

The Trustees
Child Health Research CIO
Finance Department
UCL
Institute of Child Health
30 Guilford Street
London
WC1N 1EH

9 May 2024

Our ref CHR001/CB/RU

Dear Trustees

Post-Audit Report – Year ended 31 July 2023

The purpose of this letter is to bring to the attention of the Board as those charged with governance and management the findings from our recent audit of the financial statements of Child Health Research CIO, for the year ended 31 July 2023, for your consideration and to enable you to address matters arising where appropriate. Throughout this letter, “you” and “your” refer to the Board. “We” and “our” refer to Buzzacott LLP. We appreciate that you will already be aware of some of the matters contained in this letter. However, in accordance with International Standards on Auditing (UK) (ISAs) we are communicating them to you formally.

1. Purpose of the audit

As auditor, we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements for the year ended 31 July 2023 that have been prepared by management with the oversight of those charged with governance, and other matters required by legislation.

Our work has been carried out in accordance with our audit planning letter dated 20 October 2023.

Our audit work included consideration of the internal controls relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of your system of internal control.

The matters being reported are limited to those that were identified during the audit and that we conclude are of sufficient importance to merit being reported to those charged with governance.

2. Audit progress

The audit progressed within the agreed timetable however, due to the change in Finance Manager during the year, some delays in receiving supporting documentation for multi-year grants awarded in previous years were noted.

There is one area of the accounts that we would like to bring to your attention:

- Review of un-paid grants. During our audit work we noted that there were grants within creditors totalling £316,380 (breakdown below) where there have been no movements for a number of years. These were reviewed by the Finance Manager and it was established that £169,770 of the total balance relates to valid creditor balances, £55,620 relates to amounts already paid and therefore will be written back and £90,990 relates to balances that are yet to be investigated. An adjustment to write back £55,620 has been set out in Appendix 1.

Project Number/Reference	Carried forward	Valid balance	To be written back	To be reviewed
2x Lecturerships - PPP and GGM	55,402			55,402
Laboratory refurbishment	33,214		33,214	
Postgraduate Support for Tuition Fees	12,000			12,000
2015-16/STU 5 (535685)	14,257		14,257	
Persis Amrolia (546618)	104,015	95,866	8,149	
Bill Marshall Memorial Fund - Jimba Jatsho	5,500			5,500
Bill Marshall Memorial Fund - Nickson Boon Khean Tai	5,500			5,500
Strategic initiatives - Paula Alexandre	14,099	14,099		
Strategic initiatives - Jonathan Clayden	3,000	3,000		
Strategic initiatives - Jeanne Wolstencroft	29,620	29,620		
Strategic initiatives - Gabriel Galea	27,185	27,185		
Sum of individual balances < £2,000	12,587			12,587
	316,380	169,770	55,620	90,990

We would like to take this opportunity to thank all those with whom we dealt during the audit for their assistance and co-operation, in particular Mr Jon Burt.

3. Annual report and financial statements' format

The financial statements have been prepared, as last year, in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice (Charities SORP FRS 102).

There are no significant changes to the format of the financial statements this year.

4. Auditor's report

We do not propose any modifications to our audit opinion and, therefore, we intend to issue an unqualified opinion in our auditor's report.

5. Adjustments made during the audit

A list of the adjustments which have been made to the figures presented to us for audit is attached as Appendix A. These have all been discussed and agreed with Jon Burt.

We will obtain written representations from you, as trustees, that you concur with these adjustments.

6. Unadjusted misstatements

A list of misstatements identified during our audit which remain unadjusted is attached in Appendix A. The list does not include items which are considered to be clearly trivial. We will obtain written representations from you, as trustees, that these are not to be adjusted, due to their lack of significance to the overall result portrayed by the financial statements.

7. Accounting policies, accounting estimates and disclosures

The accounting policies used in preparing the financial statements are unchanged from the previous year.

Our work included a review of the adequacy of disclosures in the financial statements and consideration of the appropriateness of the accounting policies and estimation techniques adopted by the charity. We found the disclosed accounting policies, significant accounting estimates and the overall disclosure and presentation to be appropriate for the charity.

8. Letter of representation

We enclose the draft letter of representation which we will request management and the trustees to approve and sign at the same time as the financial statements. This includes acknowledgement of the trustees' responsibility for the design and implementation of internal controls to prevent and detect fraud.

As set out in our planning letter, we understand the following applied to the year ended 31 July 2023:

- Trustees exercised effective oversight of management's processes for identifying and responding to the risks of fraud in the charity and a system of internal controls was in place to mitigate these fraud risks.
- Trustees were not aware of any instances of actual, suspected, or alleged fraud, including misconduct or unethical behaviour related to financial reporting or misappropriation of assets.
- There have not been any out of the ordinary transactions.
- If the above information is no longer correct, please contact Catherine Biscoe or Ruby Umfreville.

9. Accounting and internal control systems

Our work during the audit included an examination of some of the charity's transactions, procedures and controls with a view to expressing an opinion on the financial statements for the year ended 31 July 2023.

This work was not directed primarily towards discovering weaknesses, other than those that would affect our audit opinion, or towards the detection of fraud. We have included in this report only matters that have come to our attention as a result of our normal audit procedures and consequently our comments should not be regarded as a comprehensive record of all weaknesses that may exist or of all improvements that might be made.

We found no significant deficiencies in the accounting and internal control systems during our audit. However, we have made some recommendations for improvements, which are detailed in the section below.

10. Observations and recommendations on the accounting system and financial reporting function

The table below provides a summary of any observations made concerning weaknesses in the charity's accounting and internal control systems.

Observations included in the "A" grade (red) banding indicate that, in our opinion, there is a risk of significant financial impact on the charity that must be addressed immediately.

"B" grade (orange) banding recommendations relate to those issues where there is a risk of moderate financial impact on the charity such as a control failure or the absence of a control in an area of moderate risk. These items should be addressed shortly.

Observations included in the "C" grade (yellow) banding indicates that the matter, although important, does not warrant urgent attention and should be addressed within an agreed timeframe.

