

**The Child Health Research
Charitable Incorporated
Organisation**

Report and financial statements

31 July 2021

Charity Registration Number
1152623

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Trustees	Mr A W Fane (Chairman) Mr A Clark Professor A J Copp Professor A David Professor D Goldblatt Ms S Payne Mr A C Ross Ms H Vinnicombe Professor R Smyth
Finance Committee	Mr A W Fane (Chairman) Mr A Clark Professor R Smyth Ms H Vinnicombe
Registered office	UCL GOS Institute of Child Health 30 Guilford Street London WC1N 1EH
Charity registration number	1152623
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	The Royal Bank of Scotland plc 280 Bishopgate London EC2M 4RB
Solicitors	Field Fisher Waterhouse 31 Vine Street London EC3N 2AA
Investment managers	Veritas Investment Management LLP 90 Long Acre London WC2E 9RA

The Trustees present their Annual Report together with the consolidated financial statements of The Child Health Research Charitable Incorporated Organisation and its subsidiary company for the year ended 31 July 2021. The financial statements have been prepared in accordance with the accounting policies set out on pages 20 to 23 and comply with the Charity's Constitution, the Charities Act 2011 and 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 United Kingdom and Republic of Ireland (FRS 102), effective from accounting periods commencing 1 January 2015 or later.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Child Health Research Charitable Incorporated Organisation ("the CHR CIO") is a registered charity governed by its Constitution dated 27 June 2013.

The CHR CIO is a registered charity, number 1152623. The CHR CIO, under an arrangement, does not actively fundraise, but relies heavily on its investments to meet its objectives.

Meetings of the Trustees are convened on at least three occasions per annum. At these meetings, the Trustees agree the broad strategy and areas of activity for the CHR CIO, including consideration of grant making, investment, reserves and risk management policies and performance. At these meetings the Trustees also give active consideration to reports on the outcomes of the CHR CIO's spending programmes. Trustees also receive verbal reports on selected programmes from the PhD students supported, by their supervisor.

The Finance Committee (formerly the Investment Sub-Committee) convenes at least twice per annum and reports regularly to the main Board of Trustees. The Finance Committee is responsible for reviewing the financial statements in detail before approval by the main Board, as well as monitoring the external investment managers regarding the investment portfolio performance and giving advice regarding the cash flow of the CHR CIO.

Trustees are recruited by introductions from existing trustees and others who are familiar with the work of the CHR CIO. Prospective Trustees are interviewed by the Chairman and Director of the UCL Great Ormond Street Institute of Child Health (GOS ICH) and asked to submit a CV for review at a Trustees' Meeting. Candidates must be elected by at least a 75% majority of Trustees.

New Trustees are provided with information concerning the finances, fundraising activities and grant-making policies of the CHR CIO. Those who are not familiar with the legal obligations and responsibilities of a Trustee are provided with information published by the Charity Commission. Further induction is given to new Trustees by meetings with key members of the GOS ICH staff.

KEY MANAGEMENT

The Trustees consider that they, together with the GOS ICH Finance Manager and Institute Manager, comprise the key management personnel of the charity in charge of directing and controlling, running and operating the CHR CIO on a day to day basis.

None of the trustees receive any remuneration in respect to their services as trustees.

All employees, including the key management personnel, are employed by the GOS ICH and their remuneration is set by their employers.

A recharge agreement is in place between the GOS ICH and the CHR CIO in respect to the staff. Every month an allocation of their salary is recharged to the CHR CIO (10% in the case of the Finance Manager and 7% of the Institute Manager).

OBJECTIVES AND ACTIVITIES

The purposes (objects) of the CHR CIO are, in such ways as the Trustees think fit, to:

- 1) Advance health in children and the adults they become by supporting research into children's health and wellbeing including pre-natal development and external factors impacting thereon; and
- 2) Advance education by supporting teaching, training and public engagement in children's health including by supporting the mission of the GOS ICH to the extent it is charitable.

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the CHR CIO's aims and objectives and in planning future activities and setting the grant making policy for the year.

The CHR CIO carries out these objects by:

- ◆ Funding research into the causes and prevention of children's diseases. The research funded is both pure and applied/translational with the aim of eliminating suffering of children everywhere. The CHR CIO funds salaries of a number of Professors, Senior Lecturers/Consultants and other grades of staff where their research activity will further the objects of the charity.
- ◆ Providing funds to enable postgraduate studentships to be undertaken at the GOS ICH, focussing on a wide range of paediatric research and education.

By focusing on these areas, the charity is able to meet its strategic objectives and priorities.

