



HFMA briefing
April 2024



Example NHS charity annual report and accounts 2023/24

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Introduction

In January 2016, the HFMA published an example NHS charity annual report and accounts to assist members with the preparation of their annual report and accounts in accordance with the, then new, *Statement of recommended practice applicable to charities* (SORP). The example is updated each year to take account of any changes in financial reporting guidance – this is the latest version of those accounts.

Key changes to the annual report and accounts from the 2022/23 version are highlighted in **bold, italic**.

Accounting requirements for 2023/24

Charities with gross income of over £250,000¹ in the financial year must prepare their accounts in accordance with the second edition of the *Statement of recommended practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)* (SORP FRS 102)².

There are no changes to FRS 102³ or the SORP FRS 102 for 2023/24.

The key message of the 2023/24 annual report and accounts remains that these should tell the story of the charity's year.

Other guidance

Additional guidance on implementation of the SORP FRS 102 is provided in *Information sheets* published on the SORP microsite⁴:

1. [Suggested solutions for implementation issues](#) (issued April 2017)
2. [Accounting for gift aid payments made by a subsidiary to its parent charity where no legal obligation to make the payment exists](#) (issued January 2019)
3. [The Companies \(Miscellaneous Reporting\) Regulations 2018 and UK Company Charities](#) (issued September 2019)
4. [Amendments to FRS 102 – multi employer defined benefit plans](#) (issued November 2019)
5. [The Companies \(Directors' Report\) and Limited Liability Partnerships \(Energy and Carbon Report\) Regulations 2018, as applied to charitable companies](#) (issued June 2020, updated September 2020)
6. [Irish charities - merger accounting and Republic of Ireland company law](#) (published June 2020)

These do not amend the SORP FRS 102 but add clarification and guidance. It is unlikely that any will be applicable to NHS charities.

Future requirements

The Financial Reporting Council (FRC) has now finalised their period review⁵, and published a new FRS 102 that will be applicable to financial periods starting on or after 1 January 2026. The SORP will be updated to reflect the new standard's requirements, with publication

¹ Charity Commission for England and Wales, [Charity reporting and accounting: the essentials November 2016 \(CC15d\)](#), updated June 2023

² Charity Commission for England and Wales, Charity Commission for Northern Ireland and OSCR, [Charities SORP \(FRS 102\)](#), October 2019

³ FRS, [FRS 102 the financial reporting standard applicable in the UK and Republic of Ireland](#), accessed 21 March 2022

⁴ Charity Commission for England and Wales, Charity Commission for Northern Ireland and OSCR, [Application guidance for charity accounting](#), accessed 21 March 2022

⁵ FRC, [FRC revises UK and Ireland accounting standards](#), accessed March 2024

anticipated⁶ for 2025. The new SORP will apply to NHS charity accounts from 2026/27 onwards.

Example trustee annual report and accounts: On the Mend NHS Charity

Background

The example annual report and accounts has been developed by the HFMA under the guidance and direction of its Charitable Funds Special Interest Group.

The example was originally based on the Sandport Children's Hospital Charities example trustee annual report and accounts published by the Charity Commission for England and Wales to assist with the preparation of NHS charity annual reports and accounts in accordance with the SORP published in 2005.

This example has been revised annually and, since the 2022/23 update, reflects the return to relative normality after the impact of the Covid-19 pandemic on NHS charities.

It is the responsibility of each NHS charity's trustee(s) to determine appropriate accounting treatments and disclosures based on their circumstances and to reach agreement with their auditors.

This guidance is intended to be of interest and help to NHS organisations in England and Wales. However, NHS organisations in Scotland and Northern Ireland may find its contents useful as SORP FRS 102 also applies there.

We always welcome feedback on our guidance – if you have any comments, please contact policy@hfma.org.uk.

The example trustee annual report and accounts

The On the Mend NHS Charity (OtM) example trustee annual report and accounts have been prepared to comply with the SORP FRS 102.

The modules of SORP FRS 102 which have been referred to in preparing this document are listed below. Where it is helpful, the example includes best practice examples – in other words it goes beyond the minimum requirements as set out in the SORP.

Reference to the applicable part of the SORP FRS 102 is described in boxes which precede the paragraph or note to which they relate.

OtM meets the criteria for a 'larger charity' as its income exceeds £500,000⁷. Therefore, it must meet some reporting requirements that charities below this threshold do not. Where the SORP FRS 102's requirements only apply to larger charities the text in boxes makes it clear.

All the paragraphs of the annual report are numbered. These have been added simply to make references from the SORP FRS 102 to the example annual report clearer. The format of the annual report including headings, paragraph numbering and style of reporting is for each charity's trustee(s) to determine.

Background to the NHS charity

OtM's corporate trustee is an acute NHS provider that undertakes some specialised services as well as running a district general hospital – Healthville Hospital NHS Foundation Trust (HHFT).

HHFT is part of the Healthville integrated care partnership (ICP), the other members are:

- Healthville Integrated Care Body (ICB)
- Healthville Mental Health Trust (HMHT)
- Healthville Community NHS Foundation Trust (HCFT)
- Healthville Unitary Authority.

⁶ Charity Commission for England and Wales, Charity Commission for Northern Ireland and OSCR, [SORP homepage](#), accessed April 2024

⁷ The definition of a larger charity is to those with gross income greater than £500,000 per annum – this is set out in *Appendix 1: Glossary of terms* of SORP FRS 102.

All are co-terminus.

The mental health provider is a corporate trustee of its own NHS charity, but the community trust has never had an associated NHS charity. In 2020/21, the stage 1 grant from NHS Charities Together for the community trust was paid to On the Mend NHS Charity. OtM changed its objectives to include the community trust (see paragraph 10) but there was no requirement to change OtM's governing documents because the charity's objects are:

'The trustees shall hold the trust fund upon trust to apply the income, and at their discretion, so far as may be permissible, the capital, for any charitable purpose or purposes relating to the National Health Service (hereinafter referred to as 'the objects').'

Grants specifically relating to community service are held in a separate designated fund for projects relating to the community trust. As the grant was made to OtM, it is the corporate trustee that is responsible for spending the grant appropriately in accordance with the conditions attached to it. Although this is done in consultation with the community trust's board and staff, OtM retains responsibility – on this basis it has been concluded that OtM is acting as a principle in this case rather than an agent.

If OtM was administering the funds on behalf of the community trust, with no discretion on how the funds should be used, then it would be acting as an agent. Agency or custodian arrangements should be accounted for in accordance with module 19 of the SORP FRS 102.

Updates to the 2023/24 annual report and accounts

As it is four years since the start of the pandemic, the immediate impact of the pandemic is no longer reflected in the prior period comparatives and the accounts reflect the post-pandemic reality.

Key changes to accounting and reporting are highlighted in the text boxes explaining the SORP 102 requirements in ***bold, italic***.

Background to OtM

OtM has a corporate trustee – Healthville Hospital NHS Foundation Trust (HHFT).

The registration comprises a group of charities administered by the corporate trustee and registered under a 'group registration'. The charity is an active fundraiser and produces its annual report as a dual-purpose document to meet the requirements of the SORP FRS 102 but also to be used as part of the fundraising document. This means that the trustee's annual report can be distributed with the accounts or as a free-standing document. Therefore, the charity includes summary financial statements in its annual report.

The SORP FRS 102 does not provide any guidance on summary financial statements. Paragraph 13 of the *scope and application* section at the start of the SORP FRS 102 states:

'The report and accounts should not be viewed simply as a statutory requirement or a technical exercise. The report and accounts, when read together, should help users of the information to understand what the charity is set up to do, the resources available to it, how these resources have been used and what has been achieved as a result of its activities.'

It is expected that the annual report and accounts will be distributed as a single document, but the summary financial information is included in this annual report so that if it is read in isolation it makes sense to the reader.

In some places, this example will therefore exceed the requirements of the SORP FRS 102.

All charities above the receipts and payments threshold⁸ will have to meet the requirements of the SORP FRS 102 but they also have the option of providing additional information if they think that it will assist the reader of their report and accounts.

⁸ Currently, charities with gross income of more than £250,000 per annum are required to prepare accruals accounts. Those who do not reach that threshold can prepare receipts and payments accounts.

Foreword by the Chairman of charitable funds committee of the On the Mend NHS Charity

There is no requirement in the SORP FRS 102 to include a foreword to the trustee's annual report. This is a decision made by the charitable funds committee that manages the OtM.

1. Welcome to our annual report for 2023/24. We are a charity that works for the benefit of NHS patients and their families from Healthville and the surrounding area whether they are Healthville Hospital NHS Foundation Trust (HHFT)'s patients or not. We work closely with all the NHS bodies in the area, not just our corporate trustee (HHFT).
2. We exist to provide resources and facilities to meet the needs of our NHS partners' patients and their families.
3. Key highlights of our year include:
 - **exceeding our funding target for the paediatric burns and trauma centre by £198,000, which will allow us to be even more ambitious with the new centre, and make the centre more homely for those young people and their families who use the centre**
 - **receiving a £20,000 research grant from Wellcome which will support us in evaluating the impact of offering debt, housing and benefits advice in conjunction with Citizens Advice, to parents of children who have been admitted twice in a twelve-month period for respiratory conditions believed to be linked to damp or mouldy housing**
 - **monthly On The Mend features on Healthville Radio as part of the Local Heroes series, which have allowed us to share examples of how local donations have enhanced care for patients and their families, and some of the ways people have raised funds for us further developing our fundraising activities**
 - **continuing to fund high quality research to develop therapies and treatment to help our patients in the future.**
4. Your donations made this work possible, and your future donations are the key to our continued success.
5. This is my third report as Chair of the charitable funds committee, and I would like to thank everyone who has donated gifts or money this year as well as our staff who have worked so hard over the last two years.
6. We will continue to focus on helping the population of Healthville to live fulfilling and healthy lives. If you would like to get involved, details about how to do this are at the end of this report. Please support us, every £ counts.

Josephine Maine

30 June 2024

Who we are

7. On the Mend NHS Charity (OtM) is a registered charity (registered number 107XXX0). We exist to raise funds and receive donations for the benefit of the NHS. By securing donations, legacies, and sponsorship, OtM can provide the 'icing on the cake' to make a real difference for patients, their families and the staff who look after them.
8. Healthville Hospital is a centre of excellence for healthcare and our key partner in fulfilling our charitable aims. HHFT provides both general and specialist care for over 150,000 patients each year. Healthville Community NHS Trust provides district nursing and health visiting to the residents of Healthville as well as the patients of Healthville Cottage Hospital.
9. We would like you to support us in our crucial work so please read on and let us tell you more about ourselves, what we do, what we have achieved and how we go about spending the money given to us.

What we aim to do: our objectives and activities

Paragraph 1.17 of the SORP FRS 102 requires that the charity provides a summary of:

- the purpose of the charity as set out in the governing document and
- the main activities undertaken in relation to those purposes.

Paragraphs 10 to 12 of the annual report aim to do that.

Paragraph 8 recognises the fact that the charity covers patients of the Community NHS Trust that does not have its own charity.

The mission statement in paragraph 10 also reflects the charity's objective.

Our mission

10. By raising new money and careful management of our existing funds, OtM provides a public benefit by making grants to Healthville Hospital, Healthville Community NHS Trust and the other organisations it works with in order:

'To serve the population of Healthville by funding facilities, equipment and research and to support associated healthcare and complementary services for patients of the NHS in Healthville.'

11. Grants are made in accordance with charity law, our constitution and the wishes and directions of donors. In making grants, we endeavour to reflect the wishes of patients and staff by directing funds towards areas they tell us are most in need. During the year 2023/34, grants totalling £2.9m were made. When considering where to focus our attention our corporate trustee's board and, particularly, the members of the charitable funds committee have regard to the Charity Commission for England and Wales's guidance on public benefit and what this means for OtM.
12. Our plans are to continue to increase our level of fundraising to achieve our target of £3.75m a year which will help us work with our NHS partners to transform the health prospects for patients in our community.

What we have achieved: highlights from the activities undertaken in the year

In addition to the requirements of paragraph 1.17 of the SORP 102, charities in England and Wales⁹ are required to meet the requirements of paragraph 1.18 of the SORP FRS 102 to:

- explain the main activities undertaken to further the charity's purpose for the public benefit

⁹ For guidance in Scotland and Northern Ireland see OSCR, [Public benefit](#), updated August 2018 for the guidance in Scotland and Charity Commission for

Northern Ireland, [The trustees annual report and public benefit reporting](#), June 2019

- include in their report a statement confirming whether the trustees have had regard to the Charity Commission in England and Wales's guidance on public benefit¹⁰.

Paragraphs 13 to 16 look at the main activities of the charity and try to explain:

- what the charity's objectives are
- what the charity has done in the year and who its beneficiaries are
- the impact/ difference that the charity has made
- how it is different from the services provided by the NHS.

Case studies show the benefit of the charity's work for patients. In the case of a grant making charity, the public benefit results from the receipt of the grant that allows the grant receiving body to make changes that have a public benefit.

In 2018, the Charity Commission reviewed public benefit disclosures in 105 charity annual reports¹¹. It found that:

- 52% of the annual reports reviewed demonstrated a clear understanding of the public benefit reporting requirement
- many charities did not report the activities that they undertake to improve the lives of their beneficiaries and make a difference
- only two thirds included the required statement that the trustees had considered the relevant guidance on public benefit reporting.

The Charity Commission concluded that, 'the trustees' annual report is the key means by which the trustees of a charity are publicly accountable for the work that they have done to make a difference to the charity's beneficiaries. Public benefit reporting encourages trustees to reflect on how well they are doing and to communicate this to their supporters, potential funders and the wider public.'

The statement in paragraph 11, and paragraphs 74 to 75, meets the requirement to confirm that the trustees have had regard to the public benefit guidance.

Paragraphs 13 and 14 also meet the requirement of paragraph 1.20 of the SORP FRS 102 to contain a summary of the main achievements of the charity.

13. Our key aim is to serve the NHS patients of HHFT and Healthville Community NHS Trust for the public benefit. By funding research, services, and equipment we help the NHS bodies we work with provide care to their patients which goes beyond that which they are funded by the state to provide. ***Our role is not to replace or subsidise NHS healthcare, but to complement it.***
14. By working with the NHS, ***we aim to enhance the patient experience for people irrespective of their ethnicity, beliefs, or personal or family circumstances.*** We put this aim into practice by helping the patients, their families and carers, and visitors to the hospital by:
 - funding medical research to understand better the diseases affecting our patients today so that we can develop the treatments and therapies of tomorrow
 - enhancing the care our partner hospitals can offer through new equipment and building improvements to deliver better facilities ***and environments***
 - investment in the people who work in the NHS in Healthville to create a caring environment for the patients receiving care, their families and visitors
 - providing direct support to patients by way of information, networking support and better facilities.