Priority	No of points	Relating to
A	2	Preparation of management accounts Declaration of interest forms
B	1	Retention of supporting documentation for grand awards

Further details in respect of the observations and recommendations as a result of our audit work are given in Appendix B.

The matters have all been discussed with Mr Jon Burt who has appropriate management authority.

11. Materiality

Materiality threshold £283,000

Reporting threshold: £14,100

Materiality refers to the relative significance of a particular matter in the context of the financial statements as a whole. An item would be considered material if its omission or its erroneous inclusion would reasonably influence the decisions of those using the financial statements.

We are required to report corrected audit misstatements, and uncorrected audit misstatements in excess of our reporting threshold which is set at 5% of overall materiality.

Our overall materiality threshold is based on 1.5% of total gross assets. A lower level of materiality based on 1.5% of expenditure has been selected for specific areas of the financial statements, including income, expenditure, current assets and liabilities. A threshold of £1,000 has been selected for disclosure items such as transactions and other financial arrangements with trustees and their connected persons.

When considering the impact of misstatements discovered during the course of our audit and considering the implications for our report of such misstatements, we will refer to this level amongst other things. Whether a misstatement is 'material' or not is ultimately down to the auditor's judgement.

12. Professional ethics

In accordance with our profession's ethical guidance and further to our letter to you dated 20 October 2023 confirming audit planning arrangements there are no further matters to bring to your attention in relation to Integrity, Objectivity and Independence.

13. Current developments

We have attached a summary of other recent and ongoing developments as Appendix C to this report. The matters included in this appendix may not all be directly relevant to the charity. However, we are aware that a lot of trustees are involved with more than one organisation, therefore we have included items for general information.

14. Updates, insights and seminars

As part of our commitment to the charity sector, during the year the Charity Team issues occasional Updates and Insights on matters of relevance to the sector and also holds a number of seminars free of charge throughout the year. We would be delighted to welcome representatives of your charity to our seminars or to add trustees and management to our email distribution lists if this would be welcome. News and Insights are also available on our website at [News and insights \(buzzacott.co.uk\)](https://buzzacott.co.uk/news-and-insights), where there is also an opportunity to sign up to our mailing list should you wish.

Conclusion

This letter has been prepared for your private use only. It has been prepared on the understanding that it will not be shared with any third party without our prior written consent and we can therefore assume no responsibility to any other party. Any recommendations contained herein are based on the information you have provided and UK law and judicial and administrative interpretation as of the date of this letter. Should the facts provided to us be incorrect or incomplete, or should they change, our recommendations may be inappropriate. Buzzacott LLP accepts no liability for losses arising from changes in UK law, interpretation or practice or in public policy that are first published after the date of this letter.

If you require any further information or assistance, we shall be very pleased to help you.

We would be pleased to receive your comments and reaction to this letter.

Yours faithfully



Appendix A: Adjusted and unadjusted misstatements

Adjusted misstatements

		Statement of Financial Activities		Balance Sheet	
		Debit £	Credit £	Debit £	Credit £
1	DR Creditors due in less than one year CR Grant expenditure <i>Being the write back of historic creditor balances</i>		55,620	55,620	
2	DR Grant expenditure CR Grants payable > 1 year <i>Being an under accrual of the studentship grants awarded in 22/23</i>	24,641			24,641

The above adjustments had the effect of decreasing the charity's deficit by £30,979.

Appendix B: Audit observations and recommendations

	Observation	Implication	Recommendation
A	<p>Preparation of management accounts</p> <p>It was highlighted at the planning meeting that management accounts have not been prepared since the departure of the former UCL Finance Manager. A schedule reconciling grants falling due within one year and in excess of one year has not been maintained and therefore the CIO has relied on financial information provided by UCL. As a result, the Trustees have been unable to accurately monitor the CIO's financial position and, more importantly, its liabilities.</p>	<p>There is a risk that the Trustees are unable to monitor the level of cash resources held by the CIO to meet its obligations from both restricted and unrestricted funds. In addition, there is a risk that the Trustees make decisions on the value and timing of future grant awards based on inaccurate financial information.</p>	<p>We recommend that management accounts are prepared on a regular basis, at least quarterly, and are presented to the Trustees for review and to assist them with future decision making.</p> <p>We understand that, following the audit fieldwork, the Trustees have made the decision to seek management accounts preparation assistance from an external contractor. A small number of contractors/firms have been approached by the Trustees with the proposal of preparing management accounts for the CIO for a period of at least one year.</p>

	Observation	Implication	Recommendation
A	<p>Declarations of interest forms</p> <p>During our testing of related party transactions, we were only able to obtain declaration of interest forms for 4 Trustees.</p> <p>We noted during our work on related party transactions that the charity does not require its trustees and key management personnel to document their close family members (defined in the Charities SORP FRS 102 as: children or spouse; the children, stepchildren or illegitimate children of spouse or domestic partner; dependants; or domestic partner who lives with them as husband or wife or in an equivalent same-sex relationship) and their pecuniary interests for the purposes of identifying transactions with related parties.</p>	<p>There is a risk that transactions with related parties are not identified by management or the Board of Trustees and therefore not disclosed within the financial statements.</p> <p>Without such a procedure in place, there is a risk, however slight, that the charity may unknowingly engage in transactions with close family members of trustees or management, organisations controlled by these individuals.</p> <p>It is important that such transactions are recognised and disclosed because:</p> <ul style="list-style-type: none"> related parties may enter into transactions that unrelated parties would not; transactions between related parties may not be made at the same amounts or on the same terms as those between unrelated parties, i.e. they may not represent the best value for money for the charity; and the existence of the relationship may be sufficient to affect the transactions of the charity with other parties. <p>Furthermore, failure to disclose transactions with the individuals noted above may represent a material omission of required disclosure in the charity's financial statements, since transactions with connected parties are generally considered to be material by nature.</p>	<p>We recommend that all trustees complete declarations of interest on an annual basis and that these also include details of close family members.</p> <p>We recommend that the charity expands its declaration of interests forms to include the close family members of trustees and management, as well as any business ventures controlled by close family members.</p>