OBJECTIVES AND ACTIVITIES (continued)

The Charity has a number of restricted funds which support various academic research projects as follows:

- ◆ Research into Eye Disease (Help a Child to See)
- ◆ Children's Eye Group Travelling Fellowship (Claude Worth Fund)
- ◆ Caring for Kids Fund for a Research Lecturer in kidney disease
- ◆ PKU Research (Phenylketonuria – a genetic disorder)
- ◆ Genetics (Jeans for Genes)
- ◆ Dermatomyositis Research
- ◆ Chair of Epilepsy
- ◆ Simpson-Smith Travelling Fellowship
- ◆ Department of Paediatric Surgery
- ◆ Anne Hamilton Award
- ◆ Siemens Nuclear Medical Research
- ◆ Kidney Research Williams Bequest
- ◆ Simpson-Smith Memorial Lectureship
- ◆ Chair of Developmental Biology
- ◆ Gertrude Marshall Atkins (multiple handicap)
- ◆ Seakins Travel Fund
- ◆ Chair of Cancer Biology
- ◆ Medical Molecular Biology Fund
- ◆ John Lipscombe Memorial Travel Award
- ◆ Chair of Developmental Neurobiology
- ◆ Bill Marshall Memorial Fund
- ◆ Roland Levinsky Studentship
- ◆ Wheeler Scholarship Fund
- ◆ Cystic Fibrosis Fund

The funding for these restricted funds is undertaken by individual fund holders and their supporters.

ACHIEVEMENTS AND PERFORMANCE

The CHR CIO received a generous donation from the Wheeler family to fund a Masters Student's fees on the MSC Paediatrics in Child Health with Clinical Practice. This arrangement is anticipated to continue for at least another three years.

The CHR CIO continues to support early career researchers at the GOS ICH through funding seven 3-year PhD studentships. The CIO also continued to provide funding for several senior academic positions at the GOS ICH to support their work on child health. The summer studentships, which the CHR CIO usually funds, were not held this year due to the COVID-19 pandemic.

The CHR CIO offered its fourth international PhD project in collaboration with the University of Toronto/SickKids Hospital. The PhD student will spend up to 12 months on placement there as part of their second year PhD studies. In return, a University of Toronto student will also spend up to 12 months at the GOS ICH and Great Ormond Street Hospital.

A recurring grant was made this year as support for 10 bursaries for Postgraduate Students on courses run by the GOS ICH. This was aimed to encourage widening participation in postgraduate education. Each bursary was worth £3,000 to support the fees of each student.

The CHR CIO awarded a Child Health Excellence Fellowship to a GOS ICH academic to allow them to develop their applications for externally funded fellowships. The additional capacity provided by this funding has enabled GOS ICH to retain exceptional academics.

GRANT MAKING POLICY

The charity has established a grant making policy to achieve its objects for the public benefit to improve the lives of children everywhere, namely finding better ways of diagnosing and treating sick children through research and then using those findings to improve health outcomes of those children throughout the world. The charity's research programmes support students, academic and academic related staff at the GOS ICH and Great Ormond Street Hospital for Children to find new pioneering cures for many rare diseases which affect children. With new knowledge and understanding, children's lives can be improved significantly. Any benefits received by researchers are purely incidental to the objects of the charity.

The Director of the GOS ICH receives proposals for funding from members of the GOS ICH and Great Ormond Street Hospital for Children's NHS Trust. These are reviewed for scientific quality and to make sure they align with the strategic research objectives of both Institutions. Once endorsed by the Director these are submitted to the charity for consideration and approval. Any grant applications are considered by the Board of

Trustees before award letters are issued on behalf of the charity. This applies to applications against both restricted and unrestricted funds.

The projects are often for pump-priming, initial ideas and data collection before a full application is made to an external awarding body. The charity provides funds for bridging and infrastructure support (including building projects, laboratory refurbishments and equipment).

INVESTMENT POLICY AND PERFORMANCE

Under the terms of the Constitution, the Trustees have absolute discretion to manage and organise the charity's investments. The Trustees, through the Finance Committee, have appointed Veritas Investment Management LLP to manage (with discretionary powers) the Child Health Research CIO portfolio.

The charity has a Statement of Investment Principles which has been approved by the Trustees. This statement includes the following stipulations regarding the specific investment objectives:

- ◆ Investments are to be held to create real returns over the investment horizon of a rolling 5-year period, whilst maintaining the ability to draw income and capital where necessary.
- ◆ A Primary Benchmark of UK CPI + 4% on a rolling 5-year basis (net of fees) will be applied.
- ◆ The Trustees anticipate withdrawals of between £1 - £1.5m per annum, to be met through a mixture of capital returns and income.

INVESTMENT POLICY AND PERFORMANCE (continued)

- ◆ A mix of assets, as detailed in the investment management agreement, may be used by the investment managers to achieve the investment objectives.
- ◆ The investment managers must incorporate into their investment process consideration of issues of Socially Responsible Investment (SRI) as well as factors of Environmental, Social and Governance (ESG), alongside other elements which form such a process and which govern subsequent portfolio construction, stock selection and benchmark adoption.
- ◆ The Trustees accept a medium risk investment profile in the achievement of their objectives.

The Statement of Investment Principles includes the following Specific Investment Restrictions:

- ◆ No investments are permitted in either the debt or equity of manufacturers of armaments, milk powder, tobacco or fossil fuel producing companies.
- ◆ No investments are permitted in pooled funds without the prior approval of the Finance Committee.
- ◆ The investment managers should also carefully consider before making any investments that are indirectly associated with the above restrictions. If there is any doubt, the investment managers should seek the permission of the Finance Committee before any investment is made.

