31 March 2023**

|  | Note | Unrestricted<br>Funds<br>31/03/2023<br>£'000 | Restricted<br>Funds<br>31/03/2023<br>£'000 | Endowment<br>Funds<br>31/03/2023<br>£'000 | <b>Total<br/>31/03/2023<br/>£'000</b> | Total<br>(restated)<br>31/03/2022<br>£'000 |
|--|------|--|--|---|---------------------------------------|--|
| Fixed assets:                                  |      |  |  |   |                                       |  |
| Investments                                    | 13   | 306  | 837  | 336                                       | <b>1,479</b>                          | 1,760                                      |
| <b>Total fixed assets</b>                      |      | <b>306</b>                                   | <b>837</b>                                 | <b>336</b>                                | <b>1,479</b>                          | <b>1,760</b>                               |
| Current Assets:                                |      |  |  |   |                                       |  |
| Debtors  | 14   | 2  | 7  | 0   | <b>9</b>                              | 10   |
| Cash at bank and in hand                       | 15   | 23   | 81   | 0   | <b>104</b>                            | 33   |
| <b>Total current assets</b>                    |      | <b>25</b>                                    | <b>88</b>                                  | <b>0</b>                                  | <b>113</b>                            | <b>43</b>                                  |
| Liabilities                                    |      |  |  |   |                                       |  |
| Creditors: Amounts falling due within one year | 16   | (20)   | (73)                                       | 0   | <b>(93)</b>                           | (27)                                       |
| <b>Net current assets</b>                      |      | <b>5</b>                                     | <b>15</b>                                  | <b>0</b>                                  | <b>20</b>                             | <b>16</b>                                  |
| <b>Total net assets</b>                        |      | <b>311</b>                                   | <b>852</b>                                 | <b>336</b>                                | <b>1,499</b>                          | <b>1,776</b>                               |
| <b>The funds of the charity:</b>               |      |  |  |   |                                       |  |
| Endowment Funds                                | 18   | 0  | 0  | 336                                       | <b>336</b>                            | 365  |
| Restricted Income Funds                        | 18   | 0  | 852  | 0   | <b>852</b>                            | 997  |
| Unrestricted Income Funds                      | 18   | 311  | 0  | 0   | <b>311</b>                            | 414  |
| <b>Total charity funds</b>                     |      | <b>311</b>                                   | <b>852</b>                                 | <b>336</b>                                | <b>1,499</b>                          | <b>1,776</b>                               |

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 2023

|  | Note      | Total<br>2022/23<br>£'000 | Total<br>(restated)<br>2021/22<br>£'000 |
|--|-----------|---------------------------|---|
| <b>Cash flows from operating activities:</b>   |           |                           |   |
| Net income/(expenditure) for the year (as per the Statement of Financial Activities) |           | (277)                     | (146)                                   |
| Adjustments for:   |           |                           |   |
| - (Gains)/losses on investments  | 13.4      | 116                       | (70)                                    |
| - Dividends, interests and rents from investments                                    | 6         | (40)                      | (39)                                    |
| - Decrease/(increase) in debtors   | 14        | 1                         | 3                                       |
| - (Decrease)/increase in creditors   | 16        | 66                        | (57)                                    |
| <b>Net cash used in operating activities</b>   |           | <b>(134)</b>              | <b>(309)</b>                            |
| <b>Cash flows from investing activities:</b>   |           |                           |   |
| Dividends, interests and rents from investments                                      | 6         | 40                        | 39                                      |
| Less non-cash dividends included within above value                                  | 13.3      | 0                         | (1)                                     |
| Plus purchased interest  | 13.3      | 0                         | 0                                       |
| Cash withdrawn from the investment portfolio   | 13.3      | 165                       | 0                                       |
| <b>Net cash provided by investing activities</b>                                     |           | <b>205</b>                | <b>38</b>                               |
| <b>Change in cash and cash equivalents over the year</b>                             |           | <b>71</b>                 | <b>(271)</b>                            |
| Cash and cash equivalents at the beginning of the year                               | 15        | 33                        | 304                                     |
| <b>Cash and cash equivalents at the end of the year</b>                              | <b>15</b> | <b>104</b>                | <b>33</b>                               |

## 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. For a small proportion of investments such as property unit trusts, valuations may be estimated by the unit trust manager and are subject to some uncertainty. The potential impact is small.