	Observation	Implication	Recommendation
B	<p>Retention of supporting documentation for grant awards</p> <p>During our testing of grants payable, it was noted that award letters for grants approved in previous years could not be obtained. Therefore, we were unable to verify the total grant award for a sample of 2 balances.</p>	<p>There is a risk that the total grant award letters used to calculate the grant payable at year end is not accurate.</p>	<p>we recommend that grant award letters be retained and filed digitally in an accessible location.</p>

**Child Health Research CIO
Post-Audit Report
For the year ended 31 July 2023**

Current developments

Revised Auditing Standard

Trustees' Annual Report and Accounts

Changes to UK GAAP

In March 2024, the Financial Reporting Council published amendments to *FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

The amendments encompass a number of changes including:

- a new model of revenue recognition designed to align UK GAAP with IFRS 15 *Revenue from Contracts with Customers*;
- a new model of lease accounting which brings assets under operating leases on to the balance sheet, designed to align UK GAAP with IFRS 16 *Leases*; and
- various other incremental improvements and clarifications.

The amendments will be effective for accounting periods beginning on or after 1 January 2026 and can be read at: https://media.frc.org.uk/documents/Amendments_to_FRS_102_and_other_FRSs.pdf

Development of new Charity Statement of Recommended Practice (SORP)

The new Charities Statement of Recommended Practice (SORP) had been expected to be published in August 2024 but a revised timeline for release is being considered. An update on this will be issued in due course.

Background on the 15 topics for change that have been considered by the SORP Committee are available at: <https://charitysorps.org/engage-briefings-to-inform-the-engagement-process-in-developing-the-next-sorp>

Charities Act 2022

The phased implementation of the Charities Act 2022 is now complete with all changes now being applied. The key changes relate to how trusts and unincorporated associations make changes to governing documents, new rules around selling, leasing or disposing of land and new guidelines on how gifts to charities that are merging are treated.

Further information can be found at: <https://www.gov.uk/guidance/charities-act-2022-guidance-for-charities>

Sustainability and reporting

Whilst many companies and organisations are including sustainability and climate change-related information in their annual reports, only the largest private and listed companies are required to provide such information. This disclosed information is not yet subject to any independent 'checking' which has resulted in the 'greenwashing' claims about some unverified information contained in annual reports.

June 2023 saw the issue of the first two international sustainability reporting standards aimed at improving trust and confidence in company disclosures about sustainability and climate change. The two IFRS Sustainability Disclosure Standards are internationally effective from 1 January 2024 although they have not yet been adopted by UK standard setters. However, it is likely that compliance will become mandatory in the near future. To begin with, the obligation may only be for large companies but, the 'trickle down' process is likely to require many organisations to ensure that they can provide adequate information to others in their supply chain who have the reporting obligation. As is usually the way, the reporting obligation will ultimately be extended to smaller and not-for-profit entities.

In anticipation of the above, it is advisable to start discussions around sustainability reporting and data early and more information can be found at: <https://www.ifrs.org/issued-standards/ifrs-sustainability-standards-navigator/>.

Policy and Governance

Charity Commission 2024-2029 Strategy

The Charity Commission has published its new strategy with five key priorities:

- To be fair and proportionate in its work and clear about its role;
- To support charities to get it right but take robust action where they see wrongdoing and harm;
- To speak with authority and credibility, free from the influence of others;
- To embrace technological innovation and strengthen how its data is used; and
- To be the expert Commission - where its people are empowered and enabled to deliver excellence in regulation.

The regulator is in the process of identifying a set of strategic impact measures which will be published in mid-2024. The Commission aims to report against those measures for the first time in the Annual Report for 2024-25, which will be published in July 2025.

The full strategy can be read at: <https://www.gov.uk/government/publications/charity-commission-strategy-2024-2029/charity-commission-strategy-2024-2029>

Charity Commission guidance on cost of living pressures

The Charity Commission has published guidance on managing financial difficulties as a result of the cost of living crisis covering key topics regarding trustee duty and decision-making, practical tips on what to do in situations where charities are in financial difficulty, what to do if the charity cannot continue to operate and a reminder on reporting serious incidents.

The detailed guidance can be seen at: <https://www.gov.uk/guidance/manage-financial-difficulties-in-your-charity-arising-from-cost-of-living-pressure>

Charity Fraud Report 2023

The Fraud Advisory Panel issued its 2023 Charity Fraud Report in January 2024 following a survey of 121 charities, of which 62% generated income of over £10m, within the UK. The below key findings were noted:

- 36% of charities have experienced more instances of fraud than in the previous year;
- 50% of detected frauds were perpetrated internally (by staff, trustees or volunteers);
- 67% of charities agree that the cost-of living crisis has increased fraud risk; and
- 92% of charities who suffered a fraud experienced financial losses due to fraud (compared to 69% in 2022), with there being a shift to higher value frauds (over £10,000) taking place.

The report identifies that the most common frauds relate to misappropriation of cash or other assets, expenses, procurement, false beneficiaries or cyber matters with two-thirds of charities reporting that frauds were detected as a result of internal controls in place indicating the importance of designing a control environment with fraud risk at the centre.

Fraud prevention strategies include ensuring robust policies are in place (and are being followed) on cybersecurity, anti-fraud and conflicts of interest, whilst also ensuring adequate training is provided to those associated with the charity on a regular basis. A fraud response plan should also be devised and implemented in case of any adverse event.

The full report, including the Panel's top tips for preventing fraud (on page 22 and 23) can be read at: <https://www.fraudadvisorypanel.org/document/2023-charity-fraud-report/>

Annual Return 2022 findings

The Charity Commission has recently released the Annual Return 2022, highlighting key trends across the sector for financial years ending in 2022. The key trends are as follows:

- Total gross income increased by 8.5% from 2021 figures to £90.3 billion;
- Gross expenditure increased by 9.2% totalling £87.4 billion;
- Decline in national and local government grants to £7 billion from £8.2 billion in 2021;
- 27,001 charities received a government grant in 2022 compared to 35,474 in 2021;
- Free reserves remained broadly consistent at £75 billion, compared to £73 billion in 2021; and
- Volunteer numbers reported an overall increase to just over 6 million people, though religious charities and those supporting armed forces personnel experienced a decline in volunteer participation from 2021.