The Statement of Investment Principles will be subject to review as required by the Finance Committee and amendments will be advised in writing to the investment managers when applicable.

The Finance Committee meets at least half yearly to review the performance of the portfolio and the Investment Manager. The Investment Management presents a report of the investment portfolio at each of these meetings.

The charity adopts a cautious approach given the uncertainties in the bond and equity markets with bonds being of relatively short duration given static interest rates. Turning to equities, the charity places emphasis on those companies whose abiding characteristic is to generate sustainable and growing cash flows whatever the state of the world economy. There is a focus on long term structural and demographic changes that inform investment decisions.

The total return for the 12 months to 31 July 2021 was 21.3% (2020: 8.8%) which was ahead of the primary benchmark of 6.2% and the ARC (Asset Risk Consultants) Sterling Equity Risk Index of 20.2%. The total return for FTSE All Share Index was a increase of 18.5% (2020: decrease of 19.2%), MSCI All Countries World Equity Index (£) 27.3% (2020: 14.1%) and BofA MLynch £ Corporates (1-10 Y) 3.6% (2020: 1.3%).

FINANCIAL REVIEW

The consolidated Statement of Financial Activities shows a surplus of £2,134,028 (2020: deficit of £101,652) after investment gains for the year ended 31 July 2021. The figure excluding net investment gains was a deficit of £967,368 (2020: deficit of £1,078,930). Grants payable for the year totalled £1,281,580 (2020: £1,260,985).

The net current liability position on the balance sheet of £237,010 (2020: net current liability of £390,367) is a reflection of the accounting policy that makes full provision for multi-year grants when they are committed. However, the charity maintains a strong cash position and has adequate funds to meet these liabilities as they fall due over the duration of the grants.

RESERVES POLICY AND FINANCIAL POSITION

As stated above, the charity's primary objective is providing funds for research at the GOS ICH. Research, by its very nature, requires a long term commitment to resources for success.

The Trustees believe that in normal circumstances, the charity needs between £1million to £2million of unrestricted reserves to take into account expenditure requirements and income fluctuation that may arise.

The Trustees have reviewed this policy in light of the COVID-19 pandemic and do not deem it necessary to make any changes.

At 31 July 2021, the charity had total funds of £17,628,097 (2020: £15,494,069). Of these, £10,820,576 (2020: £9,044,074) were restricted and £4,300,232 (2020: £3,637,429) were endowment funds. Unrestricted funds, which constitute the charity's free reserves, were £2,507,289 (2020: £2,812,566).

The Trustees consider the level of general reserves (unrestricted funds of £2,507,289) are necessary and appropriate, taking into account their continuing commitments.

The charity has sufficient cash resources to meet its obligations both from the restricted and unrestricted funds but further cash requirements can be met by initially transferring monies held with the Investment Manager and subsequently realising investment assets.

RISK MANAGEMENT

The charity has for many years adopted a risk assessment policy as part of its strategic plan in meeting its principal objectives. The major risks to which the charity is exposed have been evaluated and systems have been established to lessen and where possible, eliminate these risks.

RISK MANAGEMENT (continued)

The key risks for the charity, as identified by the Trustees, are described below together with the principal ways in which they are mitigated:

Conflict of interest – Trustees may have a conflict of interest between the charity and their relationship with the GOS ICH. For example, voting in relation to a funding bid of which their department will be a beneficiary. This is mitigated by keeping the conflicts of interest register up to date and following procedures for trustees to abstain from certain decisions if this is deemed necessary.

Portfolio management – There is a risk that there are unsatisfactory returns from the investment portfolio. This is mitigated by regular monitoring of the financial returns achieved during biannual Finance Committee meetings.

Monitoring of returns on investment – There is a risk that once a grant is awarded, for example to a PhD student, that the outputs from the PhD can be intangible and not readily ascribed a financial value. However, the trustees place great value on supporting the work and early careers of researchers and supporting work in this way is of core importance to the operation of the charity.

The Trustees have reviewed the key risks in light of the COVID-19 pandemic and in their view the key risk is the potential impact on portfolio management.

FUNDRAISING

The charity does not actively fundraise but does receive funding from a variety of sources including donations and legacies.

The charity always aims to conform to recognised standards and protect the public, including vulnerable people.

FUTURE PLANS

The CHR CIO intends to continue to make regular research grants to the GOS ICH. These grants will be for strategic initiatives, PhD studentships, summer vacation studentships, and to support staff salaries. The CHR CIO will also continue to provide transitional funding to support the salaries of exceptional academics through its Child Health Excellence Fellowship. Grants will also be made for one-off capital expenditure where agreed by the Trustees.

There is likely to be ongoing uncertainty in the wider economy caused by COVID-19, and trustees will continue to monitor the impact on the charity's operations, with a particular focus on its effect on the charity's financial position including the charity's income, expenditure and reserves; the charity's beneficiaries; and the charity's staff.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for preparing the Trustees' Report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Principles).