#### Going concern

The charity's business activities are limited to the running of the Rainbow nursery. As explained in Section 6 of the Annual Report, the nursery is currently experiencing financial challenges, in common with the rest of the nursery sector nationally. The nursery has been able to fund deficits from its own reserves. These deficits, although significant for the nursery, are very immaterial relative to the overall reserves of the charity.

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.

The charity's reserves are largely held within its investment portfolio. Cash can be realised from the investment portfolio within a matter of days.

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

The Corporate Trustee has the power to accept gifts, including gifts to be held on trust either for the purposes of the Corporate Trustee or for any purposes relating to the NHS. Charitable gifts to the Corporate Trustee which are held on trust are held by the charity and accounted for as gifts to the charity.

Some charitable gifts are only given to the Corporate Trustee after corresponding expenditure specified by the donor has already been incurred by the Corporate Trustee. In such cases, the gifts have been expended before they have been received. They are consequently not required to be held and are accounted for only as gifts to the Corporate Trustee.

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.

Notes to the Accounts

**1. Accounting policies (continued)**

**(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.

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<br>Funds<br>(restated)<br>2021/22<br>£'000 | Restricted<br>Funds<br>(restated)<br>2021/22<br>£'000 | Endowment<br>Funds<br>2021/22<br>£'000 | Total<br>(restated)<br>2021/22<br>£'000 |
|------------------------------------|------|---|---|--|---|
| <b>Income and endowments from</b>  |      |   |   |  |   |
| Donations and legacies             | 4    | 17  | 125   | 0                                      | 142                                     |
| Charitable activities              | 5    | 0   | 620   | 0                                      | 620                                     |
| Other trading activities           |      | 0   | 0   | 0                                      | 0                                       |
| Investments                        | 6    | 16  | 23  | 0                                      | 39                                      |
| <b>Total</b>                       |      | <b>33</b>   | <b>768</b>  | <b>0</b>                               | <b>801</b>                              |
| <b>Expenditure on:</b>             |      |   |   |  |   |
| Raising funds                      | 7    | (4)   | (8)   | (4)                                    | (16)                                    |
| Charitable activities              |      |   |   |  |   |
| - NHS capital equipment grants     | 8    | 0   | (60)  | 0                                      | (60)                                    |
| - Patient welfare & amenities      | 8    | (29)  | (222)   | 0                                      | (251)                                   |
| - Staff welfare & amenities        | 8    | (3)   | (46)  | 0                                      | (49)                                    |
| - Staff training & education       | 8    | (11)  | (10)  | 0                                      | (21)                                    |
| - Research                         | 8    | 0   | (1)   | 0                                      | (1)                                     |
| - Transfers to other charities     | 8    | 0   | (3)   | 0                                      | (3)                                     |
| - Rainbow nursery expenditure      | 8    | 0   | (614)   | 0                                      | (614)                                   |
| Sub-total charitable activities    | 8    | (43)  | (956)   | 0                                      | (999)                                   |
| Other expenditure                  |      | 0   | (2)   | 0                                      | (2)                                     |
| <b>Total</b>                       |      | <b>(47)</b>   | <b>(966)</b>  | <b>(4)</b>                             | <b>(1,017)</b>                          |
| Net gains on investments           | 13.4 | 13  | 41  | 16                                     | 70                                      |
| <b>Net income/(expenditure)</b>    |      | <b>(1)</b>  | <b>(157)</b>  | <b>12</b>                              | <b>(146)</b>                            |
| Transfers between funds            |      | 0   | 0   | 0                                      | 0                                       |
| <b>Net movement in funds</b>       |      | <b>(1)</b>  | <b>(157)</b>  | <b>12</b>                              | <b>(146)</b>                            |
| <b>Reconciliation of funds:</b>    |      |   |   |  |   |
| Total funds brought forward        |      | 415   | 1,154   | 353                                    | 1,922                                   |
| <b>Total funds carried forward</b> | 18   | <b>414</b>  | <b>997</b>  | <b>365</b>                             | <b>1,776</b>                            |