For further detail please see: <https://www.gov.uk/government/publications/charity-commission-annual-return-data/annual-return-data-january-to-december-2022>

Additional questions on Charity Annual Returns

The questions posed in the Charity Commission's Annual Return have been updated for financial years starting on or after 1 January 2023. The most significant changes relate to smaller charities where, depending on the level of income, the number of responses required may be reduced. Narrative changes to some questions have been made to improve clarity and improvements in the glossary and guidance have also been made to help charities answer questions quickly and accurately.

The detailed list of questions can be found at Appendix 8 at the following link: <https://www.gov.uk/government/consultations/charity-commission-revisions-to-the-annual-return-2023-25>

Guidance on internal controls

The government has updated their guidance (CC8) on internal financial controls for charities. The revised guidance includes updates on digital payment systems, fraud and cybercrime. The Charity Commission's internal control checklist, a tool available for trustees and charity management to check controls against the latest legal requirements has also been updated to reflect the latest guidance. The Charity Commission recommends that internal financial controls should be reviewed at least once a year. The updated guidance and checklist can be found at Internal financial controls for charities at <https://www.gov.uk/government/publications/internal-financial-controls-for-charities-cc8>

Trustee Quiz

The Charity Commission has released a new Trustee Quiz to enable trustees to test their knowledge of their roles and responsibilities. It is aimed to engage trustees with questions based on everyday scenarios in a bid to identify any knowledge gaps and to act as a refresher for all trustees. The quiz takes three minutes to complete with feedback provided for each question and a score out of 10.

The quiz can be found at: <https://beingacharitytrustee.campaign.gov.uk/take-the-trustee-quiz/>

**The Child Health Research
Charitable Incorporated
Organisation**

Report and financial statements

31 July 2023

Charity Registration Number
1152623

Contents

Reports

Reference and administrative information	1
Report of the Trustees	3
Independent auditor's report	11

Accounts

Statement of financial activities	15
Balance sheets	17
Statement of cash flows	18
Principal accounting policies	19
Notes to the financial statements	23

Reference and administrative information 31 July 2023

Trustees	<p>Mr A Clark (Chairman)</p> <p>Mr H Clarke (appointed 1 February 2023)</p> <p>Professor A J Copp</p> <p>Professor H Cross (appointed 1 September 2022)</p> <p>Ms A David (resigned 31 October 2022)</p> <p>Ms L Gibson</p> <p>Professor D Goldblatt (resigned 31 May 2023)</p> <p>Mr H Snow</p> <p>Professor R Smyth (resigned 1 September 2022)</p> <p>Dr Kiki Syrad (appointed 6 November 2023)</p> <p>Ms H Vinnicombe</p>
Finance Committee	<p>Mr A Clark (Chairman)</p> <p>Ms L Gibson</p> <p>Mr H Snow</p> <p>Professor H Cross</p> <p>Ms H Vinnicombe</p>
Registered office	<p>UCL GOS Institute of Child Health</p> <p>30 Guilford Street</p> <p>London</p> <p>WC1N 1EH</p>
Charity registration number	1152623
Auditor	<p>Buzzacott LLP</p> <p>130 Wood Street</p> <p>London</p> <p>EC2V 6DL</p>
Bankers	<p>The Royal Bank of Scotland plc</p> <p>280 Bishopgate</p> <p>London</p> <p>EC2M 4RB</p>
Solicitors	<p>Birketts LLP</p> <p>106 Leadenhall St</p> <p>London</p> <p>EC3A 4AA</p>

Reference and administrative information 31 July 2023

Investment managers

Veritas Investment Management LLP
90 Long Acre
London
WC2E 9RA

Report of the Trustees Year to 31 July 2023

The Trustees present their Annual Report together with the financial statements of the Child Health Research Charitable Incorporated Organisation (“the CHR CIO”) for the year ended 31 July 2023. The financial statements have been prepared in accordance with the accounting policies set out on pages 18 to 21 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).

STRUCTURE, GOVERNANCE AND MANAGEMENT

The CHR CIO is a registered charity number 1152623 governed by its Constitution dated 11 May 2022.

The principal objects of the CHR CIO are to support the UCL Great Ormond Street Institute of Child Health (“GOS ICH”) in its mission to improve the health and wellbeing of children and the adults they will become through world-class research, education, and public engagement. GOS ICH is, with its clinical partner Great Ormond Street Hospital for Children NHS Foundation Trust (“GOSH”), Europe’s leading centre for child health research and education.

The CHR CIO does not actively fundraise, relying mainly on its investments to meet its objectives.

Meetings of the Trustees are convened 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. The Trustees also consider reports on the outcomes of the CHR CIO’s spending programmes. Trustees also receive verbal reports on selected programmes from PhD students supported by their supervisor.

The Finance Committee aims to meet twice per annum and reports regularly to the Trustees. The Finance Committee is responsible for reviewing the financial statements in detail before approval by the 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 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, constitution, 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.

Report of the Trustees Year to 31 July 2023

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 of their services as Trustees.

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

The GOS ICH Finance Manager and the Institute Manager are employees of GOS ICH and their services are provided through a recharge agreement between GOS ICH and the CHR CIO. 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 several 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 can meet its strategic objectives and priorities.

Report of the Trustees Year to 31 July 2023

OBJECTIVES AND ACTIVITIES (continued)

The charity has the following restricted funds which support various academic research projects:

- ◆ 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
- ◆ Genetics fund (Jeans for Genes)
- ◆ Dermatomyositis Research
- ◆ Chair of Childhood 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 Neurobiology
- ◆ Jim Seakins Travel Fund
- ◆ John Lipscombe Memorial Travel Award
- ◆ Bill Marshall Memorial Fund
- ◆ Roland Levinsky Studentship
- ◆ Wheeler Scholarship Fund
- ◆ Cystic Fibrosis Fund

ACHIEVEMENTS AND PERFORMANCE

During the year, the CHR CIO received generous donations from the Wheeler family and the John Lipscombe memorial fund. These are to fund a Masters Student's fees on the MSC Paediatrics in Child Health with Clinical Practice and support the travel costs of PhD students, respectively.