Paragraph 1.36 of the SORP FRS 102 requires that larger charities provide an explanation of:

¹⁰ Charity Commission for England and Wales, [Charitable purposes and public benefit](#), accessed 4 March 2020

¹¹ Charity Commission for England and Wales, [Public benefit reporting by charities](#), December 2018

- its aims, including details of the issues it seeks to tackle and the changes or differences it seeks to make through its activities (met in paragraphs 15 to 25 in the annual report)
- how the achievement of its aims will further its legal purposes (met in paragraph 10 and paragraph 48 of the annual report)
- the criteria or measures it uses to assess success in the reporting period (met in paragraph 38)
- the significant activities undertaken (including its main programmes, projects or services provided), explaining how they contribute to the achievement of its stated aims and objectives (met in paragraphs 15 to 25 in the annual report).

15. We do this through a range of programmes funded by your donations, legacies and grants. Highlights from the main programmes undertaken in the year are detailed below to give you a wider understanding of the difference we can make together to lives today and in the future.

16. ***We aim to treat people equitably and focus our resources on those with the greatest needs. Our research typically targets people with (or at risk of) specific conditions, and we are working with Citizens Advice to help families find the support they need to keep their homes warm and stay healthy.***

Finding the treatments of tomorrow

17. OtM is committed to supporting high quality, nationally recognised research, focusing particularly on childhood diseases and illness and long-term conditions such as diabetes and asthma in patients of all ages. The progression and effect of some diseases is very different in children, so we fund specific projects which look at how existing healthcare practices need to be adapted when treating children. The work on long term conditions is aimed at understanding how people can live healthy and long lives with their conditions.

18. Through its Research Foundation, OtM awards grants for research projects that not only provide valuable results themselves but also have the potential to lead to major research projects securing national and international funding. A mixture of 1, 2 and 3-year research grants are awarded.

19. During 2023/24, two rounds of grants were paid totalling £2,854,000.

Research into new tissue implants and patches – a life pain-free

20. Our research programme includes developing new techniques to apply tissue implants using nano technology of skin scaffolds and stem cell technology to enable a better covering of skin for victims of burns and accidents which cause skin damage and disfigurement. Aside from the trauma of pain, disfigurement brings problems of bullying and social isolation which can traumatise a patient for life. Healthville Hospital is a regional centre for the treatment of burns and our grants are used to fund research into identifying the most effective therapies particularly for children.

Case study

At the age of 2, Freddy suffered severe burns to his left arm as the result of an incident with a water heater. The traditional treatment for burns is based on tried and tested methods for adults. However, children are still growing so treatment has to be repeated as they grow, and the scarred skin is stretched.

As a result of our research Freddy was given a new innovative treatment which reduced the number of treatments he had to undergo. He had fewer stays in hospital and his recovery times were quicker which meant that the amount of schooling he missed was reduced considerably. When he was first admitted at the age of 2, his parents were told that he was likely to miss at least one year of school. Freddy is now 18 years old. By scheduling treatments in school holidays and giving him the innovative treatment Freddy missed only 2 months of schooling. This autumn he will be going to university along with his peers.

Caring better using the latest technology

21. Ward donations are often used to provide a modern piece of equipment that improves the care which staff can provide. For example, during 2023/24, £65,000 was spent on a central Dexa Scanner which measures bone density. Also, over £80,000 of charitable funds was used to purchase sixteen modern electric beds,

ten ECG machines and five vital signs monitors used to automatically alert nurses to changes in blood pressure, heart rate and blood-oxygen levels, amongst other things. The vital signs monitors allow nurses to monitor patients remotely giving them the flexibility to spend time with friends and families or attend lessons outside of the ward. We also spent £6,500 on five syringe pumps, used to automatically deliver the correct dose of drugs over the optimum period of time removing the need for nurses to continually administer new injections which causes our patients pain and distress.

A new regional paediatric burns and trauma centre

22. With the success in exceeding our £2.8m appeal target, plans are in hand for the development of the new building which will house the new regional paediatric burns and trauma centre. The NHS is funding the larger share towards the £14.5 million total cost and work began in October 2022 with completion planned by December 2024 in time for a launch event in January 2025 to be attended by Lord Holsby of Holsby. The charity is funding state of the art clinical and educational equipment **and a courtyard garden so children and their families have access to an enclosed green space to enjoy while healing** for this project, which will enable patients to be treated with the latest diagnostic and treatment technologies and for staff to be trained and able to use this technology effectively.

Team effort – triumphing with disability

23. We are also proud to provide regular support for the hospital's team to attend the annual Transplant Games. This is the fifteenth year that we have supported a team. The Games are a wonderful occasion for those who have received new organs to demonstrate their fitness and athletic prowess as they compete with patients from across the country. We provided a grant of £8,200 to allow 20 team members and their families to attend in summer 2023. In previous years, team members and their families found the **networking opportunities with others with lived experience invaluable** – they were able to share experiences and exchange information and have brought back some new ideas to share with the hospital's patients and staff.

NHS Charities Together community welfare grant

24. In 2022/23 we invested in a peer support worker programme at HMHT to support children and young people with the mental health issues that they have developed as a result of the pandemic.
25. In 2023/24, we continued to fund the training programme and provide seed funding for HMHT to employ young people as peer support workers. These young people come from the same communities and backgrounds of the people that they support and have all had experience of mental health issues.

Case study

Mohammed was recruited as one of the first peer support workers at HMHT. He has lived in the downtown area of Healthville all his life and self-harmed during his teenage years. The programme paid for Mohammed to undertake training in counselling and mentoring before starting his new job.

'When I was 16, I was self-harming but found support at my local mosque – being a peer mentor means that I can use my experience to help others that don't have that support. The training means that I am confident that I can be an effective peer supporter and, if they need more help than I can provide, **I can recognise that and** ensure that they can get the help they need.'

The following section of the annual report meets the requirement of paragraph 1.21 of the SORP FRS 102 that the report must contain a review of the charity's financial position at the end of the reporting period.

The charts show a trend in the income and expenditure to illustrate the impact of the wider economic environment on the work of the charity.

How we funded our work, our achievements and performance

26. The following figures are taken from the full accounts approved on 30 June 2024; if more details are required please refer to the full accounts. This part of the trustees annual report comments on key

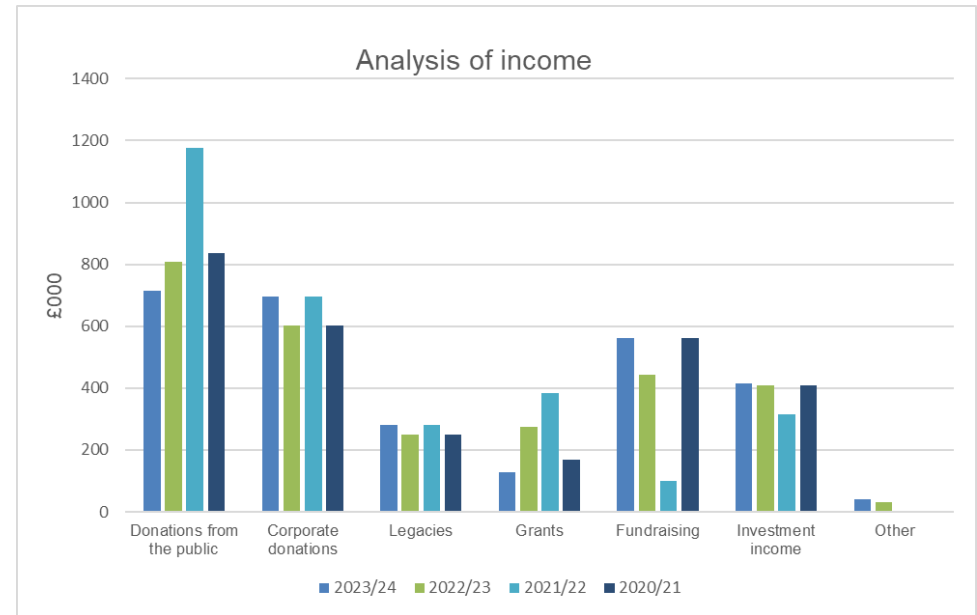
features of those accounts. In this section we firstly explain how we raised the money and then how we spent it.

Money received - £2.8m. Money spent - £3.7m

27. OtM can only continue to support the work of HHFT, Healthville Community NHS Trust and our other partners for as long as we receive the money needed. Most of our income comes from the voluntary efforts of the general public. This year we spent £850,000 more than we received in income. However, decreases in the value of our investments meant our total funds decreased by £1,324,000

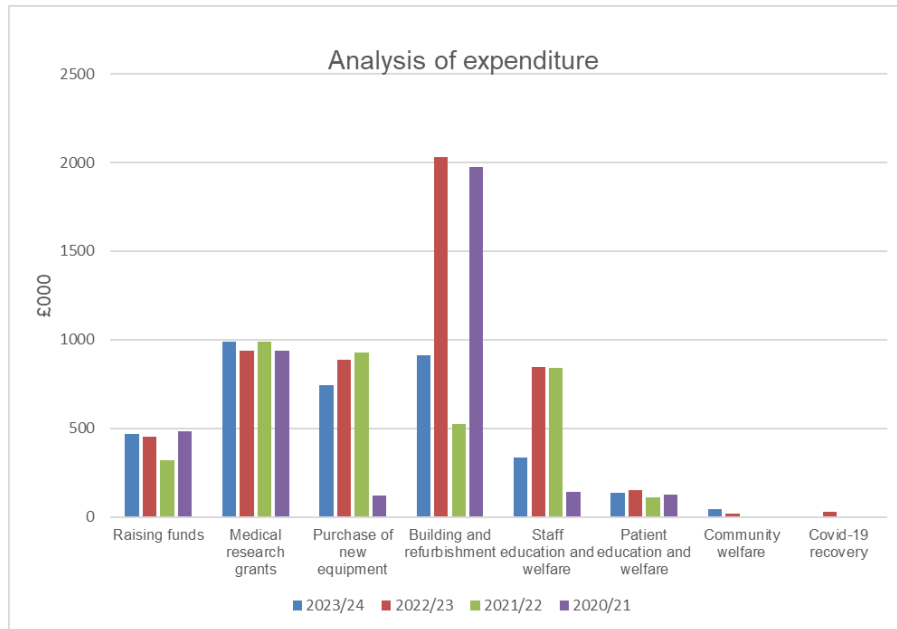
Money received: sources of funds

28. The chart shows our main sources of income over the past four years. Our largest source of income continues to be gifts and donations from the public, either direct or through corporate giving. Grant income has reduced this year. Income from fundraising is almost at pre-pandemic levels.
29. Our largest source of income is giving by the public and by local companies keen to support their local community through improving child health.
30. The public continue to be our main supporters. However, donations from grateful patients are falling. This is partly due to the cost-of-living crisis. However, we are also looking at increasing the ways that people can give. In particular, we are trying to increase the ways that people can give electronically. ***There has been a slight increase in the number of legacies received in year, which may represent a clearing of the backlog of estates waiting for probate.***
31. We continue to be grateful to Lord Holsby for allowing us the use of his gardens for our summer fair. Our annual gala and awards evening continues to be the highlight of our year. ***And we reached new fundraising heights with the first-ever abseiling down Healthville Hospital event, which was very well-supported.***



Money spent: what we spent the money on

32. We are a grant making charity – mostly we give grants to NHS bodies but we also give smaller grants to other service providers where that meets our charitable objectives.



33. We have three-year rolling programme for medical research grants. This supports researchers working at the hospital and university and allows them to explore new ideas which we hope will be proven in the future to be of benefit. Often these pilot research projects enable an idea to be honed and tested and then submitted for industry or Medical Research Council support.
34. We spent less on equipment and building and refurbishment this year because of the high level of investment last year. However, we did spend £85,000 on refurbishing the quiet room to make it **a more welcoming space that can be used for quiet prayer or reflection by those of any faith or none.**

Case study

Megan was born prematurely and spend the first three months of her life in the special care baby unit (SCBU). For her parents, Clive and Anna, the quiet room became a place of refuge from the pressure of the SCBU. They explain that while the staff were very

caring, the constant monitoring of the very sick babies and the number of people always around became quite stressful. This was specially the case when a baby born on the same day as Megan died.

‘The quiet space was an oasis of calm which allowed us to take some time to grieve for the other baby and manage the roller-coaster of Megan’s treatment as she was doing well but then caught an infection which took some time to clear’

35. We have now spent all of the Covid-19 recovery grant we received from NHS Charities Together. This money was spent on seed funding for longer term well-being programmes. Where we continue to fund these programmes, they will be shown as staff welfare in the future.
36. We continue to fund initiatives to train the staff who care for the patients. Ensuring staff are well trained and supported benefits the quality of care they provide. **Of course, the HHFT as employer has a duty to ensure its staff are well trained and able to do their work but by cross-skilling staff and, for example, ensuring they develop greater understanding of conditions which they may encounter alongside those specific to their specialty, we can improve care. This includes ensuring staff better understand neurodiverse patients’ needs, and ensuring more ward staff across adult in-patient services can ‘experience’ living with dementia to enhance their understanding of patients in their care.** Expenditure in this area is less than last year, **when we invested in establishing training packages and resources to roll out in future years. However, patients and staff are now benefiting from that prior investment.**
37. We are now providing support **to mitigate** the cost-of-living crisis. This involves offering space and **supporting volunteer coordination for a local pantry**, as well as funding drinks and healthy snacks on wards to ensure the physical well-being of NHS staff in their demanding roles. We are pleased to offer period products to those who need them, for staff and patients in our care.

Case study

Sarah is a nurse in the intensive care unit.

‘Having access to the pantry has made a big difference this year. My rent and utilities costs have gone up so much that I sometimes do not have enough money at the end of the month to buy food. Knowing that I can access the pantry for staple food items is a huge weight off my mind. I like the fact that it is supported by the charity but also is stocked from donations. This means that when I have some extra money, I am able to give back which is important to my self-esteem.’

Joe is a porter.

‘Having access to hot drinks and fruit during my shift is wonderful. I can grab a drink and a snack whenever I need to which keeps my energy levels up. This is particularly important when I am working night shifts and the canteen is closed. It also gives me time to talk to other staff – as a result of one of these chats, I came up with an idea to save time which has now been implemented throughout the hospital’

Performance against objectives

The section below meets the fourth requirement of paragraph 1.36 of the SORP FRS 102.