The law applicable to charities in England and Wales requires the Trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Charity and the group and of the income and expenditure of the group for that period. In preparing financial statements, the Trustees are required to:

- ◆ select suitable accounting policies and then apply them consistently;
- ◆ observe the methods and principles in Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- ◆ make judgements and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards 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 Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Charity and which enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the Constitution. The Trustees are responsible for safeguarding the assets of the Charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Trustees on 14/12/2021 and signed on their behalf by Andrew Fane



Chairman

Independent auditor's report to the trustees of The Child Health Research Charitable Incorporated Organisation

Opinion

We have audited the accounts of The Child Health Research Charitable Incorporated Organisation (the 'charity') for the year ended 31 July 2021 which comprise the statement of financial activities, the balance sheet, the statements of cash flows, principal accounting policies and the notes to the accounts. 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 accounts:

- ◆ give a true and fair view of the state of the charity's affairs as at 31 July 2021 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ◆ have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the accounts section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the accounts 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 accounts, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the accounts 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 accounts are authorised for issue.

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report and accounts, other than the accounts and our auditor's report thereon. Our opinion on the accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the accounts or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities Act 2011 requires us to report to you if, in our opinion:

- ◆ the information given in the trustees' annual report is inconsistent in any material respect with the accounts; or
- ◆ sufficient accounting records have not been kept; or
- ◆ the accounts 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.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the accounts

Our objectives are to obtain reasonable assurance about whether the accounts 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 accounts.

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

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

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

- ◆ making enquiries of management as to their knowledge of actual, suspected and alleged fraud; and
- ◆ considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

Auditor's responsibilities for the audit of the accounts (continued)

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

- ◆ performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias;

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ◆ reading the minutes of meetings of those charged with governance;
- ◆ agreeing financial statement disclosures to underlying supporting documentation;
- ◆ enquiring of management as to actual and potential litigation and claims.

As a result of our procedures we did not identify any key audit matters relating to irregularities.

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

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

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

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and with regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Buzzacott LLP

Buzzacott LLP
Statutory Auditor
130 Wood Street
London
EC2V 6DL

Date 25 January 2022

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

Statement of financial activities 31 July 2021

	Notes	Un-restricted funds £	Restricted funds £	Endowment funds £	Total funds 2021 £	Total funds 2020 £
Income from:						
Donations and legacies	1	59,141	28,430	—	87,571	30,319
Investments	2	83,952	316,739	—	400,691	305,292
Total income		143,093	345,169	—	488,262	335,611
Expenditure on:						
Raising funds	3	38,282	135,768	—	174,050	153,556
Charitable activities				—		
. Grants payable	4	997,690	283,890	—	1,281,580	1,260,985
Total expenditure		1,035,972	419,658	—	1,455,630	1,414,541
Net (expenditure) income for the year before transfers and gains on investments		(892,879)	(74,489)	—	(967,368)	(1,078,930)
Transfers		(62,204)	62,204	—	—	—
Net gains on investment assets	7	649,806	1,788,787	662,803	3,101,396	977,278
Net (expenditure) income and net movement in funds		(305,277)	1,776,502	662,803	2,134,028	(101,652)
Reconciliation of funds:						
Total fund balances brought forward at 1 August		2,812,566	9,044,074	3,637,429	15,494,069	15,595,721
Total fund balances carried forward at 31 July		2,507,289	10,820,576	4,300,232	17,628,097	15,494,069

All of the charity's activities were from continuing operations in the above two financial periods.

The charity has no recognised gains or losses other than those included in the Statement of Financial Activities.

The notes on pages 24 to 32 form an integral part of these financial statements.

Consolidated statement of financial activities 31 July 2020

	Notes	Un- restricted funds £	Restricted funds £	Endowment funds £	Total funds 2020 £
<i>Income from:</i>					
<i>Donations and legacies</i>	1	1,307	29,012	—	30,319
<i>Investments</i>	2	88,076	217,216	—	305,292
<i>Total income</i>		89,383	246,228	—	335,611
<i>Expenditure on:</i>					
<i>Raising funds</i>	3	44,301	109,255	—	153,556
<i>Charitable activities</i>					
<i>. Grants payable</i>	4	1,190,583	70,402	—	1,260,985
<i>Total expenditure</i>		1,234,884	179,657	—	1,414,541
<i>Net (expenditure) income for the year before gains on investments</i>		(1,145,501)	66,571	—	(1,078,930)
<i>Net gains on investment assets</i>	7	214,894	529,983	232,401	977,278
<i>Net (expenditure) income and net movement in funds</i>		(930,607)	596,554	232,401	(101,652)
<i>Reconciliation of funds:</i>					
<i>Total fund balances brought forward at 1 August</i>		3,743,173	8,447,520	3,405,028	15,595,721
<i>Total fund balances carried forward at 31 July</i>		2,812,566	9,044,074	3,637,429	15,494,069

Balance sheet 31 July 2021

	Notes	2021 £	2020 £
Fixed assets			
Investments	7	18,966,273	17,020,275
Current assets			
Debtors	8	18,613	—
Cash at bank		1,482,856	1,290,707
		1,501,469	1,290,707
Liabilities			
Creditors: amounts falling due within one year	9	(1,738,479)	(1,681,074)
Net current (liabilities)		(237,010)	(390,367)
Total assets less current liabilities		18,729,263	16,629,908
Creditors: amounts falling due after more than one year	10	(1,101,166)	(1,135,839)
Net assets		17,628,097	15,494,069
The funds of the charity:			
Unrestricted funds	11	2,507,289	2,812,566
Restricted funds	12	10,820,576	9,044,074
Endowment funds	13	4,300,232	3,637,429
Total charity funds		17,628,097	15,494,069

Approved by the Trustees on 14/12/2021 and signed on their behalf by Andrew Fane



Chairman

The notes on pages 24 to 32 form an integral part of these financial statements.