Notes to the accounts

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

**2.2 Balance Sheet**

|  | Note | Unrestricted<br>Funds<br>(restated)<br>31/03/2022<br>£'000 | Restricted<br>Funds<br>(restated)<br>31/03/2022<br>£'000 | Endowment<br>Funds<br>31/03/2022<br>£'000 | <b>Total<br/>(restated)<br/>31/03/2022<br/>£'000</b> |
|--|------|--|--|---|--|
| Fixed assets:                                  |      |  |  |   |  |
| Investments                                    | 13   | 409  | 986  | 365                                       | <b>1,760</b>   |
| <b>Total fixed assets</b>                      |      | <b>409</b>   | <b>986</b>   | <b>365</b>                                | <b>1,760</b>   |
| Current Assets:                                |      |  |  |   |  |
| Debtors  | 14   | 3  | 7  | 0   | <b>10</b>  |
| Cash at bank and in hand                       | 15   | 13   | 20   | 0   | <b>33</b>  |
| <b>Total current assets</b>                    |      | <b>18</b>  | <b>46</b>  | <b>0</b>                                  | <b>64</b>  |
| Liabilities                                    |      |  |  |   |  |
| Creditors: Amounts falling due within one year | 16   | (11)   | (16)   | 0   | <b>(27)</b>  |
| <b>Net current liabilities</b>                 |      | <b>5</b>   | <b>11</b>  | <b>0</b>                                  | <b>16</b>  |
| <b>Total net assets</b>                        |      | <b>414</b>   | <b>997</b>   | <b>365</b>                                | <b>1,776</b>   |
| <b>The funds of the charity:</b>               |      |  |  |   |  |
| Endowment Funds                                | 18   | 0  | 0  | 365                                       | <b>365</b>   |
| Restricted Income Funds                        | 18   | 0  | 997  | 0   | <b>997</b>   |
| Unrestricted Income Funds                      | 18   | 414  | 0  | 0   | <b>414</b>   |
| <b>Total charity funds</b>                     | 18   | <b>414</b>   | <b>997</b>   | <b>365</b>                                | <b>1,776</b>   |

Notes to the accounts

**3. Related party transactions**

During the year no parties (2021/22: none) 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 (2021/22: none).

During the year one (2021/22: 1) public sector organisation has undertaken material transactions with the charity. Torbay Council provided £165k (2021/22: £155k) 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, £84k (2021/22 £117k). 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, £977k (2021/22 restated: £900k). The Corporate Trustee also provided financial support of £12k (2021/22: £42k) 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 (2021/22: £0).

There was an outstanding creditor due to Torbay and South Devon NHS Foundation Trust at 31st March 2023 of £57k (31 March 2022: £0).

No members of the Corporate Trustee's Board received honoraria, emoluments or expenses in the year from the Charitable Fund (2021/22: none).

## Notes to the Accounts

#### 4. Donations and legacies

|              | Unrestricted | Restricted | Endowment | Total      | Total<br>(restated) |
|--------------|--------------|------------|-----------|------------|---------------------|
|              | Funds        | Funds      | Funds     | 2022/23    | 2021/22             |
|              | £'000        | £'000      | £'000     | £'000      | £'000               |
| Donations    | 2            | 141        | 0         | 143        | 124                 |
| Legacies     | 7            | 4          | 0         | 11         | 18                  |
| Grants       | 0            | 78         | 0         | 78         | 0                   |
| <b>Total</b> | <b>9</b>     | <b>223</b> | <b>0</b>  | <b>232</b> | <b>142</b>          |

#### 5. Charitable activities

|                        | Unrestricted | Restricted | Endowment | Total      | Total<br>(restated) |
|------------------------|--------------|------------|-----------|------------|---------------------|
|                        | Funds        | Funds      | Funds     | 2022/23    | 2021/22             |
|                        | £'000        | £'000      | £'000     | £'000      | £'000               |
| Rainbow nursery income | 0            | 619        | 0         | 619        | 609                 |
| Other                  | 0            | 12         | 0         | 12         | 11                  |
| <b>Total</b>           | <b>0</b>     | <b>631</b> | <b>0</b>  | <b>631</b> | <b>620</b>          |

Rainbow nursery provides nursery services, primarily to employees of Torbay and South Devon NHS Foundation Trust. The 'Other' category principally relates to income from sales of mastectomy bras to patients.