Paragraph 1.41 of the SORP FRS 102 requires that larger charities review:

- the significant charitable activities undertaken (met in paragraphs 10 to 41 of the annual report)
- the achievements against objectives set (met in paragraphs 10 to 41 of the annual report)
- the performance of material fundraising activities against the fundraising objectives set (met in paragraphs 46 to 47 of the annual report).
- investment performance against the investment objectives set where material financial investments are held (met in paragraphs 57 to 60 of the annual report)

- if material expenditure was incurred to raise income in the future, the report must explain the effect this expenditure has had, and is intended to have, on the net return from fundraising activities for both the reporting period and future periods (not applicable to this NHS charity).

Paragraph 1.45 of the SORP FRS 102 states that the report should comment on significant positive and negative factors that have affected the charity’s performance and its plans. These factors include both those within and outside its control.

38. Spending the money is only part of the story because we are concerned to achieve value for money. To ensure the money is well spent, applications for general fund grants include questions about the objectives, impact, and success criteria for the proposed project. The charity undertakes an annual survey of all grants awarded over £5,000 and a sample of smaller grants to establish the extent to which the intended benefits have been realised. We ask the applicant what the outcome of the grant was both in terms of what they spent the money on and what difference it made to the medical care and treatment of patients. This information informs future grant making policy as well as providing a basis for assessing our performance.
39. We also ask fund advisors who have spent more than £5,000 in the year to provide a brief report on what they spent the money on and the difference it made to the medical care and treatment of patients.
40. Research grant holders are required to provide an annual report explaining the course and outcome of their work. This is reviewed by the Research Foundation and a summary report submitted to HHFT board acting as corporate trustee. Key indicators used to measure the success of funded research include the number of peer-reviewed publications and the number of presentations to national and international meetings.
41. A review of the second round of Research Foundation grants awarded in 2023/24 produced the following results:

Number of projects	9
Value of medical research grants awarded (see note 9 to the accounts)	£913,484
Number of presentations	27
Number of publications	12
Value of further research funding generated as a result of our grants	£3,159,000

Our fundraising practices

Since 1 November 2016, auditable charities in England and Wales need to include additional information in their annual report about their fundraising practices¹². **The Fundraising Regulator has updated their guidance on those reporting requirements**¹³. The reporting requirements are also set out in section 7.9 of CC15d¹⁴ and section 9 of CC20¹⁵. Larger charities are required to disclose:

- the fundraising approach taken by the charity, or by anyone acting on its behalf, and whether a professional fundraiser or commercial participator carried out any fundraising activities
- details of any fundraising standards or scheme for fundraising regulation that the charity has voluntarily subscribed to
- details of any fundraising standards or scheme for fundraising regulation that any person acting on behalf of the charity has voluntarily subscribed to
- details of any failure by the charity, or by any person acting on its behalf, to comply with fundraising standards or scheme for fundraising regulation that the charity or the person acting on its behalf has voluntarily subscribed to

- whether the charity monitored the fundraising activities of any person acting on its behalf and, if so, how it did so. This includes third party fundraisers, commercial partners and volunteers
- the number of complaints received by the charity, or by a person acting on its behalf for the purposes of fundraising, about fundraising activity
- what the charity has done to protect vulnerable people and other members of the public from behaviour which:
 - is an unreasonable intrusion on a person's privacy
 - is unreasonably persistent
 - places undue pressure on a person to give money or other property.

These reporting requirements are met in paragraphs 42 to 45.

42. Members of HHFT's fundraising department organise fundraising events and co-ordinate the activities of our supporters both in the hospital and in the wider community on behalf of OtM. OtM does not use professional fundraisers or involve commercial participators. There have been no complaints about fundraising activity this year.

The Fundraising Regulator publishes the Code of Fundraising Practice¹⁶ that sets the standards that apply to fundraising carried out by all charities and third-party fundraisers in the UK.

The Fundraising Regulator is the independent regulator of charitable fundraising in England, Wales and Northern Ireland. In Scotland, the Scottish Fundraising Standards Panel is the regulator.

¹² This is a statutory requirement set out in s162A of the [Charities Act 2011](#) as inserted by the [Charities \(Protection and Social Investment\) Act 2016](#)

¹³ The Fundraising Regulator, [The Charities \(Protection and Social Investment\) Act 2016: Fundraising reporting requirements guidance](#), January 2023

¹⁴ Charity Commission for England and Wales, [Charity reporting and accounting: the essentials](#), updated 2021

¹⁵ Charity Commission for England and Wales, [Charity fundraising: a guide to trustee duties](#), updated 2022

¹⁶ The Fundraising Regulator, [Code of Fundraising Practice](#), October 2019

43. The fundraising department has signed up to the Fundraising Regulator's Code of Fundraising Practice. All fundraising guidance and working practices are compliant with that code.
44. OtM has a team of about 50 local volunteers that runs fundraising events (see note 6 to the accounts). The fundraising team is responsible for co-ordinating the volunteers' activities and Susie MacGregor, our fundraising manager, is responsible for monitoring their activities against the requirements of the code. Volunteer fundraisers are given a briefing before they raise funds for OtM and also be given annual updates/ reminders. A member of the fundraising team will attend most events to ensure that that they are being appropriately run.
45. All direct marketing is undertaken by the fundraising department to ensure that it is not unreasonably intrusive or persistent. Contact is made through direct marketing a maximum of three times a year but usually only annually. All marketing material contains clear instructions on how a person can be removed from mailing lists.

Our fundraising performance

This section meets the third of the requirements set out in paragraph 1.41 of the SORP FRS 102.

Paragraph 1.46 of the SORP FRS 102 requires that larger charities explain:

- the financial effect of significant events (met in the sections above starting paragraph 26 of the annual report)
- where the charity holds material financial investments, the investment policy and objectives set (met in the sections above starting paragraph 26 of the annual report).
- a description of the principal risks and uncertainties facing the charity and its subsidiary undertakings, as identified by the charity trustees, together with a summary of their plans and strategies for managing those risks (met in paragraphs 83 to

84 of the annual report). The guidance on the implications of Covid-19 suggests that charities should consider how the principal risks and uncertainties facing the charity have been impacted by the financial and operational effects of the virus control measures

- any factors that are likely to affect the financial performance or position going forward (met in the sections above starting at paragraph 26 of the annual report).

46. During the year the total donations, legacies and income from fundraising (shown as other trading activities in the statement of financial activities) came to £2,362,000¹⁷ against a target of £2,500,000. Our fundraising income is almost back to pre-pandemic levels but we are still affected by the cost-of-living crisis. We are exploring new ways of fundraising including applying for grants from organisations other than NHS Charities Together.
47. We benchmark our fundraising activity with our peers through the NHS Charities Together¹⁸ and monitor the comparative success of campaigns and overall fundraising cost to income ratios. We continue to perform well with a low cost to income ratio compared to the average, but we underperform for the overall value of donations against the average for an NHS charity with a focus on research. **As our population spans the fifth most income deprived local authority¹⁹ area of England, we benefit far less from significant legacies than charities based in more affluent areas, and many of the supportive local residents have limited ability to contribute financially.** We are therefore seeking to raise our fundraising profile in order to bring our funds raised up to the average for NHS charities linked with NHS bodies that focus on research.

¹⁷ This is the total of 'donations and legacies' (£1,801,000) and 'other trading activities' (£561,000) as disclosed on the statement of financial activities on page 28.

¹⁸ This benchmarking data is available to all members of the NHS Charities Together [NHS Charities Together](#)

¹⁹ Office for National Statistics, [Mapping income deprivation at a local authority level](#), May 2021

What we plan to do with your donations: our future plans

Paragraphs 48 to 50 of the annual report meet the third of the requirements of paragraph 1.36 of the SORP FRS 102.

Paragraph 1.49 of the SORP FRS 102 requires that larger charities provide a summary of the charity's plans for the future. Paragraphs 48 to 50 of the annual report do this as well.

48. We will achieve our mission by working with the NHS to develop the facilities to treat the patients of tomorrow and have established a development fund to further that purpose. To identify the treatments of tomorrow we actively seek to assist in equipping NHS staff with the skills they need and provide financial support to our research partners in their important work. Our open invitation to the readers of our annual report and accounts is to join with us in our exciting mission by making a gift.
49. Our detailed plans are to:
- expand our fundraising activities towards achieving our long-term goal of raising £3.75m every year
 - review the grants that we could apply for. ***Until 2019 we received relatively little income from grants. We are actively exploring looking at other grant making bodies to see whether we are eligible for other grants that we can use to fund the research that is undertaken by our corporate trustee, such as the from the [National Institute for Health and Care Research](#) and [Wellcome](#).***
 - spend the funds we raised before the pandemic for the Paediatric Burns and Trauma Centre of almost £3m and the Education Centre of just under £1m in 2024 as planned in order to equip and provide these facilities in collaboration with our NHS partner.
 - to maintain our research support at £1m per year to fund the development of future techniques and therapies to save our patients from future ill-health
 - ***to maintain and improve the environments enhanced beyond statutory requirements through charitable funds at a level for equipment and buildings of £1m per year.***
50. Your support makes these plans possible and to help us please do consider making a donation.

How we manage the money

Our grant making policy

Paragraph 1.38 of the SORP FRS 102 requires larger charities to include an explanation of the use the charity makes of the following:

- social investment, when this forms a material part of its charitable activities
- grant-making, when this forms a material part of its charitable activities
- volunteers, when their contribution is significant to a charity's ability to undertake a particular activity.

In this case, the charity does not make social investments and volunteers do not make a significant contribution to the charity's activities. However, grant making is a material part of its charitable activities. The SORP FRS 102 says that 'in particular, the report must explain the charity's grant-making policy and explain how its grant-making activities contribute to the achievement of its aims and objectives.'

Paragraph 51 of the annual report achieves this requirement.

51. OtM makes grants from both its unrestricted and restricted funds. The grants from restricted funds must be used in accordance with the conditions attached to the donation. In 2020/21 a restricted fund was established for the grants received from NHS Charities Together – these grants have now been spent. Within the unrestricted funds, grants are made from general funds, designated (earmarked) funds and designated research funds:
- general funds. These funds are received by OtM with no particular preference expressed by donors. Once each year, the charitable funds committee invites applications from any member of the hospital, and also from specialist partner charities, for example MacMillan Cancer Support, and patient groups working with the hospital. Based on their knowledge of the hospital, the committee agree funding priorities and score the applications for quality and value for money. Grants are particularly targeted at

- projects in areas of the hospital that do not have available designated funds to assist them.
- designated (earmarked) funds. These funds are established for a particular part of the hospital or activity nominated for support by the donor. They are overseen by fund advisors who can make recommendations on how to spend the money within the designated area. Fund advisors' recommendations are generally accepted, and these funds can be spent at any time.
- designated research funds. These are funds which are designated for general research. Applications are invited once a year by the HHFT Research Foundation which undertakes and commissions internal and external peer reviews, assesses the quality of the proposed research and its correlation with existing hospital research priorities. Grants are normally awarded for between twelve months and three years and are targeted on pump-priming high-quality pilot projects which are likely to lead to externally funded research projects.
- Guptah income. OtM manages a separate endowment, the Guptah Charity, which cannot be spent but which produces an income. The income is held in a separate fund to promote the preservation of health and recovery of patients and former patients of the Healthville Hospital, and other named eligible hospitals, from which grants are awarded each year. The charitable funds committee decides which, if any, projects to fund based on an assessment of quality, value for money and how well they match the objects of the charity.

Our reserves policy

Paragraph 1.22 of the SORP FRS 102 says that the charity must explain any policy it has for holding reserves, the amount of those reserves and why they are held.

Paragraph 1.48 of the SORP FRS 102 states that the review of the charity's reserves should: The review of the charity's reserves should:

- report as at the end of the reporting period:
 - the amount of total funds the charity holds
 - the amount of funds which are restricted and not available for general purposes
 - material amounts which have been designated or otherwise committed
 - the likely timing of the expenditure of any material amounts designated or otherwise committed
 - the amount of reserves the charity holds after making allowance for any restricted funds, and the amount of designations, commitments (not provided for as a liability in the accounts) or the carrying amount of functional assets which the charity considers to represent a commitment of the reserves they hold
- identify the amount of any fund that can only be realised by disposing of tangible fixed assets or programme related investments
- compare the amount of reserves with the charity's reserves policy and explain, where relevant, what steps it is taking to bring the amount of reserves it holds into line with the level of reserves identified by the trustees as appropriate given their plans for the future activities of the charity.

In 2018, the Charity Commission for England and Wales reviewed 106 sets of charity accounts²⁰ to assess whether the charity had:

- explained its reserves policy in accordance with the SORP FRS 102's requirements
- calculated its stated level of reserves correctly.

While most charities included a reference to their reserves policy, more than a third did not include all of the basic information required. The most common omission was a statement of the level of reserves held.

²⁰ Charity Commission for England and Wales, [Charity reserves policies: demonstrating and building resilience](#), November 2018

Paragraph 56 of the example annual report and accounts reflects the charity's approach to managing designated funds.

52. The charitable funds committee has established a reserves policy as part of its plans to provide long term support to OtM.
53. The charitable funds committee calculate the reserves as that part of the charity's unrestricted income funds that is freely available after taking account of designated funds that have been earmarked for specific projects.
54. The free reserves currently stand at £754,000 and are calculated as follows:

Total unrestricted funds of	£1,701,000
Less designated funds	(£947,000)
Total free reserves	£754,000

55. The charitable funds committee intends that designated funds are spent within a reasonable period of receipt and therefore expects to only maintain reserves sufficient to provide certainty of funding for the research programme and continuity for general grant making. Therefore, the target range for reserves is between £1.5m to £2m to ensure the stability of grant funding.

The minimum reserve requirement is calculated as follows:

Requirement for medical research activity	£1,000,000
Requirement for all other charitable expenditure	£500,000
Total reserve requirement	£1,500,000

The reserves held are not within our target range – this is due to the impact of ***the cost-of-living crisis, and the increasingly challenging public funding environment which makes it harder to secure public donations***, on our planned fundraising.

56. The charitable funds committee expects that designated funds will be spent within three years. It therefore regularly reviews the balances

held in designated funds against this benchmark unless it has been agreed that a different period is more appropriate based on the reason for the designation. Where the fund has not been spent within three years, the charitable funds committee will determine whether the fund is likely to be committed soon and the extent to which there is a continuing need for the particular designated fund(s). Where it is decided that the designation is no longer necessary or the designated fund has been inactive for more than five years, the funds are closed and transferred to general unrestricted reserves.

About our investments

Paragraphs 57 to 60 of the annual report meet the fourth requirement of paragraph 1.41 of the SORP FRS 102.