Report of the Trustees Year to 31 July 2023**ACHIEVEMENTS AND PERFORMANCE** (continued)

The CHR CIO continues to support early career researchers at the GOS ICH through funding 3-year PhD studentships. The CIO also continues to provide funding for several senior academic positions at the GOS ICH to support their work on child health. The CIO also restarted its summer studentship programme, which in recent years had been halted by the COVID-19 pandemic. The studentships include a new 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 GOSH.

The CHR CIO has continued to support the purchase of equipment at the GOS ICH supporting research which meets the strategic needs of GOS ICH and CHR CIO. The equipment is often communal and helps support several team's research.

A recurring grant was made this year as support for 8 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.

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 GOSH to find new pioneering cures for many rare diseases which affect children. With new knowledge and understanding, children's lives can be improved significantly.

The Director of the GOS ICH receives proposals for funding from members of the GOS ICH and GOSH. 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 sometimes provides funds for bridging and infrastructure support (including building projects, laboratory refurbishments and equipment).

INVESTMENT POLICY AND PERFORMANCE

Under its 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.

Report of the Trustees Year to 31 July 2023

INVESTMENT POLICY AND PERFORMANCE (continued)

The charity has a Statement of Investment Principles which has been approved by the Trustees, which 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 up to £1.2m per annum, to be met through a mixture of capital returns and income.
- ◆ 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 aims to meet twice per annum to review the performance of the portfolio and the investment managers. The investment manager presents a report of the investment portfolio at each of these meetings.

Report of the Trustees Year to 31 July 2023

INVESTMENT POLICY AND PERFORMANCE (continued)

The charity adopts a medium risk approach given the uncertainties in the bond and equity markets. 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 2023 was 0.8% (2022: 4.04%) which was below the CPI + 4% primary benchmark return of 10.9% (2022: 8.7%) and slightly ahead of the ARC (Asset Risk Consultants) Sterling Steady Growth at 0.3%. The total return of the FTSE All Share Index was an increase of 6.1% (2022: increase of 5.5%), the MSCI All Countries World Equity Index (£) 6.8% (2022: 2.3%) and BofA ML £ Corporates (1-10Y) - 4.2% (2022: -8.3%).

FINANCIAL REVIEW

The Statement of Financial Activities shows a deficit of £1,349,401 (2022: deficit of £989,918) after investment losses for the year ended 31 July 2023. The figure excluding net investment losses was a deficit of £1,296,485 (2022: deficit of £1,408,564). Grants payable for the year totalled £1,499,113 (2022: £1,547,803).

The net current liability position on the balance sheet of £1,285,678 (2022: net current liability of £1,034,180) 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.

At 31 July 2023, the charity had total funds of £15,288,778 (2022: £16,638,179). Of these, £7,996,770 (2022: £8,797,150) were restricted and £4,518,842 (2022: 4,533,260) were endowment funds. Unrestricted funds, which constitute the charity's free reserves, were £2,773,166 (2022: £3,307,769).

The Trustees consider the level of general reserves (unrestricted funds of £2,773,166) are appropriate, taking into account their continuing commitments.

The charity has sufficient resources to meet its obligations both from the restricted and unrestricted funds. Cash requirements can be met by realising investment assets.

Report of the Trustees Year to 31 July 2023

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.

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 their duties to the charity and their relationship with the GOS ICH. Such a conflict may arise in, for example, a decision in relation to a funding bid of which a Trustee's department would 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 research may not be as expected. To mitigate this risk, the Trustees work closely with clinical experts to determine the most appropriate projects for grant funding.

FUNDRAISING

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

FUTURE PLANS

The CHR CIO intends to continue to make regular research grants to the GOS ICH. These grants will be for PhD studentships and to support staff salaries. The CHR CIO will also continue to provide funding to support the purchase of equipment at GOS ICH.

Report of the Trustees Year to 31 July 2023**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 03/05/2024¹ and signed on their behalf by Adrian Clark

DocuSigned by:

 92F15EB3B92B4F8...
 Chairman

03/05/2024¹

Independent auditor's report Year to 31 July 2023

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 2023 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 2023 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.

Independent auditor's report Year to 31 July 2023

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.

Independent auditor's report Year to 31 July 2023**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.

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;

Independent auditor's report Year to 31 July 2023

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

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
Statutory Auditor
130 Wood Street
London
EC2V 6DL

Date 9 May 2024

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 2023

	Notes	Un- restricted funds £	Restricted funds £	Endowment funds £	Total funds 2023 £	Total funds 2022 £
Income from:						
Donations and legacies	1	108	32,334	—	32,442	28,171
Investments	2	65,800	265,172	—	330,972	285,292
Total income		65,98	297,506	—	363,414	313,463
Expenditure on:						
Raising funds	3	32,360	128,426	—	160,786	174,224
Charitable activities						
. Grants payable	4	557,632	941,481	—	1,499,113	1,547,803
Total expenditure		589,992	1,069,907	—	1,659,899	1,722,027
Net expenditure for the year before transfers and gains on investments		(524,084)	(772,401)	—	(1,296,485)	(1,408,564)
Net (losses)/ gains on investment assets	7	(10,519)	(27,979)	(14,418)	(52,916)	418,646
Net expenditure and net movement in funds		(534,603)	(800,380)	(14,418)	(1,349,401)	(989,918)
Reconciliation of funds:						
Total fund balances brought forward at 1 August		3,307,769	8,797,150	4,533,260	16,638,179	17,628,097
Total fund balances carried forward at 31 July		2,773,166	7,996,770	4,158,842	15,288,778	16,638,179

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 23 to 31 form an integral part of these financial statements.