#### 6. Investments

|                    | Unrestricted | Restricted | Endowment | Total     | Total<br>(restated) |
|--------------------|--------------|------------|-----------|-----------|---------------------|
|                    | Funds        | Funds      | Funds     | 2022/23   | 2021/22             |
|                    | £'000        | £'000      | £'000     | £'000     | £'000               |
| Listed investments | 17           | 23         | 0         | 40        | 39                  |
| <b>Total</b>       | <b>17</b>    | <b>23</b>  | <b>0</b>  | <b>40</b> | <b>39</b>           |

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 | Restricted  | Endowment  | Total       | Total<br>(restated) |
|-----------------------------|--------------|-------------|------------|-------------|---------------------|
|                             | Funds        | Funds       | Funds      | 2022/23     | 2021/22             |
|                             | £'000        | £'000       | £'000      | £'000       | £'000               |
| Investment management costs | (4)          | (8)         | (3)        | (15)        | (16)                |
| Fundraising costs           | (8)          | (23)        | 0          | (31)        | 0                   |
| <b>Total</b>                | <b>(12)</b>  | <b>(31)</b> | <b>(3)</b> | <b>(46)</b> | <b>(16)</b>         |

The charity employs a professional investment management company (Investec Wealth & Investment Ltd) to manage its investment portfolio. Fundraising costs consists of the part-year cost of the charity's fundraising manager, a new role which commenced in September 2022.

#### 8. Analysis of expenditure on charitable activities

|                                      | Activities   | Grant        | Support     | Total          | Total<br>(restated) |
|--------------------------------------|--------------|--------------|-------------|----------------|---------------------|
|                                      | undertaken   | expenditure  | costs       | 2022/23        | 2021/22             |
|                                      | £'000        | £'000        | £'000       | £'000          | £'000               |
| NHS capital equipment grants         | 0            | (16)         | (1)         | (17)           | (60)                |
| Patient welfare & amenities          | 0            | (207)        | (87)        | (294)          | (251)               |
| Staff welfare & amenities            | 0            | (46)         | (3)         | (49)           | (49)                |
| Staff development                    | 0            | (17)         | (2)         | (19)           | (21)                |
| Research                             | 0            | (1)          | 0           | (1)            | (1)                 |
| Transfers to other charities         | 0            | 0            | 0           | 0              | (3)                 |
| <b>Sub-total - grant expenditure</b> | <b>0</b>     | <b>(287)</b> | <b>(93)</b> | <b>(380)</b>   | <b>(385)</b>        |
| Rainbow nursery expenditure          | (632)        | 0            | (4)         | (636)          | (614)               |
| <b>Total</b>                         | <b>(632)</b> | <b>(287)</b> | <b>(97)</b> | <b>(1,016)</b> | <b>(999)</b>        |

## 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. During 2022/23, the nursery incurred a deficit of £17,000 (2021/22: £2,000). Further details regarding the nursery's financial performance are provided in section 6 of the Annual Report.

**9. Analysis of grant expenditure**

All grants are made to organisations. All grants have been made to Torbay and South Devon NHS Foundation Trust (2021/22: one grant of £3k was made to Devon Partnership Trust Special Charity).