57. The trustee holds the Guptah endowment as XYZ Charities Investment Fund Income Units, on the advice of C Investment Management Limited with a view to striking a balance between income yield and the preservation of the real value of capital. Investments are made on a total return basis. Income is credited to a separate bank account and held as cash.
58. Other investments of OtM are managed by Schumann & Co Limited with the objective to maximise the income receivable whilst allowing a degree of capital growth. Since these funds represent unrestricted income funds including reserves, the emphasis is on maintaining a high level of liquidity and a low to moderate investment risk. The governing documents allows the trustee to invest in a wide range of shares and investments, provided they are not speculative. The portfolio is structured to permit a range of investments intended to yield a competitive rate of return in difficult market conditions and part of the portfolio is invested in hedge funds. In addition, the charitable funds committee has decided not to invest in tobacco securities ***or fossil fuels*** because of the proven links between smoking, ***pollution and*** poor health which would make such investments contrary to our charitable aims.
59. Appeal funds and funds intended to be used to pay grants in the near future are held on deposit to minimise investment risk.

60. Investment performance is monitored by the charitable funds committee by reviewing regular reports from the investment managers. The movement in the stock market affects the value of our investments. This year we have an unrealised loss. This makes little difference to the day- to-day running of the charity until the point that we have to sell our investments and realise the gain or loss.

How we organise our affairs: reference and administrative details

Paragraph 1.25 of the SORP FRS 102 states that all charities must provide details of the nature of the governing document and how the charity is constituted. Paragraphs 61 to 67 of the annual report meet this requirement along with paragraphs 68 to 75.

Paragraph 1.27 of the SORP FRS 102 requires that reference and administration information is provided in the annual report. The name of the charity and its charity registration numbers are given in paragraphs 61 to 67. The address of the principal office is provided after paragraph 67.

The charities

61. The OtM are registered with the Charity Commission under the single Registered Number 107XXX0. There are three charities administered by the trustee, as follows:

On the Mend NHS Charity (Registered Number 107XXX0-1)

62. Formerly known as the Healthville Hospital NHS Charity, the governing document is a deed dated 5 October 1998

63. Its objects are 'for any charitable purpose or purposes relating to the National Health Service.'

On the Mend General Charity (Registered Number 107XXX0-2)

64. Formerly part of the 'The United Healthville Hospitals Trust Funds General Charity' this charity is governed by a Scheme of the Charity Commission dated 1 April 1999.

65. Its objects are 'to further such charitable purpose or purposes as the trustee shall think fit, relating (a) to the hospitals for which the trustee

is trustee, including research; or (b) to any other part of the health service associated with those hospitals.'

Guptah Fund (Registered Number 107XXX0-3)

66. This charity is governed by a Scheme of the Charity Commission dated 12 November 1987, as amended on 1 March 2004.

67. Its objects are 'to promote the preservation or recovery of physical or mental health or the rehabilitation of persons who have been suffering from illness and who are or have been patients of Healthville Hospital or Psychiatric Hospital Healthville, or such other hospitals as may from time to time form a part of the NHS Trusts (or their successors) currently responsible for the hospitals listed above.'

How to contact us

The charity office and principal address of OtM is:

On the Mend NHS Charity
Healthville Hospital
Healthville
HV4 6WZ
012X XXX XXX8
chief.exec@otm.org.uk

For fundraising queries please contact:

Susie MacGregor
012X XXX XXX7
fundraising@otm.org.uk

The corporate trustee, HHFT's principal address is:

The Chief Executive
Healthville Hospital NHS Foundation Trust
Porthome Lane
Healthville
HV4 6NH
012X XXX XXX7
chief.exec@hhft.org.uk

Trustee arrangements

Paragraph 1.27 of the SORP FRS 102 requires that reference and administration information is provided in the annual report. The names of all of those who were the charity's trustees on the date that the annual report and accounts were approved or in the reporting period are given after paragraph 68.

As this charity has a corporate trustee, technically, that is all that needs to be included in the annual report and accounts. However, the corporate trustee is given personality by the members of the board. In this case, reference is made to the HHFT's own annual report and accounts and website but the full list of board members in post for the years covered by the annual report and accounts to the date that the annual report and accounts is approved could be included. Where there is a charitable fund sub-committee, the members of that committee should be listed as a matter of best practice.

Paragraph 1.25 of the SORP FRS 102 requires charities to provide details of the methods used to recruit and appoint new charity trustees. This is not applicable to this charity as it has a corporate trustee.

For NHS charities that have status under the NHS (Charitable Trusts Etc) Act 2016²¹ the full list of trustees in post for the years covered by the annual report and accounts to the date that the annual report and accounts is approved could be included as well as the arrangements for their recruitment and appointment.

Paragraph 1.51 of the SORP FRS 102 requires larger charities to explain:

- the charity's organisational structure and, where relevant, those of its subsidiary undertakings (met in paragraphs 61 to 67 of the annual report)
- how the charity makes decisions, for example which types of decisions are taken by the charity's trustees and which are delegated to staff (met in paragraphs 70 and 71 of the annual report)

- the policies and procedures for the induction and training of trustees (met by paragraphs 74 and 75)
- the arrangements for setting the pay and remuneration of the charity's key management personnel and any benchmarks, parameters or criteria used in setting their pay (met in paragraph 82 of the annual report)
- if the charity is part of a wider network (for example if it is affiliated with an umbrella group), how, if at all, this impacts on the operating policies adopted by the charity (this is met paragraph 91).
- relationships between the charity and related parties, including its subsidiary undertakings, and with any other charities and organisations with which it cooperates in the pursuit of its charitable objectives (met by paragraphs 78 to 82 and paragraphs 93 and 94 of the annual report).

Section 26 of the SORP FRS 102 deals with charities as subsidiaries. Where the charity is a subsidiary of another entity, paragraph 26.6 requires the following disclosures to be made:

- the country of incorporation of its parent entity, if it is outside the UK or the Republic of Ireland (not applicable in this case)
- if unincorporated, the address of its parent's place of business (this is met in the 'How to contact us section' following paragraph 67)
- if the parent is a charity, its charity registration number and, if applicable, its company registration number in the jurisdiction of its registration (not applicable in this case)
- the parent's principal purposes and activities (this is met in paragraph 8)
- how control can be exercised by the parent, for example through corporate trusteeship or through a power to appoint or remove the majority of trustees (this is met in paragraph 68)
- the address from which the public can obtain the consolidated accounts that include the subsidiary charity's accounts (whilst not strictly necessary as the accounts are not consolidated, this is met in paragraph 69).

²¹ Department of Health, [NHS funds held on trust guidance on the acceptance, management and transfer of charitable funds for NHS bodies](#), 2017 (paragraphs

8 to 11) and Department of Health and the Association of NHS Charities [NHS charities conversion to independent status - outline guidance](#), 2015

68. The HHFT is the sole corporate trustee of the charity. The corporate trustee's responsibilities are therefore carried out by HHFT's board of directors. The board is appointed in accordance with the FT's constitution. Details of HHFT board membership can be found in its annual report and accounts and on its website.

69. As OtM has a corporate trustee it is, in accounting terms, controlled by HHFT and is therefore its subsidiary. Financially, the charity is not material to HHFT, so it is not consolidated into the FT's accounts.

70. HHFT's board meet annually as corporate trustee to:

- review and approve OtM's strategic plan
- re-appoint or appoint members of the charitable funds committee and
- approve the trustee's annual report and accounts for the year.

71. The board of directors of HHFT delegate responsibility for the day-to-day management of the OtM to the charitable funds committee and the trust fund director in accordance with the scheme of delegation and standing financial instructions. Together, they are responsible for fulfilling the corporate trustee's strategic plan and for working with the professional advisors and with the representatives of HHFT and Healthville NHS Foundation Trust who provide the financial services to the charities.

72. The charitable funds committee comprises two executive members of the board and two non-executive members. Other members of HHFT staff are invited to attend committee meetings but do not have a vote at those meetings. During the year, the committee members were:

Name	Date appointed/ (resigned)	Notes
Darren Hall	9 September 2018	Term of office expires 8 September 2024
Chair of the HHFT board		
Mr Hall is a qualified chartered surveyor and has worked in the building industry for over 40 years.		

Name	Date appointed/ (resigned)	Notes
Christine Darbishire	1 September 2011	Reappointed 1 April 2022 until 31 March 2025
Finance director of the HHFT board		
Ms Darbishire is a qualified accountant. She is a member of the Chartered Institute of Public Finance and Accountancy.		
Josephine Maine	1 August 2019	Term of office expires 31 July 2025
Non-executive member of the HHFT board and chair of the charitable funds sub-committee		
Professor Maine did her medical training in London and Basset. She specialised in cancer and blood diseases and was a consultant for 20 years before joining Healthville Hospital, where she developed the services for patients with these disorders. Now retired from clinical practice, she continues to undertake research and pursue education interests.		
Jack Russell	9 September 2018	Term of office expires 8 September 2024
HR director of the HHFT board		
Mr Jack Russell is a member of the Chartered Institute of Personnel and Development		
Sebastian Powell	1 August 2013/ (31 August 2023)	Retired on 31 August 2023
Finance director of the HHFT board		

73. Members of the charitable funds committee are selected to give the charity a good mix of appropriate professional skills – for example, medical, finance, investment and fundraising.

74. All board papers include a section called public benefit which is used to prompt discussions about new projects to include public benefit considerations.

75. New members of the charitable funds committee are provided with an induction pack consisting of the governing documents, previous three years trustee’s annual reports and accounts, policies and procedures of the Charity as well as the HFMA’s *Practical guide: NHS charitable funds* and the Charity Commission for England and Wales’s guidance *Public benefit: running a charity*. Appropriate training courses are offered in charity law and administration, and the roles and responsibilities of trustees²². The charity’s auditors and solicitors provide useful material, and NHS Charities Together runs regular conferences for trustees.

Our staff and advisors

Paragraph 1.52 of the SORP FRS 102 requires larger charities to state to whom the trustees delegate day-to-day management of the charity and from whom trustees are taking advice. In particular, the report must provide:

The name of any chief executive officer or other senior management personnel to whom the charity trustees delegate day-to-day management of the charity on the date the report was approved or who served in such a position in the reporting period in question

The names and addresses of any other relevant organisations or persons providing banking services or professional advice to the charity, including its solicitors, auditor and investment advisors.

These points are covered in paragraphs 76 and 77 of the annual report.

76. OtM has two staff seconded full time from HHFT, Mr Stylone Buckeridge is the trust fund director and Ms Susie MacGregor is the fundraising manager.

77. The charitable funds committee is also assisted by a number of professional advisors, as detailed below:

Investment managers:

C Investment Management Limited
1000 Cheapside
London
EC2V 6ZZ

Schuman and Co Limited
1000 Wood Street West
London
EC2V 7ZZ

External auditors:

Top Audit LLP
2 Cornwall Street
Healthville
HV3 2DL

Internal auditors:

Bentley Audit Co
5 Ridge House
Ridge House Drive
Darsetshire Park
Clasterbridge
CL1 5SJ

Bankers:

Any Bank
166 High Street
Healthville
HV17 9PW

Legal advisors:

Good Law
115 Davenport Road
Healthville
HV3 3AL

Key management personnel remuneration

Paragraphs 78 to 82 of the annual report have been inserted to meet the requirement of paragraph 1.51 of the SORP FRS 102.

78. The board of the corporate trustee and the trust fund director comprise the key management personnel of the charity as they are in charge of:

- directing and controlling the charity
- running and operating the charity on a day-to-day basis.

79. HHFT’s board members are either executive members who are employees of HHFT or non-executive members who are remunerated in accordance with the HHFT’s constitution. None of the

²² Members of the charitable funds committee are not trustees in their own right but act on behalf of the corporate trustee.

board members are specifically paid in relation to OtM, they give of their time freely.

80. Details of expenses paid to key management personnel are disclosed in note 14 to the accounts.
81. Members of HHFT's board are required to disclose all relevant interests and register them with the trust fund director and withdraw from decisions where a conflict of interest arises. All related party transactions are disclosed in note 2 to the accounts.
82. The trust fund director of the charity is employed by HHFT on NHS terms and conditions. His remuneration is reviewed annually and **increases reflect those terms and conditions**. OtM is fully recharged by the FT for the employment costs relating to the trust fund director, **along with those of the fundraising manager**.

Risk analysis

Paragraphs 0 to 90 have been expanded to meet the third of the requirements set out in paragraph 1.46 of the SORP FRS 102.
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83. As part of the business planning exercise carried out during the year, the charitable funds committee has considered the major risks to which OtM is exposed. They have reviewed systems and identified steps to mitigate those risks. Three major risks have been identified and arrangements have been put in place to mitigate those risks.

Future levels of income

84. OtM is reliant on donations to allow it to make grants to NHS bodies. If income falls, then the charity would not be able to make as many grants or enter into longer term commitments with the NHS bodies it supports.
85. The committee mitigates the risk that income will fall by engaging with the fundraising department. That department comprises dedicated fundraising experts who work with HHFT as well as OtM to provide a co-ordinated approach to raising funds. Fundraising activity is regularly benchmarked against our peers and thorough reviews are

undertaken after major campaigns and events to understand what worked well and how things could be done better.

86. NHS waiting times for treatment are getting longer – this is partly due to the impact of the pandemic, but demand also continues to rise. There is a risk that the public's goodwill for the NHS will reduce making fundraising more difficult.
87. The cost of living remains a significant pressure on many people's lives. This is continuing to have an impact on the amount that people are able to donate to charity and is being closely monitored.

Fall in investment returns

88. OtM generates additional income from investing its cash balances so the committee considers the loss of investment income to be a major financial risk. The risk is mitigated by retaining expert investment managers, having a diversified investment portfolio and regularly reviewing that portfolio. The committee makes use of benchmarking information when reviewing the portfolio.
89. OtM's permanent endowment, the Guptah fund, is managed on a total return basis as the committee considers that the use of a total return approach helps stabilise the income available to spend on grant making.

Unforeseen changes in the operation of the NHS

90. The NHS is, by its very nature, subject to national changes in government policy as well as local politically driven decisions. The charitable funds committee has identified this as a risk as it may mean initiatives or healthcare activities supported by OtM are no longer delivered in the Healthville area. The committee regularly liaises with NHS partners to understand the changes that they are facing at an early stage.

Wider networks

91. OtM is one of over 400 NHS linked charities in England and Wales who are eligible to join NHS Charities Together. As a member charity, we can discuss matters of common concern and exchange information and experiences, join together with others to lobby government departments and others, and to participate in

conferences and seminars which offer support and education for our staff and members of the charitable funds committee.