Statement of financial activities 31 July 2022

	Notes	Un- restricted funds £	Restricted funds £	Endowment funds £	Total funds 2022 £
<i>Income from:</i>					
<i>Donations and legacies</i>	1	1,320	26,851	—	28,171
<i>Investments</i>	2	69,100	216,192	—	285,292
<i>Total income</i>		<u>70,420</u>	<u>243,043</u>	<u>—</u>	<u>313,463</u>
<i>Expenditure on:</i>					
<i>Raising funds</i>	3	39,964	134,260	—	174,224
<i>Charitable activities</i>					
<i>. Grants payable</i>	4	994,137	553,666	—	1,547,803
<i>Total expenditure</i>		<u>1,034,101</u>	<u>687,926</u>	<u>—</u>	<u>1,722,027</u>
<i>Net (expenditure) for the year before transfers and gains on investments</i>		(963,681)	(444,883)	—	(1,408,564)
<i>Net gains on investment assets</i>	7	<u>101,400</u>	<u>219,344</u>	<u>97,902</u>	<u>418,646</u>
<i>Net (expenditure) income and net movement in funds</i>		(862,281)	(225,539)	97,902	(989,918)
<i>Reconciliation of funds:</i>					
<i>Total fund balances brought forward at 1 August</i>					
<i>. As previously stated</i>		2,507,289	10,820,576	4,300,232	17,628,097
<i>. Prior year adjustment (note 18)</i>		1,662,761	(1,797,887)	135,126	—
<i>. As restated</i>		<u>4,170,050</u>	<u>9,022,689</u>	<u>4,435,358</u>	<u>17,628,097</u>
<i>Total fund balances carried forward at 31 July</i>		<u>3,307,769</u>	<u>8,797,150</u>	<u>4,533,260</u>	<u>16,638,179</u>

Balance sheet 31 July 2023

	Notes	2023 £	2022 £
Fixed assets			
Investments	7	17,525,169	18,725,125
Current assets			
Debtors	8	26,485	23,704
Cash at bank		1,330,967	1,080,273
		<u>1,357,452</u>	<u>1,103,977</u>
Liabilities			
Creditors: amounts falling due within one year	9	(2,643,130)	(2,138,157)
Net current (liabilities)		(1,341,298)	(1,034,180)
Total assets less current liabilities		16,239,491	17,690,945
Creditors: amounts falling due after more than one year	10	(950,713)	(1,052,766)
Net assets		<u>15,288,778</u>	<u>16,638,179</u>
The funds of the charity:			
Unrestricted funds	11	2,773,166	3,307,769
Restricted funds	12	7,996,770	8,797,150
Endowment funds	13	4,518,842	4,533,260
Total charity funds		<u>15,288,778</u>	<u>16,638,179</u>

Approved by the Trustees on 03/05/2024' and signed on their behalf by

Adrian Clark

Chairman

The notes on pages 22 to 31 form an integral part of these financial statements.

Statement of cash flows 31 July 2023

	Notes	2023 £	2022 £
Cash flows from operating activities:			
Net cash used in operating activities	A	(1,227,318)	(1,347,671)
Cash flows from investing activities:			
Investment income		330,972	285,292
Proceeds from the disposal of investments		2,691,557	3,881,595
Purchase of investments		(3,311,904)	(1,612,867)
Net cash (used in) provided by investing activities		(289,375)	2,554,020
Change in cash and cash equivalents in the year		(1,516,693)	1,206,349
Cash and cash equivalents at 1 August	B	3,319,766	2,113,417
Cash and cash equivalents at 31 July	B	1,803,073	3,319,766

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**

	2023 £	2022 £
Net movement in funds (as per the statement of financial activities)	(1,349,401)	(989,918)
Adjustments for:		
Losses / (gains) on investments	52,916	(418,646)
Investment income	(330,972)	(285,292)
(Increase) in debtors	(2,781)	(5,091)
Increase in creditors	402,920	351,276
Net cash used in operating activities	(1,227,318)	(1,347,671)

B Analysis of cash and cash equivalents

	2023 £	2022 £
Cash at bank and in hand	1,330,967	1,080,273
Cash held by investment managers	472,106	2,239,493
Total cash and cash equivalents	1,803,073	3,319,766

Principal accounting policies 31 July 2023

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 2023.

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 2024, 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).

Principal accounting policies 31 July 2023

Assessment of going concern (continued)

The net current liability position on the balance sheet of £1,285,678 (2022: net current liability of £1,034,180) 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.

Principal accounting policies 31 July 2023**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.

Principal accounting policies 31 July 2023

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.

Notes to the financial statements 31 July 2023**1 Donations**

	2023 £	2022 £
Donations and legacies		
. Unrestricted funds	108	1,320
. Restricted funds	32,334	26,851
	32,442	28,171

2 Investment income

	2023 £	2022 £
Dividends and interest receivable		
. Unrestricted funds	65,800	69,100
. Restricted funds	265,172	216,192
	330,972	285,292

3 Expenditure on raising funds

	2023 £	2022 £
Investment management fees		
. Unrestricted funds	28,945	36,207
. Restricted funds	117,314	122,998
Administration		
. Unrestricted funds	3,251	3,757
. Restricted funds	11,276	11,262
	160,786	174,224

4 Expenditure on charitable activities***Unrestricted funds***

	2023 £	2022 £
Grants payable		
. Postgraduate studentships	441,388	808,774
. Other	161,031	163,846
Grants no longer required	(55,620)	—
Governance costs (note 5)	10,833	21,517
Total unrestricted funds	557,632	994,138

Notes to the financial statements 31 July 2023**4 Expenditure on charitable activities (continued)*****Restricted funds***

	2023 £	2022 £
Grants payable		
. Chair of Developmental Neurobiology	81,048	62,351
. Chair of Childhood Epilepsy	214,256	135,090
. Help a Child to See	78,642	59,913
. Genetics fund	450,743	232,000
. Jim Seakins travel	2,521	1,000
. Chair of Cancer Biology	—	2,511
. Medical Molecular Biology	—	60,800
. John Lipscombe Memorial travel award	3,605	—
. Wheeler Scholarship	83,226	—
Governance costs (note 5)	27,440	—
Total restricted funds	941,481	553,666
Total funds	1,499,113	1,547,803

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

5 Governance costs

	2023 £	2022 £
Auditor's remuneration		
. Audit fees – current year	11,700	8,025
. Non-audit fees	10,228	2,045
Legal and bank fees	16,345	11,447
	38,273	21,517

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:

	2023	2022
Administration (part-time)	2	2

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

	2023 £	2022 £
Salaries and wages	9,621	9,740
Social security costs	1,104	1,170
Other pension costs	3,332	3,665
	14,057	14,575

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.