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<br>£'000 | Total<br>2022/23<br>£'000 | Total<br>2021/22<br>£'000 |
|---|----------------------|--------------------------------|---------------------------|---------------------------|
| External audit fees                       | Value of balance     | 13                             | 13                        | 11                        |
| Staffing cost - governance activities     | Value of balance     | 22                             | 22                        | 16                        |
| Total governance cost                     |                      | 35                             | 35                        | 27                        |
| Staffing cost - administrative activities | Value of expenditure | 62                             | 62                        | 101                       |
|   |                      | <b>97</b>                      | <b>97</b>                 | <b>128</b>                |

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 declined in 2022/23, due to the reducing cost 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<br>Funds<br>£'000 | Restricted<br>Funds<br>£'000 | Endowment<br>Funds<br>£'000 | Total<br>2022/23<br>£'000 | Total<br>2021/22<br>£'000 |
|-----------------------------|--------------------------------|------------------------------|-----------------------------|---------------------------|---------------------------|
| Capital equipment           | 1                              | 0                            | 0                           | 1                         | 0                         |
| Patient welfare             | 17                             | 70                           | 0                           | 87                        | 118                       |
| Staff welfare               |                                | 3                            | 0                           | 3                         | 4                         |
| Staff development           |                                | 2                            | 0                           | 2                         | 1                         |
| Rainbow nursery expenditure |                                | 4                            | 0                           | 4                         | 5                         |
|                             | <b>18</b>                      | <b>79</b>                    | <b>0</b>                    | <b>97</b>                 | <b>128</b>                |

Notes to the Accounts

**11. Auditors' remuneration**

The auditors' remuneration of £11,000 excl VAT (2021/22 £9,500 excl VAT) related to the audit with no additional work undertaken (2020/21: none). Including irrecoverable VAT, the cost to the charity was £13,200 (2021/22: £11,400).

**12. Analysis of staffing cost**

|  | Rainbow<br>nursery<br>£'000 | Fundraising<br>costs<br>£'000 | Support<br>costs<br>£'000 | <b>Total<br/>2022/23<br/>£'000</b> | Total<br>2021/22<br>£'000 |
|--|-----------------------------|-------------------------------|---------------------------|------------------------------------|---------------------------|
| Wages and salaries                           | 478                         | 28                            | 67                        | <b>573</b>                         | 558                       |
| Social security costs                        | 32                          | 3                             | 7                         | <b>42</b>                          | 37                        |
| Employer contributions to NHS Pension Scheme | 61                          | 0                             | 10                        | <b>71</b>                          | 71                        |
|  | <b>571</b>                  | <b>31</b>                     | <b>84</b>                 | <b>686</b>                         | <b>666</b>                |
| Average headcount                            | 32.0                        | 0.6                           | 6.3                       | <b>38.9</b>                        | 48.8                      |
| Average whole-time equivalent                | 20.2                        | 0.6                           | 1.7                       | <b>22.5</b>                        | 23.2                      |

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 (2021/22: none).

**13. Investments**

**13.1 Fixed asset investments by class**

|                                    | Total<br>value held<br>in the UK<br>2022/23<br>£'000 | Total<br>value held<br>in the UK<br>2021/22<br>£'000 |
|------------------------------------|--|--|
| Listed investments - at fair value | 1,454  | 1,703  |
| Cash or cash equivalents           | 25   | 57   |
| <b>Total</b>                       | <b>1,479</b>   | <b>1,760</b>   |

**13.2 Movement in fixed asset investments - listed investments**

|   | 2022/23<br>£'000 | 2021/22<br>£'000 |
|---|------------------|------------------|
| Market value brought forward at 1st April | 1,703            | 1,644            |
| Purchases at cost                         | 218              | 263              |
| Disposals at carrying value               | (384)            | (252)            |
| Unrealised gain/(loss) on revaluation     | (83)             | 48               |
| <b>Market valuation as at 31st March</b>  | <b>1,454</b>     | <b>1,703</b>     |

## Notes to the Accounts

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

|   | 2022/23<br>£'000 | 2021/22<br>£'000 |
|---|------------------|------------------|
| Brought forward at 1st April                      | 57               | 45               |
| Proceeds on disposal of listed investments        | 351              | 274              |
| Purchases of listed investments                   | (218)            | (263)            |
| Less non-cash dividends included within purchases | 0                | 1                |
| Cash withdrawn from the investment portfolio      | (165)            | 0                |
| <b>Value as at 31st March</b>                     | <b>25</b>        | <b>57</b>        |

During 2022/23 the charity withdrew £165,000 from the investment portfolio (2021/22: nil). These withdrawals are made in order to fund planned reductions in reserves (as described in the Annual Report).