92. As a member of NHS Charities Together, we have also been very grateful to receive grants from their national emergency appeal.

Related parties

93. HHFT is the corporate trust of OtM and is therefore a related party.
94. The University of Healthville is our main research partner and we do pay grants to other NHS bodies, particularly, Healthville Community NHS Trust where they provide services which align with our charitable objectives. The committee consults with representatives of these organisations formally through their committee meetings and via other, less formal contacts. However, they retain their independence to act in the best interests of OtM and the charity's beneficiaries.

Our relationship with the wider community

95. The ability of OtM to continue its vital support for the NHS in Healthville is dependent on its ability to raise funds from the general public. OtM also continues to forge strong relationships with members of NHS staff without whose co-operation, the ability to make an effective contribution would be much diminished.

Volunteers

96. On behalf of the trustee body, the charitable funds committee would like to pay tribute to:
- the members of staff who give of their time out of hours in support of the work of the OtM, in developing ideas for research and working with us to identify how we can improve patient care
 - our fundraisers who do so much to encourage others to enrich lives through donations and fundraising activities.

Statement of trustee's responsibilities in respect of the trustee's annual report and accounts

International standard on auditing (IAS UK) 700 *Forming an opinion and reporting on financial statements* requires auditors to include a section headed 'responsibilities of management for the financial statement in the audit report. However, there is no equivalent requirement in FRS 102 or the SORP FRS 102. It is included here because some auditors insist that this statement is included.

Paragraph 1.23 requires that, if at the date of signing the report and accounts, there are uncertainties about the charity's ability to continue as a going concern, the nature of these uncertainties should be explained. The guidance on the implications of Covid-19 suggests that charities should taking the opportunity to explain any financial uncertainties regarding the charity's financial sustainability and consideration of going concern and the steps being taken to address these uncertainties.

This charity remains a going concern but there are uncertainties due to current economic situation – these are addressed in the annual report.

Under charity law, the trustee is responsible for preparing the trustee's annual report and accounts for each financial year which show a true and fair view of the state of affairs of the charity and of the excess of expenditure over income for that period.

In preparing these financial statements, generally accepted accounting practice requires that the trustee:

- selects suitable accounting policies and then apply them consistently
- makes judgments and estimates that are reasonable and prudent
- states whether the recommendations of the SORP FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements
- states whether the financial statements comply with the trust deed, subject to any material departures disclosed and explained in the financial statements
- prepares the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue its activities.

The trustee is required to act in accordance with the trust deed and the rules of the charity, within the framework of trust law. The trustee is responsible for keeping proper accounting records, sufficient to disclose at any time, with reasonable accuracy, the financial position of the charity at that time, and to enable the trustee to ensure that, where any statements of accounts are prepared by the trustee under section 132(1) of the Charities Act 2011, those statements of accounts comply with the requirements of regulations under that provision. The trustee has general responsibility for taking such steps as are reasonably open to the trustee to safeguard the assets of the charity and to prevent and detect fraud and other irregularities.

Signed on behalf of the trustee: J Maine

Name: Josephine Maine (Chair of the charitable funds committee)

Date: 30 June 2024

On the Mend NHS Charity statement of financial activities for the year ending 31 March 2024

Paragraph 4.1 of the SORP FRS 102 states that all charities preparing their accounts on an accruals basis to give a true and fair view must prepare a statement of financial activities (SoFA). The structure, format and headings of the SoFA are set out in table 2 of the SORP FRS 102.

The format of the SoFA is for the trustees to decide. This is one way of achieving the SORP FRS 102's requirements, there are other, equally valid, ways of achieving the same end.

Paragraph 4.2 of the SORP FRS 102 states that comparative information must be provided for all amounts provided in the SoFA. The SORP FRS 102 requires that comparative information for the total funds of a charity must be provided on the face of the SoFA and comparative information for each class of funds can be provided either on the face of the SoFA or in a note to the accounts. The options available are therefore:

- an 8 column SoFA
- comparatives for each fund included in the notes to the accounts
- the inclusion of two SoFAs in the accounts (one for this year and one for last year).

OtM have opted to prepare an 8 column SOFA.

Paragraphs 4.8 to 4.21 of the SORP FRS 102 set out the requirements which apply to all charities. This example set of accounts therefore:

- excludes any rows where there is nothing to report in the current or prior year
- discloses the three types of fund separately for the current year in a columnar format (where funds are not material they can be combined)
- is prepared on an activity basis – income is analysed according to the activity that produced the income and expenditure is analysed by the nature of the activities undertaken. Smaller charities can analyse their income and expenditure by nature, but this option has not been taken (see paras 4.24 to 4.26 of the SORP FRS 102).

On the Mend NHS Charity statement of financial activities for the year ending 31 March 2024

	Note	Unrestricted funds		Restricted funds		Endowment funds		Total	
		2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000
Income and endowments from:									
Donations and legacies	3	819	812	982	1,102			1,801	1,914
Charitable activities	4	10	3	30	29			40	32
Other trading activities	5	60	63	501	380			561	443
Investments	7	189	244	225	164			414	408
Total incoming resources		1,078	1,122	1,738	1,675			2,816	2,797
Expenditure on:									
Raising funds	8	-152	-152	-316	-298			-468	-450
Charitable activities	9								
• Medical research		-991	-938					-991	-938
• Purchase of new equipment		-744	-888					-744	-888
• Building and refurbishment		-861	-1,976	-53	-55			-914	-2,031
• Staff education and welfare		-291	-844	-78				-369	-844
• Patient education and welfare		-109	-126	-19		-9	-10	-137	-136
• Community welfare				-43				-43	
Total expenditure		-3,148	-4,924	-509	-353	-9	-10	-3,666	-5,287
Net gains/(losses) on investments	16	-439	993			-35	467	-474	1,460
Net income/(expenditure)		-2,509	-2,809	1,229	1,322	-44	457	-1,324	-1,030
Transfers between funds	21	22	31	-22	-31				
Net Movement in funds		-2,487	-2,778	1,207	1,291	-44	457	-1,324	-1,030
Reconciliation of Funds									
Total Funds brought forward	22	4,188	6,966	3,570	2,279	963	506	8,721	9,751
Total Funds carried forward	22	1,701	4,188	4,777	3,570	919	963	7,397	8,721

On the Mend NHS Charity balance sheet as at 31 March 2024

Paragraph 10.1 of the SORP FRS 102 states that all charities preparing their accounts on an accruals basis to give a true and fair view must prepare a balance sheet at the end of each reporting period. The structure, format and headings of the balance sheet are set out in table 5 of the SORP FRS 102.

Paragraph 4.2 of the SORP FRS 102 states that FRS 102 requires that comparative information must be provided for all amounts provided in the balance sheet. The SORP FRS 102 requires that comparative information for the total funds of a charity must be provided on the face of the balance sheet and comparative information for each class of funds can be provided either on the face of the balance sheet or in a note to the accounts. The options available are therefore:

- an 8-column balance sheet
- comparatives for each fund included in the notes to the accounts
- the inclusion of two balance sheets in the accounts (one for this year and one for last year).

OtM has opted to prepare an 8-column balance sheet.

This example set of accounts therefore:

- includes comparative amounts
- excludes any rows where there is nothing to report in the current or prior year.

Paragraph 10.8 of the SORP FRS 102 states that the balance sheet must be signed by one or more of the trustees who have been authorised to do so. The date on which the accounts including the balance sheet were approved must be specified.

On the Mend NHS Charity balance sheet as at 31 March 2024

	Note	Unrestricted Funds		Restricted Funds		Endowment Funds		Total Funds	
		2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000
<i>Fixed assets:</i>									
Investments	16	3,863	5,510	4,198	3,461	728	970	8,789	9,941
Total Fixed Assets		3,863	5,510	4,198	3,461	728	970	8,789	9,941
<i>Current assets:</i>									
Stock								0	0
Debtors	17	67	53					67	53
Cash and cash equivalents	18	-110	-304	621	1,082	200		711	778
Total Current Assets		-43	-251	621	1,082	200	0	778	831
<i>Liabilities:</i>									
Creditors falling due within one year	19	-982	-923	-42	-45	-9	-7	-1,033	-975
Net Current assets/(liabilities)		-1,025	-1,174	579	1,037	191	-7	-255	-144
								0	0
Total assets less current liabilities		2,828	4,336	4,777	4,498	919	963	8,534	9,797
Creditors falling due after more than one year	19	-1,137	-148		-928			-1,137	-1,076
Total net assets or liabilities		1,701	4,188	4,777	3,570	919	963	7,397	8,721
The funds of the charity:									
Endowment funds	22					919	963	919	963
Restricted income funds				4,777	3,570			4,777	3,570
Unrestricted income funds		1,701	4,188					1,701	3,188
Total charity funds		1,701	4,188	4,777	3,570	919	963	7,397	8,721

The notes at pages 30 to 55 form part of these accounts signed on behalf of the trust by Josephine Maine (Chair of the Charitable Fund committee)

Signed: J Maine

Date: 30 June 2024

On the Mend NHS Charity statement of cash flows for the year ending 31 March 2024

Paragraph 14.1 of the SORP FRS 102 states that charities preparing their accounts under FRS 102 must provide a statement of cash flows. Table 8 of the SORP FRS 102 provides a template for charities preparing their accounts using the indirect method.

Unnecessary lines have not been included in the example accounts – this charity has no financing activities so this section of the statement of cash flows has been excluded.

For those charities with borrowings and/ or finance leases, paragraph 14.17a of the SORP FRS 102 requires a reconciliation of net debt to be included in the notes to the accounts. A template for that note is provided in table 10A of the SORP FRS 102. As this charity does not have any financing activities, this new note is not required.

	Note	Total funds 2023/24 £'000	Total funds 2022/23 £'000
Cash flows from operating activities:			
<i>Net cash provided by (used in) operating activities</i>	20	-1,159	-1,532
Cash flows from investing activities:			
Dividends, interest and rents from investments	7	414	408
Proceeds from the sale of investments	16	1,202	1,218
Purchase of investments	16	-524	-505
<i>Net cash provided by (used in) investing activities</i>		1,092	1,121
<i>Change in cash and cash equivalents in the reporting period</i>		-67	956
Cash and cash equivalents at the beginning of the reporting period	18	778	178
Change in cash and cash equivalents due to exchange rate movements			
<i>Cash and cash equivalents at the end of the reporting period</i>	18	711	778

Notes on the accounts

1 Accounting Policies

(a) Basis of preparation

Paragraph 3.37 of the SORP FRS 102 requires that the notes to the accounts must state whether the accounts are prepared in accordance with this SORP and FRS 102 as well as applicable charitable and/or company law.

The example accounts have therefore been updated to reflect the current references to the SORP and Charities Act.

The second and third paragraphs have been taken from paragraph 8.1.5 of the Charity Commission's CC15d²³. The second paragraph (in italics) will be required until the regulations are amended.

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at fair value.

The accounts (financial statements) have been prepared in accordance with the *Statement of recommended practice: accounting and reporting by charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)* issued in October 2019 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2019.

The accounts (financial statements) have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair view'. This departure has involved following Accounting and Reporting by Charities preparing their accounts in

accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued in October 2019 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

Paragraph 3.14 of the SORP FRS 102 requires trustees to make their own assessment of the charity's ability to continue as a going concern when preparing the accounts.

Paragraph 3.38 of the SORP FRS 102 sets out the disclosures that must be made if there are material uncertainties related to events or conditions that cast significant doubt on the charity's ability to continue as a going concern.

Paragraph 3.39 of the SORP FRS 102 says that 'Where there are no material uncertainties about the charity's ability to continue, this should be stated.' This is not a requirement of the SORP FRS 102 as it is a 'should' rather than 'must', but it has been included in this case as best practice.

Paragraph 1.23 of the SORP FRS 102 requires that, if at the date of signing the report and accounts, there are uncertainties about the charity's ability to continue as a going concern, the nature of these uncertainties should be explained. The guidance on the implications of Covid-19 suggests that charities should taking the opportunity to explain any financial uncertainties regarding the charity's financial sustainability and consideration of going concern and the steps being taken to address these uncertainties.

The guidance provides the following advice on going concern considerations:

'when assessing their charity's ability to continue to adopt the going concern basis of accounting, trustees should consider all available information about the future at the date they approve the

²³ Charity Commission for England and Wales, [Charity reporting and accounting: the essentials \(November 2016\)](#), updated 2023

accounts. In particular giving consideration to information from budgets and forecasts for income, expenditure and cash-flows. Attention should be given to the available unrestricted funds and reserves, credit facilities (such as overdrafts), and any other forms of financial assistance available to the charity. The assessment of going concern is a forward-looking assessment (paragraphs 3.14 and 3.38). In this regard the FRC issued guidance for company directors in 2016 regarding their assessment of going concern may also be of assistance to trustees: *Guidance on the going concern basis of accounting and reporting on solvency and liquidity risks*²⁴

The trustee considers that there are no material uncertainties about the OtM's ability to continue as a going concern. Fundraising income is almost back to pre-pandemic levels but continues to be affected by the cost-of-living crisis. As a grant making charity with few on-going commitments, reduced income will impact on the level of new grants that can be made in the short term rather than affecting the charity's ability to continue as a going concern. There are no material uncertainties affecting the current year's accounts.

The key risks to the OtM's continuing going concern status are a fall in income from donations or investment income but the trustee has arrangements in place to mitigate those risks (see the risk management and reserves sections of the annual report, paragraphs 52 to 56 for more information).

(b) Funds structure

Where there is a legal restriction on the purpose to which a fund may be put, the fund is classified either as:

- a restricted fund or
- an endowment fund.

Restricted funds are those where the donor has provided for the donation to be spent in furtherance of a specified charitable purpose.

²⁴ FRC, *Guidance on the going concern basis of accounting and reporting on solvency and liquidity risks*, April 2016

OtM's restricted funds tend to result from appeals for specified purposes.

Endowment funds arise when the donor has expressly provided that the gift is to be invested and only the income of the fund may be spent. These funds are sub analysed between those where the trustee has the discretion to spend the capital (expendable endowment) and those where there is no discretion to expend the capital (permanent endowment).

The charity has one permanent endowment fund, the Guptah fund and no expendable endowment. The Guptah fund is managed by the trustee on a total return basis. This means that the funds are invested to maximise the return on investment without regard as to whether that return is in the form of income from dividends or interest or capital appreciation (where the market value of the investment increases). The trustee decides each year how much of that return is released to income for spending and how much is retained for investment. The allocation is made on an equitable basis to balance the need to fund current projects as well as to invest returns for the future.

Chapter 20 of the SORP FRS 102 discusses the total return on investments. Trustees must formally decide whether to adopt a total return approach in relation to an endowment – in this case note 23 sets out the trustee's resolution.