Statement of cash flows 31 July 2021

	Notes	2021 £	2020 £
Cash flows from operating activities:			
Net cash used in operating activities	A	(1,363,940)	(1,465,008)
Cash flows from investing activities:			
Investment income		400,691	305,292
Proceeds from the disposal of investments		4,585,538	2,745,497
Purchase of investments		(3,255,017)	(2,105,196)
Net cash provided by investing activities		1,731,212	945,593
Change in cash and cash equivalents in the year		367,272	(519,416)
Cash and cash equivalents at 1 August	B	1,746,145	2,265,561
Cash and cash equivalents at 31 July	B	2,113,417	1,746,145

Notes to the statement of cash flows for the year to 31 July

A Reconciliation of net movement in funds to net cash (used in) operating activities

	2021 £	2020 £
Net movement in funds (as per the statement of financial activities)	2,134,028	(101,652)
Adjustments for:		
Gains on investments	(3,101,396)	(977,278)
Investment income	(400,691)	(305,292)
(Increase) Decrease in debtors	(18,613)	20,000
Increase (Decrease) in creditors	22,732	(100,786)
Net cash used in operating activities	(1,363,940)	(1,465,008)

B Analysis of cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	1,453,724	1,268,828
Cash held by investment managers	659,693	477,317
Total cash and cash equivalents	2,113,417	1,746,145

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

Basis of preparation

These financial statements have been prepared for the year to 31 July 2021.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

The financial statements 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 United Kingdom and Republic of Ireland (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The charity constitutes a public benefit entity as defined by FRS 102.

The financial statements are presented in sterling and are rounded to the nearest pound.

Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the Trustees and management to make significant judgements and estimates.

The items in the financial statements where these judgements and estimates have been made include:

- ◆ estimating the liability for multi-year grant commitments; and
- ◆ the apportionment of investment income, gains and losses between funds.

Assessment of going concern

The Trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The Trustees have made this assessment in respect to a period of one year from the date of approval of these financial statements.

The Trustees of the charity have concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the charity to continue as a going concern. The Trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due. The most significant areas of judgement that affect items in the financial statements are detailed above. With regard to the next accounting period, the year ending 31 July 2022 the most significant areas that affect the carrying value of the assets held by the charity are the level of investment return and the performance of the investment markets (see the investment policy and the risk management sections of the Trustees' report for more information).

Assessment of going concern (continued)

The net current liability position on the balance sheet of £237,010 (2020: net current liability of £390,367) is a reflection of the accounting policy that makes full provision for grants when they are committed. However, the charity maintains a strong cash position and has adequate funds to meet these liabilities as they fall due over the duration of the grants.

Income recognition

Income is recognised in the period in which the charity has entitlement to the income, the amount of income can be measured reliably and it is probable that the income will be received.

Income comprises donations, investment income and other income.

Donations are recognised when the charity has confirmation of both the amount and settlement date. In the event of donations pledged but not received, the amount is accrued for where the receipt is considered probable. In the event that a donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the control of the charity and it is probable that those conditions will be fulfilled in the reporting period.

Dividends are recognised once the dividend has been declared and notification has been received of the dividend due.

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. Expenditure comprises direct costs and support costs. All expenses, including support costs, are allocated or apportioned to the applicable expenditure headings. The classification between activities is as follows:

- ◆ Expenditure on raising funds includes all expenditure associated with raising funds for the charity. This includes investment management fees and administration costs.
- ◆ Expenditure on charitable activities includes all costs associated with furthering the charitable purposes of the charity through the provision of its charitable activities. Such costs include charitable grants and support costs, including governance costs.

Expenditure recognition (continued)

Grants payable are included in the statement of financial activities when approved and when the intended recipient has either received the funds or been informed of the decision to make the grant and has satisfied all performance conditions. Grants approved but not paid at the end of the financial year are accrued. Grants where the beneficiary has not been informed or has to fulfil performance conditions before the grant is released are not accrued for but are disclosed as financial commitments in the notes to the financial statements.

The provision of a multi-year grant is recognised at its present value where settlement is due over more than one year from the date of the award, there are no unfulfilled performance conditions under the control of the charity that would permit the charity to avoid making the future payments and settlement is probable.

All expenditure is stated inclusive of irrecoverable VAT.

Fixed asset investments

Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The charity does not acquire put options, derivatives or other complex financial instruments.