**13.4 Gains on investments**

|                           | 2022/23<br>£'000 | 2021/22<br>£'000 |
|---------------------------|------------------|------------------|
| Realised (losses)/gains   | (33)             | 22               |
| Unrealised (losses)/gains | (83)             | 48               |
| <b>Total</b>              | <b>(116)</b>     | <b>70</b>        |

**14. Debtors**

|                                | Total<br>2022/23<br>£'000 | Total<br>(restated)<br>2021/22<br>£'000 |
|--------------------------------|---------------------------|---|
| Trade debtors                  | 0                         | 1                                       |
| Prepayments and accrued income | 9                         | 9                                       |
| <b>Total</b>                   | <b>9</b>                  | <b>10</b>                               |

**15. Cash at bank and in hand**

|                  | Total<br>2022/23<br>£'000 | Total<br>2021/22<br>£'000 |
|------------------|---------------------------|---------------------------|
| Current account  | 100                       | 29                        |
| Deposit accounts | 4                         | 4                         |
| <b>Total</b>     | <b>104</b>                | <b>33</b>                 |

**16. Creditors: amounts falling due within one year**

|   | Total<br>2022/23<br>£'000 | Total<br>(restated)<br>2021/22<br>£'000 |
|---|---------------------------|---|
| Accruals                                    | (23)                      | (27)                                    |
| Deferred Income                             | (13)                      | 0                                       |
| Torbay and South Devon NHS Foundation Trust | (57)                      | 0                                       |
| <b>Total</b>                                | <b>(93)</b>               | <b>(27)</b>                             |

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

**Analysis of movement in deferred income:**

|  | 2022/23<br>£'000 | 2021/22<br>£'000 |
|--|------------------|------------------|
| Deferred income brought forward at 1 April         | 0                | 0                |
| Release in year of deferred income brought forward | 0                | 0                |
| Recognition in year of new deferred income         | (13)             | 0                |
| <b>Deferred income carried forward at 31 March</b> | <b>(13)</b>      | <b>0</b>         |

Deferred income relates to the activities of the Rainbow nursery. Nursery income is deferred where it is received in advance of the delivery of the corresponding nursery services.