Those funds which are neither endowment nor restricted income funds, are unrestricted income funds which are sub analysed between designated (earmarked) funds where the trustee has set aside amounts to be used for specific purposes or which reflect the non-binding wishes of donors and unrestricted funds which are at the trustee's discretion, including the general fund which represents the charity's reserves. The major funds held in each of these categories are disclosed in note 22.

(c) Incoming resources

Paragraph 5.56 of the SORP FRS 102 states that all charities must explain in notes to the accounts the accounting policies adopted for the recognition of each material item of income.

Paragraph 5.27 of the SORP FRS 102 gives the example of the donation of a fixed asset. Income recognition criteria for donated goods is set out in paragraph 6.6 of the SORP FRS 102.

Paragraph 6.12 states that the cost of any stock of goods donated for distribution to beneficiaries is deemed to be the fair value of the gifts at the time of receipt.

Charities with material legacy income should refer to paragraphs 5.29 to 5.37 of the SORP FRS 102. This charity does not have material legacy income, so no accounting policy is required.

Paragraph 5.8 of the SORP FRS 102 sets out the general rules for income recognition by charities. Income must be recognised when it is probable that the economic benefits associated with the transaction or gift will flow to the charity.

All incoming resources are recognised once the charity has entitlement to the resources, it is probable (more likely than not) that the resources will be received, and the monetary value of incoming resources can be measured with sufficient reliability.

Where there are terms or conditions attached to incoming resources, particularly grants, then these terms or conditions must be met before the income is recognised as the entitlement condition will not be satisfied until that point. Where terms or conditions have not been met or uncertainty exists as to whether they can be met then the relevant income is not recognised in the year but deferred and shown on the balance sheet as deferred income.

(d) Gifts in kind

Gifts in kind, such as food and care packages are not accounted for when they are accepted and immediately distributed unless a single donation is material.

Gifts of tangible assets such as microwaves and fridges are recognised as a donation at fair value (market price) on receipt and charitable expenditure when they are distributed.

Where gifts in kind are held before being distributed to beneficiaries, they are recognised at fair value as stock until they are distributed.

(e) Incoming resources from legacies

Paragraphs 5.29 to 5.37 set out the general rules for recognition of legacy income by charities.

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

Receipt is probable when:

- confirmation has been received from the representatives of the estate(s) that probate has been granted
- the executors have established that there are sufficient assets in the estate to pay the legacy and
- all conditions attached to the legacy have been fulfilled or are within the charity's control.

If there is uncertainty as to the amount of the legacy and it cannot be reliably estimated, then the legacy is shown as a contingent asset until all of the conditions for income recognition are met.

(f) Incoming resources from endowment funds

The incoming resources received from the invested endowment fund are wholly restricted.

(g) Resources expended and irrecoverable VAT

Paragraphs 7.5 onwards of the SORP FRS 102 set out the general rules for the recognition of liabilities and expenditure.

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to each

category of expense shown in the statement of financial activities. Expenditure is recognised when the following criteria are met:

- there is a present legal or constructive obligation resulting from a past event
- it is more likely than not that a transfer of benefits (usually a cash payment) will be required in settlement
- the amount of the obligation can be measured or estimated reliably.

Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

(h) Recognition of expenditure and associated liabilities as a result of grant

Paragraphs 7.12 to 7.27 of the SORP FRS 102 discuss the expenditure recognition criteria for grant paying charities.

Grants payable are payments made to linked, related party or third-party NHS bodies and non-NHS bodies, in furtherance of the charitable objectives of the funds held on trust, primarily relief of those who are sick.

Grant payments are recognised as expenditure when the conditions for their payment have been met or where there is a constructive obligation to make a payment.

A constructive obligation arises when:

- the charity has communicated its intention to award a grant to a recipient who then has a reasonable expectation that they will receive a grant or
- the charity has made a public announcement about a commitment which is specific enough for the recipient to have a reasonable expectation that they will receive a grant or
- there is an established pattern of practice which indicates to the recipient that we will honour our commitment.

The trustee has control over the amount and timing of grant payments and consequently where approval has been given by the charitable fund committee, on behalf of the trustee, and any of the

above criteria have been met then a liability is recognised. Grants are not usually awarded with conditions attached. However, when they are then those conditions have to be met before the liability is recognised.

Where an intention has not been communicated, then no expenditure is recognised but an appropriate designation is made in the appropriate fund. If a grant has been offered but there is uncertainty as to whether it will be accepted or whether conditions will be met, then no liability is recognised but a contingent liability is disclosed.

(i) Allocation of support costs

Paragraph 8.13 of the SORP FRS 102 requires that details of the accounting policy for the apportionment of costs are provided.

The basis of apportionment is given in the note to the accounts

Support costs are those costs which do not relate directly to a single activity. These include some staff costs, costs of administration, internal and external audit costs and IT support. Support costs have been apportioned between fundraising costs and charitable activities on an appropriate basis. The analysis of support costs and the bases of apportionment applied are shown in note 12.

(j) Fundraising costs

Paragraphs 8.10 to 8.12 discuss the apportionment of costs between fundraising and charitable activity. Paragraph 8.13 of the SORP FRS 102 requires that details of the accounting policy for the apportionment of costs are provided.

In this case, costs are clearly either for fundraising or charitable activities so there is no need for the apportionment basis to be disclosed.

The costs of generating funds are those costs attributable to generating income for the charity, other than those costs incurred in undertaking charitable activities or the costs incurred in undertaking trading activities in furtherance of the charity's objects. The costs of

generating funds represent fundraising costs together with investment management fees. Fundraising costs include expenses for fundraising activities and a fee paid to a related party, the HHFT, under a fundraising agreement (see note 2). The fee is used to pay the salaries and overhead costs of the hospital's fundraising office.

(k) Charitable activities

Costs of charitable activities comprise all costs incurred in the pursuit of the charitable objects of the charity. These costs, where not wholly attributable, are apportioned between the categories of charitable expenditure in addition to the direct costs. The total costs of each category of charitable expenditure include an apportionment of support costs as shown in note 12.

(l) Fixed asset investments

Paragraphs 10.53 and 10.73 of the SORP FRS 102 require that the accounting policy in relation to fixed and short-term investment must be included in the accounts. The policy must include the measurement basis for all investments and the difference between fixed or current assets.

Paragraph 11.35 of the SORP FRS 102 requires the measurement bases and accounting policies in relation to basic financial instruments to be disclosed. These have been included in the accounting policies for investments, debtors and creditors rather than as a separate policy.

Paragraph 11.35 also requires the following to be disclosed in relation to some financial instruments. In the case of this charity these only apply to investments so have been included in note 16:

- information about the significance of financial instruments to the charity's financial position or performance, for example the terms and conditions of loans or the use of hedging to manage financial risk
- for all financial assets and financial liabilities measured at fair value, the basis for determining fair value, including any assumptions applied when using a valuation technique.

Investments are a form of basic financial instrument. Fixed asset investments are initially recognised at their transaction value and are subsequently measured at their fair value (market value) as at the balance sheet date. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year. Quoted stocks and shares are included in the balance sheet at the current market value quoted by the investment analyst, excluding dividend. Other investments are included at the trustee's best estimate of market value.

The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors. Further information on the OtM investments can be found in note 16.

(m) Debtors

Paragraph 10.67 of the SORP FRS 102 requires that the accounting policies must set out the basis on which debtors are measured. As this charity has no long-term debtors the policy in relation to the time value of money has not been included.

Paragraph 11.35 of the SORP FRS 102 requires the measurement bases and accounting policies in relation to basic financial instruments to be disclosed. These have been included in the accounting policies for investments, debtors and creditors rather than as a separate policy.

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

(n) Cash and cash equivalents

Paragraph 10.75 of the SORP FRS 102 requires that the notes to the accounts must explain how the charity has defined any short term, highly liquid investments as cash and cash equivalents.

Cash at bank and in hand is held to meet the day to day running costs of the charity as they fall due. Cash equivalents are short term, highly liquid investments, usually in 90-day notice interest bearing savings accounts.

(o) Creditors

Paragraph 10.81 of the SORP FRS 102 requires that the basis on which creditors are recognised and measured should be included in the accounting policies.

It should be noted that the SORP FRS 102 also requires an accounting policy in relation to provisions to be included in the accounts. This charity does not have any provisions so there is no need to include a policy but charities with a material provision should include a policy.

Paragraph 11.35 of the SORP FRS 102 requires the measurement bases and accounting policies in relation to basic financial instruments to be disclosed. These have been included in the accounting policies for investments, debtors and creditors rather than as a separate policy.

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

Amounts which are owed in more than a year are shown as long-term creditors.

(p) Realised gains and losses

All gains and losses are taken to the statement of financial activities as they arise. Realised gains and losses on investments are

calculated as the difference between sales proceeds and opening carrying value (purchase date if later). Unrealised gains and losses are calculated as the difference between the market value at the year end and opening carrying value (or purchase date if later).

(q) Staff costs and pensions

Paragraphs 17.22 and 17.23 of the SORP FRS 102 states that where a charity participates in a defined benefit pension scheme but where the information on its share of the underlying assets or liabilities is unavailable then the following should be disclosed:

- the fact that the pension is a defined benefit plan
- such information as is available about the plan's surplus/deficit
- the implications, if any, for the charity
- a description of the extent to which the charity can be liable to the plan for other entities' obligations under the terms and conditions of the multi-employer plan
- an explanation of how any liability has been determined.

As the staff working full time on the OtM are seconded from HHFT there is no need to disclose any detail in relation to the pensions. However, this disclosure makes it clear that they are covered by the NHS Pension scheme.

In the unlikely case that an NHS charity's staff are members of a defined benefit scheme that is not the NHS pension then consideration should be given to the valuation of pension assets and liabilities that may be affected by economic volatility on financial markets.

HHFT fully re-charged SCH Charities for the two members of staff who work full time for the charity.

Both staff members belong to the NHS Pension Scheme which is an unfunded defined benefit scheme which is accounted for as a defined contribution scheme. The recharge from HHFT includes the employee contributions to that scheme. For more information on the NHS Pension Scheme refer to the HHFT annual report and accounts.

2 Related party transactions

Paragraph 9.17 of the SORP FRS 102 requires that all transactions between a charity and a related party must be disclosed subject to exemptions set out in paragraph 9.18.

Paragraph 9.21 of the SORP FRS 102 states that charities must not state that related party transactions were made at open market value or on terms equivalent to those that prevail in arm's length transactions unless such terms can be substantiated.

The Update Bulletin 1 revised the definition of related parties to include an entity which provides/receives key management personnel to/from a charity. This amendment does not affect this charity.

Where an NHS charity has a corporate trustee, paragraph 26.1 of the SORP FRS 102 states that it is viewed for accounting purposes as a subsidiary because it is controlled by the corporate trustee. Therefore, the disclosure requirements set out in paragraph 26.5 and 26.6 must be met. A corporate trustee will be a related party so the requirements of paragraphs 9.17 and 9.20 must be met.

In 2019, the Charity Commission for England and Wales published their review of reporting of related party transactions²⁵. They reviewed 262 sets of charity annual reports and accounts to assess the required disclosures in relation to trustees' remuneration, trustees' expenses and related party transactions. They found that in a significant number of cases the disclosures in relation to related party transactions were not fully reported. The SORP FRS 102 requires and found that in a number of cases the required disclosures were not complete – in part, this is due to the fact that a statement is required where there are no related party transactions.

For NHS charities with a corporate trustee, there will always be related party transactions as the NHS charity usually makes grants to the corporate trustee NHS body.

HHFT is the corporate trustee of the OtM as well as its main grant beneficiary – they are therefore related parties. Grants paid by the charity to HHFT are detailed in note 10. HHFT makes a number of clerical and transaction services available to the charity, in accordance with a service level agreement. These include:

- fundraising services and office at a cost of £236,000 (£203,000 in 2022/23) – see note 8.
- administrative services at a cost of £247,000 (£224,000 in 2022/23) in support of the charity's grant making activities which are included within support costs - see note 12.

The charges made by the HHFT constitute the costs of the fundraising office. The amounts paid for administrative services are due under a service level agreement and are set at an amount which allows HHFT to recover its costs.

None of the members of the HHFT board or parties related to them has undertaken any transactions with the OtM or received any benefit from the charity in payment or kind. Board members received no honoraria or emoluments in the year and expenses paid to them are disclosed in note 13.

²⁵ Charity Commission for England and Wales, [Accounts monitoring review: reporting of related party transactions in charity accounts](#), August 2019

3 Income from donations and legacies

Paragraph 4.42 of the SORP FRS 102 requires that the notes to the accounts provide an analysis of the material components of income included within each analysis heading of the SoFA. This note meets the requirements of the SORP FRS 102, and some additional narrative has been included as it was felt that this would be helpful to the reader of the accounts.

Paragraph 4.32 of the SORP FRS 102 says that grants of a general nature should be recognised in the SOFA as income from donations and legacies

Paragraph 5.58 of the SORP FRS 102 requires that a charity in receipt of government grants must make particular disclosures. This charity's grant income was from other charities rather than the government.

	Unrestricted funds		Restricted funds		Total	
	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000
Donations from individuals	284	257	432	551	716	808
Corporate donations	147	150	550	451	697	601
Legacies	280	250			280	250
Grants	108	155		100	108	255
Total	819	812	982	1,102	1,801	1,914

Donations from individuals are gifts from members of the public, relatives of patients and staff. This income is usually collected through our collection boxes around the Healthville Hospital as well

as our annual collection at the May meeting at Healthville Racecourse.

4 Analysis of income from charitable activities

Paragraph 4.42 of the SORP FRS 102 requires that the notes to the accounts provide an analysis of the material components of income included within each analysis heading of the SoFA.

Paragraphs 4.32 and 4.34 state that grants that are conditional on delivering certain levels or volumes of a service or supply of charitable goods are performance related grants. These should be disclosed as income from charitable activities in the SOFA. The HFMA's briefing *Income recognition for NHS charities*²⁶ provides further guidance on recognising grant income.

	Unrestricted funds		Restricted funds		Total	
	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000
Wellcome Grant			20		20	
Stage 3 grant from NHS Charities Together				20		20
Other	10	3	10	9	20	12
Total	10	3	30	29	40	32

5 Analysis of income from other trading activities

Paragraph 4.42 of the SORP FRS 102 requires that the notes to the accounts provide an analysis of the material components of income included within each analysis heading of the SoFA.

There is no note for income from charitable activities as the amount of income is not material. For this reason, there is no narrative included in this note. Where the amounts are material, narrative should be added.