Realised gains (or losses) on investment assets are calculated as the difference between disposal proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value at that date. Realised and unrealised investment gains (or losses) are combined in the statement of financial activities and are credited (or debited) in the year in which they arise.

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

Funds

Unrestricted funds are those available for the general purposes of the Charity and their use is set out in the Constitution.

Restricted funds are those funds whose purposes have been restricted by the donor to specific areas of research as set out in note 12.

Endowment funds are those funds whose purposes have been endowed by the donor to a specific area of research and where the capital is not expendable as set out in note 13.

Income from investments, expenditure on administration fees, investment management fees and gains and losses on investments are apportioned to the active restricted and unrestricted funds on the basis of the average value of each fund during the year.

1 Donations

	2021 £	2020 £
Donations and legacies		
. Unrestricted funds	59,141	1,307
. Restricted funds	28,430	29,012
	87,571	30,319

2 Investment income

	2021 £	2020 £
Dividends and interest receivable		
. Unrestricted funds	83,952	88,076
. Restricted funds	316,739	217,216
	400,691	305,292

3 Expenditure on raising funds

	2021 £	2020 £
Investment management fees		
. Unrestricted funds	34,283	39,866
. Restricted funds	122,929	98,317
Administration		
. Unrestricted funds	3,999	4,435
. Restricted funds	12,839	10,938
	174,050	153,556

4 Expenditure on charitable activities

Unrestricted funds

	2021 £	2020 £
Grants payable		
. Postgraduate studentships	1,046,802	1,075,336
. Child Health Excellence Fellowship	76,057	—
. Other	—	103,000
Grants no longer required	(138,150)	—
Governance costs (note 5)	12,981	12,247
Total unrestricted funds	997,690	1,190,583

Restricted funds

	2021 £	2020 £
Grants payable		
. Bill Marshall Memorial Fund	—	11,000
. Chair of Developmental Biology	147,837	—
. Simpson Smith Memorial Lectureship	—	3,368
. Chair of Epilepsy	126,327	56,034
. Help a Child to See	9,726	—
Total restricted funds	283,890	70,402
Total funds	1,281,580	1,260,985

The grants included above were all payable to the UCL GOS Institute of Child Health.

5 Governance costs

	2021 £	2020 £
Auditor's remuneration		
. Audit fees – current year	8,590	8,400
. Non-audit fees	2,280	2,220
Legal and bank fees	2,111	1,627
	12,981	12,247

6 Staff costs and numbers and remuneration of key management personnel

The average number of persons working for the charity during the year was as follows:

	2021	2020
Administration (part-time)	3	3

6 Staff costs and numbers and remuneration of key management personnel

(continued)

The aggregate amount of salaries, wages and related costs of employees is comprised as follows:

	2021 £	2020 £
Salaries and wages	12,255	11,705
Social security costs	1,256	1,200
Other pension costs	2,908	2,468
	16,419	15,373

This is a recharge of salary costs from the UCL GOS Institute of Child Health to the Child Health Research CIO as no staff are actually employed by the Child Health Research CIO.

The key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day to day basis comprise the trustees and the ICH Finance Manager and ICH Executive Officer. The total remuneration (including taxable benefits and employer's pension contributions) of the key management personnel for the year was £13,608 (2020: £11,787).

No trustee received any form of emoluments from the charity during the year (2020: £nil). No trustee has been reimbursed for expenses incurred during the year (2020: £nil).

7 Investments

The investments of the Child Health Research CIO are managed by Veritas Investment Management LLP.

Analysis by type

	2021		2020	
	At cost £	Market value £	At cost £	Market value £
UK – fixed interest	2,760,007	3,003,891	3,635,887	3,776,080
UK – equities	8,696,771	14,907,835	8,124,908	12,685,953
UK – funds	256,536	268,800	—	—
Overseas – equities	—	—	116,489	102,800
Other	155,649	155,185	—	—
Listed investments total	11,868,963	18,335,711	11,877,284	16,564,833
Cash with brokers	659,693	659,693	477,316	477,316
Total investments	12,528,656	18,966,273	12,354,600	17,020,275

Movement in listed investments

	2021 £	2020 £
Balance brought forward	16,564,833	16,227,859
Additions during the year	3,255,018	2,105,196
Opening market value of disposals (proceeds: £4,585,538, realised gain: £593,519)	(3,992,017)	(2,839,630)
Unrealised gains	2,507,877	1,071,408
Balance carried forward	18,335,711	16,564,833

8 Debtors

	2021 £	2020 £
Other debtors	18,613	—
	18,613	—

9 Creditors: amounts falling due within one year

	2021 £	2020 £
Grants payable	1,681,136	1,642,466
Other creditors	57,343	38,608
	1,738,479	1,681,074

The 2020 comparative has been updated to reflect a revised grant payments schedule.

10 Creditors: amounts falling due after more than one year

	2021 £	2020 £
Grants payable	1,101,166	1,135,839
	1,101,166	1,135,839

The 2020 comparative has been updated to reflect a revised grant payments schedule.