Notes to the financial statements 31 July 2023**6 Staff costs and numbers and remuneration of key management personnel**
(continued)

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 £14,057 (2022: £14,575).

No trustee received any form of emoluments from the charity during the year (2022: £nil).
No trustee has been reimbursed for expenses incurred during the year (2022: £nil).

7 Investments

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

Analysis by type

	2023		2022	
	At cost £	Market value £	At cost £	Market value £
UK – fixed interest	4,035,339	4,099,938	2,939,282	3,081,023
UK – equities	7,521,375	12,444,243	7,256,578	12,941,945
UK – funds	256,536	295,200	256,536	260,000
Other	184,643	213,682	184,643	202,664
Listed investments total	11,997,893	17,053,063	10,637,039	16,485,632
Cash with brokers	472,106	472,106	2,239,493	2,239,493
Total investments	12,469,999	17,525,169	12,876,532	18,725,125

Movement in listed investments

	2023 £	2022 £
Balance brought forward	16,485,632	18,335,711
Additions during the year	3,311,904	1,612,867
Opening market value of disposals (proceeds: £2,691,557, realised loss: £20,177)	(2,711,734)	(3,992,017)
Unrealised (losses)/ gains	(32,739)	225,750
Balance carried forward	17,053,063	16,485,632

8 Debtors

	2023 £	2022 £
Other debtors	26,485	23,704
	26,485	23,704

Notes to the financial statements 31 July 2023**9 Creditors: amounts falling due within one year**

	2023 £	2022 £
Grants payable	2,594,050	2,099,840
Other creditors	49,080	38,317
	2,643,130	2,138,157

10 Creditors: amounts falling due after more than one year

	2023 £	2022 £
Grants payable	950,713	1,052,766
	950,713	1,052,766

11 Unrestricted funds

	Balance as at 1 August 2022 Restated £	Income £	Expenditure £	Gains / losses £	Transfers £	Balance as at 31 July 2023 £
Unrestricted funds	3,307,769	65,908	(589,992)	(10,519)	—	2,773,166
	3,307,769	65,908	(589,992)	(10,519)	—	2,773,166

	Balance as at 1 August 2021 Restated £	Income £	Expenditure £	Gains / losses £	Transfers £	Balance as at 31 July 2022 £
Unrestricted funds	4,170,050	70,420	(1,034,101)	101,400	—	3,307,769
	4,170,050	70,420	(1,034,101)	101,400	—	3,307,769

Notes to the financial statements 31 July 2023

12 Restricted funds

	Balance as at 1 August 2022 Restated £	Donations £	Investment income £	Grants (approved) released £	Other costs £	Transfers £	Gains (losses) £	Balance as at 31 July 2023 £
Help a Child to See	190,332	—	3,438	(78,642)	(2,126)	—	(550)	112,452
Children's Eye Group Travelling Fellowship (Claude Worth Fund)	274,200	—	—	—	—	—	—	274,200
Caring for Kids	70,186	—	—	—	—	—	—	70,186
Genetics fund	3,729,754	—	79,779	(450,743)	(65,612)	—	(12,688)	3,280,490
Dermatomyositis Research	64,208	—	—	—	—	—	—	64,208
Chair of Childhood Epilepsy	3,684,537	—	81,441	(214,256)	(50,368)	—	(13,021)	3,488,333
Simpson-Smith Travelling Fellowship	233,880	—	5,324	—	(3,293)	—	(852)	235,059
Department of Paediatric Surgery	103,693	—	—	—	—	—	—	103,693
Anne Hamilton Award – Prize Studentship	17,743	—	—	—	—	—	—	17,743
Siemens Nuclear Medical Research	34,347	—	—	—	—	—	—	34,347
Kidney Research William Bequest	43,936	—	—	—	—	—	—	43,936
Simpson-Smith Memorial Lectureship	42,329	—	964	—	(596)	—	(154)	42,543
Chair of Developmental Neurobiology	22,398	—	89,764	(81,048)	(31,114)	—	—	—
Jim Seakins Travel Fund	26,746	—	580	(2,521)	(358)	—	(92)	24,355
John Lipscombe Memorial Travel Award	37,802	5,000	876	(3,605)	(541)	—	(140)	39,392
Bill Marshall Memorial Fellowship	364	—	8	—	(4)	—	(2)	366
Roland Levinsky Studentship	131,690	—	2,998	—	(1,854)	—	(480)	132,354
Wheeler Scholarship	84,828	27,334	—	(83,226)	—	—	—	28,936
Cystic Fibrosis	4,177	—	—	—	—	—	—	4,177
	8,797,150	32,334	265,172	(914,041)	(155,866)	—	(27,979)	7,996,770

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 Childhood Epilepsy

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

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

Notes to the financial statements 31 July 2023**12 Restricted funds** (continued)

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 Genetics 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 intends to engage with original donors (where possible) to see if the money can be used more widely than their original intended purpose.