	Unrestricted funds		Restricted funds		Total	
	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000
Other events organised by the fundraising team	50	35	203	180	253	215
Events organised by volunteers	10	28	298	200	308	228
Total	60	63	501	380	561	443

²⁶ HFMA, [Income recognition for NHS charities](#), November 2022

6 Role of volunteers

Paragraphs 6.19 and 6.31 of the SORP FRS 102 say that charities must include a description of the role played by general volunteers and provide an indication of the nature of their contribution in a note to the accounts.

Like all charities, the OtM is reliant on a team of volunteers for our smooth running. Our volunteers perform two roles:

- fund advisors – there are about 200 HHFT staff who support the charitable funds committee when deciding how the charity’s designated funds should be spent. These funds are designated (or earmarked) by the charitable funds committee to be spent for a particular purpose or in a particular ward or department. Each fund advisor has delegated powers to use the designated funds in accordance with the committee’s wishes. The committee determines what each fund can be spent on and the amount that can be spent in a year. Annually, each fund advisor is required to report on how the fund has been used and the difference it has made to the medical care and treatment of patients.
- fundraisers – there are about 50 local volunteers who usually actively fundraise for the OtM by running events such as coffee mornings, open gardens, sports tournaments and an under 11’s egg and spoon race. In accordance with the SORP, due to the absence of any reliable measurement basis, the contribution of these volunteers is not recognised in the accounts.

7 Gross investment income

Paragraph 11.35 of the SORP FRS 102 lists the disclosure requirements in relation to financial instruments. This note meets the requirement to disclose income for financial assets.

	Unrestricted funds		Restricted funds		Total	
	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000
Fixed asset equity and similar investments			75	119	75	119
Short term investments and deposits and cash on deposit	189	244	150	45	339	289
Total	189	244	225	164	414	408

8 Analysis of expenditure on raising funds

Paragraph 4.57 of the SORP FRS 102 requires that the notes to the accounts provide a relevant analysis of the activities included within each expenditure heading provided on the face of the SoFA. As the amounts are not material to this set of accounts no narrative has been added to the note.

	Unrestricted funds		Restricted funds		Total	
	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000
Fundraising office	76	73	160	130	236	203
Fundraising events			145	154	145	154
Investment management	64	68			64	68
Support costs	12	11	11	14	23	25
Total	152	152	316	298	468	450

9 Analysis of charitable expenditure

Paragraphs 4.57 and 4.58 of the SORP FRS 102 require that an analysis should provide the user of the accounts with an understanding of the charity's main activities. The analysis must also give details of the support costs charged to an activity and the costs of grant funding to third parties. An example is provided in table 3 in chapter 4 of the SORP FRS 102.

Paragraph 16.13 of the SORP FRS 102 requires that the notes to the accounts contain the following:

- the total amount of grants paid analysed between grants to individuals and grants to institutions
- an analysis of the total amount of grants paid by nature or type of activity or project being supported
- the amount of support costs allocated to grant-making activities.

This note and note 9 meet these requirements and reconcile to the total grants payable.

Paragraphs 16.17 and 16.18 of the SORP FRS 102 require that charities that make grants to institutions disclose details of a sufficient number of those institutions that the reader of the accounts can understand the range of institutions supported.

The charity did not undertake any direct charitable activities on its own account during the year. All the charitable expenditure was in the form of grant funding.

Grants were approved in favour of the partner organisations, principally the HHFT and Healthville Community NHS Trust to carry our activities that will benefit patients and their families. The charity incurred expenditure with third parties in pursuance of those grants or reimbursed expenditure incurred by them.

	Grant funded activity		Support costs			Total
	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000
Unrestricted funds						
Medical research	913	743	78	195	991	938
Purchase of new equipment	682	871	62	17	744	888
Building and refurbishment	806	1,156	55	820	861	1,976
Staff education and welfare	249	801	42	43	291	844
Patient education and welfare	87	79	22	47	109	126
Total unrestricted funds	2,737	3,650	259	1,122	2,996	4,772
Restricted funds						
Building and refurbishment	50	51	3	4	53	55
Staff education and welfare	45		33		78	
Patient education and welfare	7		12		19	
Community welfare	15		28		43	
Total restricted funds	117	51	76	4	193	55
Endowment funds						
Patient education and welfare (endowment funds)			9	10	9	10
Total	2,854	3,703	344	1,136	3,198	4,837

10 Analysis of grants

Paragraph 16.13 of the SORP FRS 102 requires that the notes to the accounts contain the following:

- the total amount of grants paid analysed between grants to individuals and grants to institutions
- an analysis of the total amount of grants paid by nature or type of activity or project being supported
- the amount of support costs allocated to grant-making activities.

This note and note 9 meet these requirements and reconcile to the total grants payable.

Paragraphs 16.17 and 16.18 of the SORP FRS 102 require that charities that make grants to institutions disclose details of a sufficient number of those institutions that the reader of the accounts can understand the range of institutions supported.

The charity does not make grants to individuals. All grants are made to the HHFT or other institutions to provide for the care of NHS patients in furtherance of our charitable aims. The total cost of making grants, including support costs, is disclosed on the face of the statement of financial activities and the actual funds spent on each category of charitable activity, is disclosed in note 9.

The trustee operates a scheme of delegation under which fund advisors approve expenditure from the funds they are responsible for in accordance with the:

- overarching strategy set by the Charitable Funds Committee and
- directions set out in the charity's standing orders and financial instructions.

The trustee also makes individual grant awards based on invited applications from eligible NHS or related organisations selected by the trustee.

Institution receiving grant support:

Healthville Hospital NHS Foundation Trust
 Healthville Community NHS Trust
 University of Healthville
 Healthville Mental Health NHS Trust
 Healthville MIND
 Healthville Unitary Authority

Total

Total amount paid	Total amount paid
2023/24	2022/23
£000	£000
2,334	2,741
352	787
54	57
71	73
20	17
23	26
2,854	3,701

11 Movements in funding commitments

Paragraphs 7.43 to 7.46 of the SORP FRS 102 require that expenditure resulting from recognised funding commitments and provisions is analysed and the following is included in a note to the accounts:

- a reconciliation of the movements in provisions and funding commitments
- a brief description of the nature of the commitment made and the expected amount and timing of any resulting payments
- an indication of the uncertainties of the amount or timing of those payments
- the amount of any expected reimbursement.

	Current liabilities	Non-current liabilities	Total
	£000	£000	£000
Opening balance at 1 April 2023 (see note 19)	563	1,076	1,639
Additional commitments made during the year	1,271	1,583	2,854
Movement from non-current to current	200	-200	0
Amounts paid during the year	-1,561	-1,322	-2,883
Closing balance at 31 March 2024 (see note 19)	480	1,137	1,617

	Current liabilities	Non-current liabilities	Total
	£000	£000	£000
Opening balance at 1 April 2022	467	1,406	1,873
Additional commitments made during the year	1,926	1,877	3,803
Movement from non-current to current	393	-393	0
Amounts paid during the year	-2,223	-1,814	-4,037
Closing balance at 31 March 2023 (see note 19)	563	1,076	1,639

As described in notes 10 and 11, the charity awards a number of grants in the year. Many grants are awarded and paid out in the same financial year. However, some grants, especially those relating to research and development or for funding specific posts are multi-year grants paid over a longer period. As the charity has control over

the award and timing of grants there is little uncertainty around these payments.

12 Allocation of support costs and overheads

Paragraph 8.7 of the SORP FRS 102 states that governance costs are a support costs which should be apportioned across the activities that the charity disclosed on the face of the statement of financial activities. The required disclosures are set out in paragraph 8.13 of the SORP FRS 102, and an example is provided in table 4 of chapter 8.

The HFMA briefing NHS trust to NHS charity recharges²⁷ outlines the legal position, identifies risks to be considered and outlines the decision making and governance processes the trustee must follow before spending resources from charitable funds on NHS staff, so provides further information for allocation rationale.

Support and overhead costs are allocated between fundraising activities and charitable activities.

The bases of allocation used are as follows:

- time: based the charity's two staff members' timesheets
- direct allocation: where a cost is wholly attributable to a particular activity.
- expenditure: this is a proportion based on the fund balance at the start of the year. This is used where the trustee considers this is a more equitable treatment to avoid disadvantaging funds with high volume, low value transactions.
- salaries: this is proportionate to staff salaries where costs are related to the employed staff.

²⁷ HFMA, [NHS trust to NHS charity recharges](#), August 2023

	Raising funds		Charitable activities		Total		Basis
	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000	
Internal audit	2	2	5	10	7	12	Expenditure
External audit	4	4	17	16	21	20	Expenditure
Staff training			2		2		Direct allocation
Staff recruitment			1	1	1	1	Direct allocation
NHS Charities Together membership	1	0	3	1	4	1	Expenditure
Other professional fees			2	2	2	2	Expenditure
Administration	4	5	164	152	168	157	Expenditure
Financial administration	8	9	71	58	79	67	Time
Salaries and related costs	4	5	55	53	59	58	Time
Bank charges			3	2	3	2	Expenditure
Office rent			10	8	10	8	Salaries
Computer expenses			5	3	5	3	Salaries
Insurance			3	2	3	2	Salaries
Miscellaneous			3	3	3	3	Salaries
Total	23	25	344	311	367	336	

The sum of the administration costs plus the financial administration costs are disclosed as recharges for services from HHFT in note 2 related party transactions

	Raising funds		Charitable activities		Total	
	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000
Unrestricted funds	12	11	259	232	271	243
Restricted funds	11	14	76	69	87	83
Endowment funds			9	10	9	10
	23	25	344	311	367	336

13 Trustee remuneration, benefits and expenses

Paragraph 9.6 of the SORP FRS 102 requires that all charities disclose:

- either that no trustees are paid any remuneration or receive any other benefits from employment with the charity
- or that one or more trustees have been paid.

In this instance, as there is a corporate trustee, none of the members of the board are paid specifically for their work on charitable funds. If any trustees were paid then more extensive disclosures are required.

Paragraphs 9.11 and 9.12 of the SORP FRS 102 set out the disclosure requirements for trustees' expenses. The expenses element of the note was previously included in the related party note (note 2).

Paragraphs 9.7 and 9.8 of the SORP FRS 102 set out the disclosure requirements for trustees who are paid.

In 2019, the Charity Commission for England and Wales published their review of reporting of related party transactions²⁸. They reviewed 262 sets of charity annual reports and accounts to assess the required disclosures in relation to trustees' remuneration, trustees' expenses and related party transactions. They found that reporting trustees' remuneration and expenses was made in most cases. However, it is worth noting that a statement is required when there are no such payments.

For NHS charities with a corporate trustee, there will not be remuneration for their role in relation to the charity although NHS bodies may want to explain that the board members are remunerated for that role. Equally, there may be no expenses. In this case, a statement of that fact must be included as a note to the accounts.

Members of HHFT board are not remunerated for the work that they undertake in relation to OtM. However, they are paid as non-executive directors of HHFT. Expenses incurred by committee members wholly in fulfilment of charity business, such as travelling

specifically for charitable funds committee meetings and charity training events, can be reclaimed.

²⁸ Charity Commission for England and Wales, [Accounts monitoring review: reporting of related party transactions in charity accounts](#), August 2019

Since the pandemic, most training and events have moved online - £60 was reclaimed in 2023/24 (nil, 2022/23).

14 Analysis of staff costs and remuneration of key management personnel

Paragraphs 9.26 to 9.30 set out the disclosure requirements in relation to staff costs.

Paragraph 9.28 of the SORP FRS 102 states that the information provided for staff costs and employee benefits must also include any expenditure on staff working for the charity whose contracts are with and are paid by a related party. This may be the case for NHS charities where staff are employed by the host NHS body but work either full time or part time for the NHS charity. This is the case for the trust fund director and the fundraising manager.

The fundraising staff employed by HHFT provide services to the charity. However, these services are paid on a service contract rather than a secondment type arrangement. They are not employed solely to work on the charitable funds, so they are not considered to be employees of the charity employed by a related party. If they were considered to be working for the charity, then their costs would have to be disclosed here in accordance with paragraph 9.28 of the SORP FRS 102.

Paragraph 7.41 of the SORP FRS 102 requires charities to include a holiday pay accrual where material in their accounts. As this charity has only 2 employees, a holiday pay accrual would not be material, so no accrual is made.

Paragraph 9.31 and 9.32 of the SORP FRS 102 requires that information on the amount paid to key management personnel is disclosed in the accounts.

	2023/24	2022/23
	£000	£000
Salaries and wages	53	52
Social security costs	3	3
Employers pension contribution	3	3
Total	59	58

The average number of full-time equivalent employees during the year was 2 (2022/23: 2) with both employees involved in providing support services to charitable activities or the governance of the charity.

OtM considers its key management personnel to be the member of the HHFT board, acting on behalf of the corporate trustee, and the

trust fund director. The total employment benefits included employer pension contributions of the key management personnel were £45,000 (2022/23: £44,250).

No employees had emoluments in excess of £60,000 (2022/23: none).

15 Auditor's remuneration

Paragraph 9.23 of the SORP FRS 102 requires that charities disclose and analyse the amounts payable to their auditor or independent examiner.

The auditor's remuneration of £21,000 (2022/23: £20,000) related solely to the audit with no other additional work being undertaken (2022/23: £nil).

16 Fixed asset investments

Paragraph 10.53 of the SORP FRS 102 sets out the disclosure requirements in relation to investments.

The additional narrative disclosure around financial instruments meets the requirement of paragraph 11.38 of the SORP FRS 102 that the disclosures around credit risk required by FRS 102 should be made in the accounts.

If any of the cash invested on interest bearing deposit was invested for a short term, then it would be included in cash and cash equivalents. In this case, the deposits are for more than one year, so they are classified as fixed asset investments.

Movement in fixed asset investments

	2023/24	2022/23
	£000	£000
Market value brought forward	9,941	9,194
Add: additions to investments at cost	524	505
Less disposals at carrying value	-1,202	-1,218
Add net gain (loss) on revaluation	-474	1,460
Market value as at 31 March	8,789	9,941

Fixed asset investments by type

UK Equity Funds
Overseas Equity Funds
Bond Funds
Hedge Funds
Property Funds
XYZ Investment Units
Total listed investments
Cash on interest bearing deposit
Total

	2023/24	2022/23
	£000	£000
	1,198	3,557
	212	312
	787	738
	43	160
	67	250
	1,128	461
	3,435	5,478
	5,354	4,463
	8,789	9,941

All investments are carried at their fair value.

The charitable funds committee sets 5% of market value as at 31 March as the threshold for reporting material investments. As at 31 March 2024 the following investment was considered material: XYZ Investment Units: holding amounts to 6.9% (2022/23 6.2%) of the total portfolio.