11 Unrestricted funds

	Balance as at 1 August 2020 £	Income £	Expenditure £	Gains / losses £	Transfers £	Balance as at 31 July 2021 £
Unrestricted funds	2,812,566	143,093	(1,035,972)	649,806	(62,204)	2,507,289
	2,812,566	143,093	(1,035,972)	649,806	(62,204)	2,507,289

	Balance as at 1 August 2019 £	Income £	Expenditure £	Gains/ losses £	Balance as at 31 July 2020 £
Charity Unrestricted funds	3,743,073	89,383	(1,234,884)	214,894	2,812,566
Subsidiary Unrestricted funds	100	—	—	—	—
Group Unrestricted funds	3,743,173	89,383	(1,234,884)	214,894	2,812,566

12 Restricted funds

	Balance as at 1 August 2020 £	Donations £	Investment income £	Grants (approved) released £	Other costs £	Transfers £	Gains (losses) £	Balance as at 31 July 2021 £
Help a Child to See	205,816	—	5,601	(9,726)	(3,291)	—	43,360	241,760
Children's Eye Group Travelling Fellowship (Claude Worth Fund)	274,050	—	—	—	—	—	—	274,050
Caring for Kids	70,149	—	—	—	—	—	—	70,149
PKU Research Fund*	18,914	—	527	—	(309)	—	4,081	23,213
Jeans for Genes	3,988,955	—	111,200	—	(65,327)	—	860,695	4,895,523
Dermatomyositis Research	64,164	—	—	—	—	—	—	64,164
Chair of Epilepsy	3,109,967	—	84,935	(126,326)	(49,897)	—	657,407	3,676,086
Simpson-Smith Travelling Fellowship	183,282	—	5,109	—	(3,002)	—	39,547	224,936
Department of Paediatric Surgery	103,704	—	—	—	—	—	—	103,704
Anne Hamilton Award – Prize Studentship	17,769	—	—	—	—	—	—	17,769
Seimens Nuclear Medical Research	34,398	—	—	—	—	—	—	34,398
Kidney Research William Bequest	43,860	—	—	—	—	—	—	43,860
Simpson-Smith Memorial Lectureship	33,252	—	927	—	(544)	—	7,175	40,810
Chair of Developmental Biology	23,212	—	647	—	(380)	—	5,008	28,487
Chair of Neurodevelopment al Biology	—	—	85,634	(147,838)	—	62,204	—	—
Gertrude Marshall Atkins	639,059	—	17,815	—	(10,466)	—	137,889	784,297
Jim Seakins Travel Fund	21,802	—	608	—	(357)	—	4,704	26,757
Chair of Cancer Biology	2,514	—	—	—	—	—	—	2,514
Medical Molecular Biology Fund	41,621	—	—	—	—	—	—	41,621
John Lipscombe Memorial Travel Award	29,677	—	827	—	(486)	—	6,403	36,421
Bill Marshall Memorial Fellowship	337	—	9	—	(6)	—	73	413
Roland Levinsky Studentship	104,024	—	2,900	—	(1,703)	—	22,445	127,666
Wheeler Scholarship	29,548	28,430	—	—	—	—	—	57,978
Cystic Fibrosis	4,000	—	—	—	—	—	—	4,000
	9,044,074	28,430	316,739	(283,890)	(135,768)	62,204	1,788,787	10,820,576

* PKU stands for phenylketonuria, a rare genetic condition present from birth.

12 Restricted funds (continued)

The following restricted funds support salary costs of Principal Investigators at the UCL GOS Institute of Child Health:

- ◆ Chair of Developmental Neurobiology (income derived from Glaxo Wellcome endowment fund)
- ◆ Chair of Epilepsy
- ◆ Chair of Developmental Biology
- ◆ Chair of Cancer Biology

The following restricted funds support travel, research and subsistence costs for students awarded grants from the CIO:

- ◆ Gertrude Marshall Atkins
- ◆ Jim Seakins Travel Fund
- ◆ John Lipscombe Memorial Travel Award
- ◆ Bill Marshall Memorial Fellowship

The following restricted funds support travelling fellowships and memorial lectures where the UCL GOS Institute of Child Health attracts high-quality speakers and researchers to work with the department on a temporary basis:

- ◆ Children's Eye Group Travelling Fellowship (Claude Worth Fund)
- ◆ Simpson-Smith Travelling Fellowship
- ◆ Simpson-Smith Memorial Lectureship

The Jeans for Genes fund is an historic award. Jeans for Genes would perform annual fundraising which was allocated to GOSHCC and then subsequently transferred over to the CIO. There is no new income into this fund as the partnership between Jeans for Genes and GOSH has been dissolved.

Other restricted funds are legacy funds that the CIO is actively involved with engaging with original donors (where possible) to see if the money can be used more widely than their intended purpose, for example where the research is no longer being carried out at the UCL GOS Institute for Child Health.