**17. Contingent assets - legacies**

As at 31 March 2023 there were two (31/03/2022: two) legacies with an estimated total value of £8k (31/03/2022: £5k) 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<br>31/03/2022<br>£'000 | Incoming<br>resources<br>£'000 | Resources<br>expended<br>£'000 | Gains and<br>losses<br>£'000 | Transfers<br>£'000 | Balance<br>31/03/2023<br>£'000 |
|---|--------------------------------|--------------------------------|--------------------------------|------------------------------|--------------------|--------------------------------|
| <b>Endowment funds (see also note 18.1)</b>           |                                |                                |                                |                              |                    |                                |
| Torbay Hospital PGMF Fund                             | 69                             | 0                              | (1)                            | (5)                          | 0                  | 63                             |
| Ashburton Hospital Easterbrook Bequest                | 20                             | 0                              | 0                              | (1)                          | 0                  | 19                             |
| Newton Abbot Hospital Easterbrook Bequest             | 20                             | 0                              | 0                              | (2)                          | 0                  | 18                             |
| Newton Abbot Hospital Blake Bequest                   | 238                            | 0                              | (2)                            | (17)                         | 0                  | 219                            |
| Newton Abbot Hospital Gribble Bequest                 | 18                             | 0                              | 0                              | (1)                          | 0                  | 17                             |
| <b>Total Endowment funds</b>                          | <b>365</b>                     | <b>0</b>                       | <b>(3)</b>                     | <b>(26)</b>                  | <b>0</b>           | <b>336</b>                     |
| <b>Restricted income funds (see also note 18.2)</b>   |                                |                                |                                |                              |                    |                                |
| Torbay Hospital Patients                              | 175                            | 28                             | (37)                           | (13)                         | 0                  | 153                            |
| Torbay Hospital Cancer Services                       | 74                             | 50                             | (41)                           | (5)                          | 0                  | 78                             |
| Torbay Hospital Heart & Lung Unit                     | 65                             | 5                              | (9)                            | (4)                          | 0                  | 57                             |
| Torbay Hospital Staff                                 | 71                             | 631                            | (646)                          | (6)                          | 0                  | 50                             |
| Torbay Hospital General                               | 222                            | 92                             | (128)                          | (2)                          | (2)                | 182                            |
| Paignton Hospital General                             | 82                             | 23                             | (7)                            | (6)                          | (2)                | 90                             |
| Torbay Hospital General Surgery & Urology             | 59                             | 2                              | (9)                            | (4)                          | 0                  | 48                             |
| Torbay Hospital Gastroenterology                      | 21                             | 1                              | (3)                            | (2)                          | 0                  | 17                             |
| Torbay Hospital Radiology                             | 23                             | 17                             | (20)                           | (2)                          | 2                  | 20                             |
| Torbay Hospital Radiotherapy                          | 43                             | 3                              | (4)                            | (3)                          | 0                  | 39                             |
| Torbay Hospital Laboratory Medicine                   | 54                             | 4                              | (6)                            | (4)                          | 0                  | 48                             |
| Torbay Hospital Ophthalmology                         | 23                             | 2                              | (3)                            | (2)                          | 0                  | 20                             |
| Torbay Hospital Endocrinology                         | 35                             | 1                              | (5)                            | (3)                          | 0                  | 28                             |
| Others (7)  | 50                             | 18                             | (45)                           | (3)                          | 2                  | 22                             |
| <b>Total Restricted funds</b>                         | <b>997</b>                     | <b>877</b>                     | <b>(963)</b>                   | <b>(59)</b>                  | <b>0</b>           | <b>852</b>                     |
| <b>Unrestricted income funds (see also note 18.3)</b> |                                |                                |                                |                              |                    |                                |
| Community Hospitals                                   | 73                             | 11                             | (14)                           | (5)                          | 0                  | 65                             |
| Other   | 341                            | 15                             | (84)                           | (26)                         | 0                  | 246                            |
| <b>Total Unrestricted funds</b>                       | <b>414</b>                     | <b>26</b>                      | <b>(98)</b>                    | <b>(31)</b>                  | <b>0</b>           | <b>311</b>                     |
| <b>Total funds</b>                                    | <b>1,776</b>                   | <b>903</b>                     | <b>(1,064)</b>                 | <b>(116)</b>                 | <b>0</b>           | <b>1,499</b>                   |

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 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 consist of funds with immaterial opening and closing balances which relate to other wards and clinical departments at Torbay Hospital and other community hospitals as listed in the foreword.



## 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 2022/23 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, Torquay, TQ2 7AA.

### 20. Mergers

The charity has not undertaken any mergers with other charities.

### 21. Prior year restatement

The charity has made a change to its accounting policy for Funds Structure (Note 1b). Gifts which are given in arrears, in reimbursement of expenditure specified by the donor are now accounted for as gifts to the Corporate Trustee and not as gifts to the charity. Further information regarding the rationale for this decision is provided in Section 6 of the Annual Report.

This has had a material impact on the charity's Accounts. The principal impact relates to gifts from local partner charities such as the local Leagues of Friends and Torbay Medical Research Fund. These gifts, and the expenditure funded by them, are now accounted for only by the Corporate Trustee and not by the charity.

The 2021/22 figures disclosed in these Accounts have been restated accordingly. The material impacts are:

- 2021/22 income from donations and legacies. Reduction of £196,000.
- 2021/22 charitable expenditure. Reduction of £196,000.
- 31 March 2022 debtors. Reduction of £21,000.
- 31 March 2022 creditors. Reduction of £21,000.
- 2021/22 cashflows from decrease in debtors. Reduction of £43,000.
- 2021/22 cashflows from decrease in creditors. Reduction of £43,000.
- Related parties (2021/22 charitable expenditure reimbursed to the Corporate Trustee). Reduction of £196,000.