The significance of financial instruments to the ongoing financial sustainability of OtM is considered in the risk analysis section of the annual report.

The main risk from financial instruments lies in the combination of uncertain investment markets and volatility in yield. Due to 'quantitative easing' and the market favouring lower risk investments, the yield on bonds has been low giving rise to a significant downside risk of a fall in capital values when interest rates return to normal levels.

The default rate on fixed interest securities is expected to improve but it is not known how long this will take. The high current demand for high quality corporate bond and government stock continues to depress the yield.

The recent high rate of inflation reduces the relative value of our asset values; £100 pounds now will buy less than £100 the previous year.

Liquidity risk is anticipated to be low as all assets are traded and the commitment to intervention by central banks and market regulators has continued to provide for orderly trading in the markets and so the ability to buy and sell quoted equities and stock is anticipated to continue. OtM's investments are mainly traded in markets with good liquidity and high trading volumes. OtM have no material investment holdings in markets subject to exchange controls or trading restrictions.

OtM manages these investment risks by retaining expert advisors and operating an investment policy that provides for a high degree of

diversification of holdings within investment asset classes. All investments were made in companies listed on a UK stock exchange or incorporated in the UK and therefore all investments are treated as investment assets in the UK. Restricted appeals to fund specific equipment or assets are held on notice deposit or overnight on the money markets in accordance with the charitable funds committee's investment policy.

OtM does not make use of derivatives and similar complex financial instruments as it takes the view that investments are held for their longer-term yield total return and historical studies of quoted financial instruments have shown that volatility in any particular 5-year period will normally be corrected.

17 Analysis of current debtors

Paragraph 10.68 of the SORP FRS 102 requires that an analysis of debtors is included in the note to the accounts.

Debtors under 1 year	2023/24	2022/23
	£000	£000
Accrued income	67	53
Total	67	53

18 Analysis of cash and cash equivalents

Paragraph 14.17 of the SORP FRS 102 requires that charities using the indirect method of preparing their statement of cash flows must provide a reconciliation of cash and cash equivalents and an example is provided in table 8.

Paragraph 10.73 of the SORP FRS 102 requires that an analysis of short-term investments is required. In this case, these assets are included in cash and cash equivalents as they are highly liquid, so the narrative has been moved from the old current investment note. The final sentence in this note is not strictly required. Where significant cash or cash equivalent balance is not available for use, perhaps because it is held in endowment funds a note must be included to disclose the amount that is unavailable and the reason it is unavailable (paragraph 14.20 of the SORP FRS 102).

	2023/24	2022/23
	£000	£000
Cash in hand	-789	-861
Notice deposits (less than 3 months)	1,500	1,639
Total cash and cash equivalents	711	778

The notice deposits are sums held on interest bearing deposit with Any Bank and represent restricted appeals to fund specific equipment or funds held to facilitate cash flow and the fulfilment of obligations to make grant payments. The funds are held on a 90-day notice account and are therefore classified as cash and cash equivalents.

No cash or cash equivalents or current asset investments were held in non-cash investments or outside of the UK.

All of the amounts held on interest bearing deposit are available to spend on charitable activities

19 Analysis of liabilities

Paragraph 10.82 of the SORP FRS 102 specifies the classifications that creditors (both those due in less than a year and more than a year) should be analysed over.

Paragraph 5.59 of the SORP FRS 102 states that where a charity has deferred income, the notes to the accounts must explain the reason why the income has been deferred and must analyse the movement on deferred income. This charity has no deferred income, so this note is not required.

The guidance on the impact of Covid-19 provides the following guidance in relation to liabilities and provisions:

'charities providing goods and services to beneficiaries may need to give consideration as to any costs arising from potential or actual disruption to supply chains, availability of staff, and the charity's ability to fulfil any contractual obligations or meet performance targets which may give rise to additional costs or penalties. Unless any change to conditions as at the reporting date results from this information then it would not be an adjusting event (SORP module 13).'

	2023/24	2022/23
	£000	£000
Creditors falling due within 1 year		
Trade creditors	550	410
Accruals for grants owed to NHS bodies	480	563
Other accruals	3	2
	1,033	975
Creditors falling due after more than 1 year		
Accruals for grants owed to NHS bodies	1,137	1,076
Total	2,170	2,051

20 Reconciliation of net income/(expenditure) to net cash flow from operating activities

Paragraph 14.17 of the SORP FRS 102 requires that charities using the indirect method of preparing their statement of cash flows must provide a reconciliation of net income/(expenditure) presented in the SoFA to the cash flows from operating activities presented in the statement of cash flows. Table 9 in the SORP FRS 102 provides an example of how the reconciliation may be set out.

For those charities with borrowings and/ or finance leases, paragraph 14.17a of the SORP FRS 102 requires a reconciliation of net debt to be included in the notes to the accounts. A template for that note is provided in table 10A of the SORP FRS 102. As this charity does not have any financing activities, this note is not required.

	2023/24	2022/23
	£000	£000
Net income/(expenditure) for 2023/24 (as per the statement of financial activities)	-1,324	-1,030
Adjustments for:		
• (Gains)/losses on investments	474	-1,460
• Dividends, interest and rents from investments	-414	-408
• (Increase)/decrease in debtors	-14	750
• Increase/(decrease) in creditors	119	616
Net cash provided by (used in) operating activities	-1,159	-1,532

21 Transfers between funds

Paragraph 2.26 of the SORP FRS 102 sets out the reasons that transfers may be made between funds. Paragraph 2.29 requires that details of the reasons for any material transfers should be disclosed in the notes to the accounts.

During the year £22,000 was transferred from restricted funds to unrestricted funds when the Dexa Scanner was purchased for the Healthville Hospital. The restriction on the fund was the purchase of the Scanner so as the fund's objective was met the HHFT board meeting as corporate trustee decided to transfer the balance on the

fund to unrestricted funds in accordance with the wishes of the donors to that fund.

22 Analysis of charitable funds

Paragraph 2.29 of the SORP FRS 102 sets out the disclosure requirements in relation to the charitable funds:

- a summary of the assets and liabilities of each category of fund of the charity, if not provided by presenting this information in a columnar balance sheet
- details of the purposes and trust law restrictions imposed on each material individual fund
- details of the movements on material individual funds in the reporting period, reconciling the opening and closing fund balance (small funds with similar purposes may be aggregated)
- details of the reasons for any material transfers between different classes of funds
- where endowment has been converted to income, details of the amount(s) converted and the legal power for its conversion
- where the trustees have a power to invest permanent endowment on a total return basis, the details of the movements in the value of unapplied total return for the reporting period (refer to the SORP module 'Total return (investments)')
- details of the planned use of any material designated funds, explaining the purpose of the designation.

This note provides this information. The charitable funds committee has determined that they will invest the permanent endowment on a total return basis. The requirements of the sixth bullet point are included in note 23.

The information sheet issued by the Charity Commission in April 2018 includes a reminder that comparative figures are required when making disclosures in relation to funds.

These notes show the comparatives in columns against the current year rather than in a separate table. Columns with nil entries have been deleted from the analysis of endowment fund movements and restricted fund movements.

a) Analysis of endowment fund movements

	Fund balance brought forward 1 April		Expenditure		Gains and losses		Fund balance carried forward 31 March	
	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000	2023/24 £000	2022/23 £000
Guptah endowment	963	506	--9	-10	-35	467	919	963
Total	963	506	-9	-10	-35	467	919	963

The objects of the Guptah endowment are to apply the income from the original permanently endowed gift to promote the preservation of health and recovery of patients and former patients of the Healthville Hospital, Psychiatric Hospital Healthville or such other hospitals as

may from time to time form a part of the NHS Trusts (or their successors) currently responsible for the hospitals listed.

The Guptah endowment is managed on a total return basis. In 2023/24, there has been no transfer from the permanent endowment to unrestricted income funds. For more information see note 23.

b) Analysis of restricted fund movements

	Fund balance brought forward 1 April		Income		Expenditure		Transfers		Gains and losses		Fund balance carried forward 31 March	
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Paediatric burns and trauma centre appeal	2,132	1,322	1,206	1,098	-356	-288					2,982	2,132
Education centre appeal	1,168	792	509	391	-139	-15					1,538	1,168
Guptah income fund	248	158	23	126	-1	-5	-22	-31			248	248
Heathlands unit fund	7	7			-6						1	7
Community welfare	15			60	-7	-45					8	15
Total	3,570	2,279	1,738	1,675	-509	-353	-22	-31	0	0	4,777	3,570

The **Paediatric burns and trauma centre appeal** was established in 2014 to create a modern medical environment with the latest equipment and scanning facilities to diagnose and swiftly treat trauma and burns victims. The appeal has exceeded its £2.8m target and work is due to begin later in 2024 to construct the new centre.

The **Education centre appeal** has reached its £1.5m target and work is due to begin in 2024 to refurbish the existing education centre site with new lecture facilities and a multimedia suite.

The **Guptah income fund** is restricted to promoting the preservation of health and recovery of patients and former patients of the hospitals

listed in the endowment and Charity Commission scheme dated 1 March 2004. This is the fund for the income raised from the permanent endowment. The charitable funds committee receives bid submissions and awards one or more grants, based upon criteria of eligibility and need.

The **Heathlands unit fund** is restricted for the purpose of the refurbishment of a patient area at Healthville Hospital's Heathlands Unit. The use of these funds has been delayed due to the planned relocation of the unit.

c) Analysis of unrestricted and material designated fund movements

	Fund balance brought forward 1 April		Income		Expenditure		Transfers		Gains and losses		Fund balance carried forward 31 March	
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Burns and Education Centre	0	300						-300			0	0
Oncology and haematology	135	198	138	126	-69	-209				20	204	135
Leukaemia and haematology	9	123	21	150	-30	-264					0	9
Development Fund	358	2,359	172	7	-466	-2,133				125	64	358
HCFT fund	0		37		-26						11	0
Other designated funds	603	851	203	161	-160	-529	22	31		89	668	603
General fund	3,083	2,135	507	678	-2,397	-1,789		300	-439	759	754	3,083
Total	4,188	6,966	1,078	1,122	-3,148	-4,924	22	31	-439	993	1,701	4,188

Within unrestricted funds, the charitable funds committee de-designated the £300,000 set aside in case the Burns and Education Centre Appeal fell short of the appeal target because the funds raised are sufficient to enable the planned grant to be made.

The objects of each of the designated unrestricted funds are as follows:

- The **oncology and haematology fund** is designated for the welfare and benefit of staff and patients on the relevant wards.
- The **leukaemia and haematology fund** is designated for research in this specific clinical area.

Other designated funds relate to assisting patients on other wards and clinical departments within the HHFT for which donors have indicated their non-binding wishes when making their generous gifts.

The **general fund** includes all donations for which a donor has not expressed any preference as to how the funds shall be spent and the unrestricted income accruing to the charity. These funds are applied to serve the population of Healthville by funding facilities, equipment and research and to support associated healthcare and complementary services for patients of the NHS in Healthville at the absolute discretion of the trustee.

23 Total return on investment

Paragraph 20.12 of the SORP FRS 102 sets out the disclosure requirements in relation to investments managed on a total return basis:

- the date that the initial value of the trust for investment and the initial value of the unapplied total return was established
- the policy used to identify the initial amounts of the trust for investment and any unapplied total return and the date this analysis was performed
- an explanation of the policies used by the charity's trustees and the factors considered in determining the amount of the unapplied total return allocated to income (termed the trust for application) and any amounts allocated to the trust for investment in the reporting period
- an explanation of the policies used by the charity trustees and the factors considered in determining the amount, if any, of the trust for investment (permanent endowment) allocated to the unapplied total return or any recoupment made from the unapplied total return into the trust for investment in the reporting period
- the name and professional qualifications of any person who has provided advice to the charity's trustees as to the amount that can be allocated to income and/ or the trust for investment from the unapplied total return in the reporting period.

This note provides this information. The note uses table 16 of the SORP FRS 102 but all unnecessary rows have been deleted.

On 1 March 2014, the HHFT board as corporate trustee made a resolution under section 104A(2) of the Charities Act 2011 to adopt a total return on investment approach to the Guptah permanent endowment fund. On 1 March 2014, the board identified the value of the gifts of permanent endowment received since the fund was established to that date. This set the baseline value of the gift component of the endowment to which any subsequent gifts of endowment are added. The difference between the total of endowment funds as at 1 March 2014 and the value of the gift component represented the opening balance of unapplied total return.

The power of total return permits the trustee to invest permanently endowed funds to maximise total return and to apply an appropriate portion of the unapplied total return to income each year.

Until the power is exercised to transfer a portion of unapplied total return to income, the unapplied total return remains invested as part of the permanent endowment. The power allows the trustee to decide in each year how much of the unapplied total return is transferred to income funds and so available for expenditure. Having considered their obligations under the duty of even-handedness, the charitable funds committee decided not to make a transfer from unapplied total

return to unrestricted income funds in 2023/24. In making this decision they have taken account of the investment climate, the return on investment for the year and the income needs of the charity.

In deciding on the amount to transfer to income funds, advice was sought from the OtM's investment advisors, C Investment Management Limited, as to the likely investment trends and the sustainability of the investment fund after considering various levels of transfer to income

	Trust for investment		Unapplied total return		Total endowment	
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
	£000	£000	£000	£000	£000	£000
1 April:						
Gift component of the permanent endowment	400	400			400	400
Unapplied total return			563	106	563	106
Total	400	400	563	106	963	506
Movements in the reporting period:						
Investment return: realised and unrealised gains and (losses)			-35	467	-35	467
Less: Investment management costs			-9	-10	-9	-10
<i>Net movements in reporting period</i>			-44	457	-44	457
31 March						
Gift component of the permanent endowment	400	400			400	400
Unapplied total return			519	563	519	563
Total	400	400	519	563	919	963

About the HFMA

The Healthcare Financial Management Association (HFMA) is the professional body for finance staff in healthcare. For over 70 years, it has provided independent and objective advice to its members and the wider healthcare community. It is a charitable organisation that promotes best practice and innovation in financial management and governance across the UK health economy through its local and national networks.

The association also analyses and responds to national policy and aims to exert influence in shaping the wider healthcare agenda. It has particular interest in promoting the highest professional standards in financial management and governance and is keen to work with other organisations to promote approaches that really are 'fit for purpose' and effective.

The HFMA offers a range of qualifications in healthcare business and finance at undergraduate and postgraduate level and can provide a route to an MBA in healthcare finance. The qualifications are delivered through HFMA's Academy which was launched in 2017 and has already established strong learner and alumni networks.

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