12 Restricted funds (continued)

	Balance as at 1 August 2019 £	Donations £	Invest- ment income £	Grants (approved) released £	Other costs £	Gains (losses) £	Balance as at 31 July 2020 £
<i>Help a Child to See</i>	190,191	—	5,320	—	(2,676)	12,981	205,816
<i>Children's Eye Group Travelling Fellowship (Claude Worth Fund)</i>	274,050	—	—	—	—	—	274,050
<i>Caring for Kids</i>	70,149	—	—	—	—	—	70,149
<i>PKU Research Fund*</i>	17,478	—	489	—	(246)	1,193	18,914
<i>Glaxo Wellcome</i>	—	—	—	—	—	—	—
<i>Jeans for Genes</i>	3,686,119	—	103,114	—	(51,864)	251,586	3,988,955
<i>Dermatomyositis Research</i>	64,164	—	—	—	—	—	64,164
<i>Chair of Epilepsy</i>	2,927,770	—	81,116	(56,034)	(40,800)	197,915	3,109,967
<i>Simpson-Smith Travelling Fellowship</i>	169,367	—	4,738	—	(2,383)	11,560	183,282
<i>Department of Paediatric Surgery</i>	103,704	—	—	—	—	—	103,704
<i>Anne Hamilton Award – Prize Studentship</i>	17,769	—	—	—	—	—	17,769
<i>Seimens Nuclear Medical Research</i>	34,398	—	—	—	—	—	34,398
<i>Kidney Research William Bequest</i>	43,860	—	—	—	—	—	43,860
<i>Simpson-Smith Memorial Lectureship</i>	33,967	—	903	(3,368)	(454)	2,204	33,252
<i>Chair of Developmental Biology</i>	21,450	—	600	—	(302)	1,464	23,212
<i>Gertrude Marshall Atkins</i>	590,542	—	16,520	—	(8,309)	40,306	639,059
<i>Jim Seakins Travel Fund</i>	20,146	—	564	—	(283)	1,375	21,802
<i>Chair of Cancer Biology</i>	2,514	—	—	—	—	—	2,514
<i>Medical Molecular Biology Fund</i>	41,621	—	—	—	—	—	41,621
<i>John Lipscombe Memorial Travel Award</i>	27,424	—	767	—	(386)	1,872	29,677
<i>Bill Marshall Memorial Fellowship</i>	10,893	—	151	(11,000)	(76)	369	337
<i>Roland Levinsky Studentship</i>	94,341	1,067	2,934	—	(1,476)	7,158	104,024
<i>Wheeler Scholarship</i>	1,603	27,945	—	—	—	—	29,548
<i>Cystic Fibrosis</i>	4,000	—	—	—	—	—	4,000
	8,447,520	29,012	217,216	(70,402)	(109,255)	529,983	9,044,074

13 Endowment funds

	2021 Total £	2020 Total £
Glaxo Wellcome – Chair of Developmental Neurobiology		
Balance brought forward 1 August 2020	3,637,429	3,405,028
Realised/unrealised gains	662,803	232,401
Balance carried forward 31 July 2021	4,300,232	3,637,429

This endowment was established in 1996 to create a new academic unit of Developmental Neurobiology including a Chair of Developmental Neurobiology. Under the terms of the donation the fund is to be held in perpetuity.

14 Analysis of group net assets between funds

	Investments £	Current assets £	Liabilities £	2021 Total £	2020 Total £
Endowment funds	4,300,232	—	—	4,300,232	3,637,429
Restricted funds	11,268,223	—	(447,647)	10,820,576	9,044,074
General funds	3,397,818	1,501,469	(2,391,998)	2,507,289	2,812,566
	18,966,273	1,501,469	(2,839,645)	17,628,097	15,494,069

	Investments £	Current assets £	Liabilities £	2020 Total £
Endowment funds	3,637,429	—	—	3,637,429
Restricted funds	9,816,754	—	(752,680)	9,044,074
General funds	3,566,092	1,290,707	(2,064,233)	2,812,566
	17,020,275	1,310,707	(2,816,913)	15,494,069

The total unrealised gains as at 31 July 2021 constitutes movements on revaluation and are as follows:

	2021 £	2020 £
Unrealised gains included above:		
On investments	6,437,617	4,648,290
Total unrealised gains at 31 July	6,437,617	4,648,290
Reconciliation of movements in unrealised gains		
Unrealised gains at 1 August	4,665,675	4,439,254
Less: in respect to disposals in the year	(735,935)	(844,987)
	3,929,740	3,594,267
Add: net gains arising on revaluation arising in the year	2,507,877	1,071,408
Total unrealised gains at 31 July	6,437,617	4,665,675

15 Connected charities

Some of the Trustees of the Charity are also Trustees of the following organisation:

UCL GOS Institute of Child Health – An Institute of University College London (UCL). Its primary objective is the provision of education and medical research.

In addition, these charities share common administrative facilities and hence involve cross charges of expenditure.

16 Taxation

The Child Health Research Charitable Incorporated Organisation is a registered charity and is exempt under Part 11 of the Corporation Tax Act 2010 on its income and S256 Taxation of Chargeable Gains Act 1992 on its capital gains.

The Trust is not registered for VAT and the expenditure includes VAT where applicable.

17 Related parties

Professor Andrew Copp, who is a Trustee of the Charity, has a portion of his salary at the UCL GOS Institute of Child Health funded by the Chair of Developmental Neurobiology (Glaxo Wellcome) endowment fund (note 14).