Notes to the financial statements 31 July 2023

12 Restricted funds (continued)

	Balance as at 1 August 2021 Restated £	Donations £	Investment income £	Grants (approved) released £	Other costs £	Transfers £	Gains (losses) £	Balance as at 31 July 2022 £
Help a Child to See	242,777	—	3,955	(59,913)	(2,290)	—	5,803	190,332
Children's Eye Group Travelling Fellowship (Claude Worth Fund)	274,200	—	—	—	—	—	—	274,200
Caring for Kids	70,186	—	—	—	—	—	—	70,186
Genetics fund	3,831,370	—	69,042	(232,000)	(39,973)	—	101,315	3,729,754
Dermatomyositis Research	64,208	—	—	—	—	—	—	64,208
Chair of Childhood Epilepsy	3,692,420	—	67,360	(135,090)	(38,999)	—	98,846	3,684,537
Simpson-Smith Travelling Fellowship	225,951	—	4,199	—	(2,431)	—	6,161	233,880
Department of Paediatric Surgery	103,693	—	—	—	—	—	—	103,693
Anne Hamilton Award – Prize Studentship	17,743	—	—	—	—	—	—	17,743
Siemens Nuclear Medical Research	34,347	—	—	—	—	—	—	34,347
Kidney Research William Bequest	43,936	—	—	—	—	—	—	43,936
Simpson-Smith Memorial Lectureship	40,894	—	760	—	(440)	—	1,115	42,329
Chair of Developmental Biology	—	—	—	—	—	—	—	—
Chair of Developmental Neurobiology	64,579	—	67,337	(62,351)	(48,078)	—	911	22,398
Gertrude Marshall Atkins	—	—	—	—	—	—	—	—
Jim Seakins Travel Fund	26,822	—	489	(1,000)	(283)	—	718	26,746
Chair of Cancer Biology	2,511	—	—	(2,511)	—	—	—	—
Medical Molecular Biology Fund	60,801	—	—	(60,801)	—	—	—	—
John Lipscombe Memorial Travel Award	36,520	—	679	—	(393)	—	996	37,802
Bill Marshall Memorial Fellowship	351	—	7	—	(3)	—	9	364
Roland Levinsky Studentship	127,226	—	2,364	—	(1,370)	—	3,470	131,690
Wheeler Scholarship	57,977	26,851	—	—	—	—	—	84,828
Cystic Fibrosis	4,177	—	—	—	—	—	—	4,177
	9,022,689	26,851	216,192	(553,666)	(134,260)	—	219,344	8,797,150

Notes to the financial statements 31 July 2023**13 Endowment funds**

	2023 Total £	2022 Total £
Glaxo Wellcome – Chair of Developmental Neurobiology		
Balance brought forward 1 August 2022	4,533,260	4,435,358
Realised/unrealised gains	(14,418)	97,902
Balance carried forward 31 July 2023	4,518,842	4,533,260

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 £	2023 Total £	2022 Total <i>Restated</i> £
Endowment funds	4,518,842	—	—	4,518,842	4,533,260
Restricted funds	10,228,754	—	(2,231,984)	7,996,770	8,797,150
General funds	2,777,573	1,357,452	(1,361,859)	2,773,166	3,307,769
	17,525,169	1,357,452	(3,593,843)	15,288,778	16,971,951

	<i>Investments Restated</i> £	<i>Current assets Restated</i> £	<i>Liabilities Restated</i> £	2022 Total <i>Restated</i> £	2021 Total <i>Restated</i> £
<i>Endowment funds</i>	4,533,260	—	—	4,533,260	4,435,358
<i>Restricted funds</i>	10,620,427	—	(1,823,277)	8,797,150	9,022,689
<i>General funds</i>	3,571,438	1,103,977	(1,367,646)	3,307,769	4,170,050
	18,725,125	1,103,977	(3,190,923)	16,971,951	17,628,097

The total unrealised gains as at 31 July 2023 constitutes movements on revaluation and are as follows:

	2023 £	2022 £
Unrealised gains included above:		
On investments	5,055,170	5,848,594
Total unrealised gains at 31 July	5,055,170	5,848,594
Reconciliation of movements in unrealised gains		
Unrealised gains at 1 August	5,848,594	6,437,617
Less: in respect to disposals in the year	(760,685)	(814,773)
	5,087,909	5,622,844
Add: net (losses)/ gains arising on revaluation arising in the year	(32,739)	225,750
Total unrealised gains at 31 July	5,055,170	5,848,594

Notes to the financial statements 31 July 2023**15 Connected charities**

Professor Andrew Copp and Helen Cross, who are 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.

During the year, grants totalling £1,491,819 (2022: £1,526,286) were awarded to UCL GOS Institute of Child Health. At 31 July 2023, grants totalling £3,575,742 (2022: £3,152,606) were payable to UCL GOS Institute of Child Health.

In addition, these charities share common administrative facilities and hence involve cross charges of expenditure. 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 Institute Manager. The total remuneration (including taxable benefits and employer's pension contributions) of the key management personnel for the year was £14,057 (2022: £14,575).

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 13).

Professor Helen Cross, who is a Trustee of the Charity, has a portion of her salary at the UCL GOS Institute of Child Health funded by the Chair of Childhood Epilepsy fund (note 12).

Other than the transactions referenced above and in note 15, there have been no other related party transactions.

Notes to the financial statements 31 July 2023**18 Prior year adjustment**

The above prior year adjustment reflects a detailed analysis of grants payable that were previously classified as unrestricted. The analysis identified that a certain number of the grants met the requirements of restricted funds. A prior year adjustment has been made to reflect this. The apportionment of investment management fees, investment income and unrealised and realised gains/loss has also been reallocated as they are apportioned between the funds based on an average of the opening and closing balances.

	Unrestricted Funds £	Restricted funds £	Endowment funds £	Total funds £
Reconciliation of reported funds				
Total funds as 1 August 2020 (as previously stated)	2,812,566	9,044,075	3,637,429	15,494,070
Prior year adjustment				
. Reclassification of income and expenditure	1,065,575	(1,064,033)	(1,542)	—
Total funds at 1 August 2020 (as restated)	3,878,141	7,980,042	3,635,887	15,494,070
Movement in the year to 31 July 2021				
. As previously stated	(305,277)	1,776,502	662,803	2,134,028
. Reclassification of income and expenditure	597,186	(733,855)	136,668	—
. As restated	291,909	1,042,647	799,471	2,134,028
Total funds as at 31 July 2021 (as restated)	4,170,050	9,022,689	4,435,358	17,628,097