



HFMA briefing  
March 2020



# Example charity annual report and accounts 2019/20



## Introduction

In January 2016, the HFMA published an example NHS charity annual report and accounts for 2015/16 to assist members with the preparation of their first annual report and accounts prepared in accordance with the SORP FRS 102. It is our intention to update the example each year to take account of any changes in financial reporting guidance – this is the latest version of those accounts.

## Accounting requirements for 2019/20

### Second edition of the Charities SORP FRS 102

Accounts prepared for periods starting on or after 1 January 2019, must be prepared 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)<sup>1</sup>.

This second edition is the consolidation of the SORP FRS 102 published in 2014 and the updates issued in the *Charities SORP (FRS 102) update bulletin 1* and the *Charities SORP (FRS 102) update bulletin 2*.

<sup>1</sup> Charity Commission for England and Wales, Charity Commission for Northern Ireland and OSCR, *Charities SORP (FRS 102)*, October 2019

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## Changes applicable from 2019/20

The second edition of the SORP FRS 102 has been amended to include the changes set out in the second update bulletin<sup>2</sup>. These changes are all the result of amendments to FRS 102 that are applicable for accounting periods starting on or after 1 January 2019. It is unlikely that they will be applicable to NHS charities but that is for each charity to determine for itself.

The significant amendments are:

- for charities that rent investment property to another group entity, permission to measure the investment property either at cost (less depreciation and impairment) or at fair value
- for charities that hold property that is held partly for use and partly as an investment, the removal of the undue cost or effort exemption for the investment property component meaning that that part of the mixed-use property must be measured at fair value
- for charities holding stocks/ inventory, the removal of the requirement to disclose the amount of stock recognised as an expense
- for charities that have borrowings, a requirement to prepare a reconciliation of net debt as a note to the statement of cash flows
- the inclusion of an example of a charity reconstruction where the transfer of activities has been made to a subsidiary undertaking as an example that may be accounted for as a merger
- the inclusion in the glossary of the definition of service potential.

The second edition of the SORP has also been updated to include clarifications of the existing FRS 102 requirements. The one that will affect all charities is the requirement to include comparative information for all amounts presented in the primary statements and the accompanying notes. This clarification was included in an information sheet published in 2017 so it is not a new requirement for 2019/20.

## Covid-19

The SORP making body has issued *Implications of COVID-19 control measures and charity financial reporting*<sup>3</sup> that does not amend SORP FRS 102 but provides advice to assist preparers, auditors and examiners of charity accounts.

The example annual report has not yet been updated to reflect this guidance but will be updated in the next few weeks and re-issued.

## Other guidance

Additional guidance on implementation of the SORP FRS 102 is provided in *Information sheets* published on the SORP microsite<sup>4</sup>:

- 1 *Suggested solutions for implementation issues*
- 2 *Accounting for gift aid payments made by a subsidiary to its parent charity where no legal obligation to make the payment exists*
- 3 *The Companies (Miscellaneous Reporting) Regulations 2018 and UK Company Charities*
- 4 *Amendments to FRS 102 – multi employer defined benefit plans.*

These do not amend the SORP FRS 102 but add clarification and guidance.

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<sup>2</sup> [Update bulletin 2](#) highlights the amendments to the SORP FRS 102, the introduction to the second edition of the SORP FRS 102 also sets out the changes applicable from 1 January 2019. All of the changes are incorporated in the text of the second edition.

<sup>3</sup> Charities SORP committee, [Implications of COVID-19 control measures and charity financial reporting](#), 23 March 2020

<sup>4</sup> Charity Commission for England and Wales, Charity Commission for Northern Ireland and OSCR, [Application guidance for charity accounting](#), accessed 19 February 2020

# Example trustee annual report and accounts: Sandport Children's Hospital Charities

## 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. It was 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.

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 [debbie.paterson@hfma.org.uk](mailto:debbie.paterson@hfma.org.uk)

## The example trustee annual report and accounts

The Sandport Children's Hospital Charities (SCH Charities) example trustee annual report and accounts have been prepared to comply with the SORP 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.

The SCH Charities meets the criteria for a 'larger charity' as its income exceeds £500,000<sup>5</sup>. 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.

## Updates to the 2019/20 annual report and accounts

None of the changes to the accounting requirements for 2019/20 apply to SCH Charities. The annual report and accounts has been reviewed and updated to reflect best practice. Also, the 8-column approach to disclosing comparatives in the primary statements and the notes has been adopted.

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

## Background to SCH Charities

SCH Charities has a corporate trustee – Sandport Children's Hospital NHS Foundation Trust (SCH FT).

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

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<sup>5</sup> 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. The new definition was applicable from 2016/17

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 threshold<sup>6</sup> 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.

## Modules of the SORP FRS 102 which have been applied to the production of this set of annual report and accounts

### Core modules

- 1 Trustees' annual report
- 2 Fund accounting
- 3 Accounting standards, policies, concepts and principles, including the adjustment of estimates and errors
- 4 Statement of financial activities
- 5 Recognition of income, including legacies, grants and contract income
- 6 Donated goods, facilities and services, including volunteers
- 7 Recognition of expenditure
- 8 Allocating costs by activity in the statement of financial activities
- 9 Disclosure of trustee and staff remuneration, related party and other transactions
- 10 Balance sheet
- 11 Accounting for financial assets and financial liabilities
- 12 Impairment of assets
- 13 Events after the end of the reporting period – ***in 2019/20, the impact of Covid-19 and developments in the response to the pandemic after 31 March 2020 provide evidence of conditions existing at the reporting date that affects the balance sheet and/ or items reported in the statement of financial activities (SoFA). The guidance on Covid-19 suggests that consideration needs to be given to the value of debtors, stock for resale, impairment losses,***

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<sup>6</sup> 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.

***valuation of assets (particularly investments), the impact on income and therefore going concern, determine whether it is an adjusting or non-adjusting event.***

14 Statement of cash flows

### **Additional modules**

16 Presentation and disclosure of grant-making activities

17 Retirement and post-employment benefits

20 Total return (investments) (England and Wales only)

26 Charities as subsidiaries

This charity does not hold any social investments so module 21 has not been referred to in this case. Charities with social investments should refer to this module.

## Foreword by the Chairman of charitable funds committee of the Sandport Children's Hospital Charities

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 SCH Charity.

***In 2019/20, a reference to Covid-19 has been included. Because of the timing of the pandemic, the impact on the 2019/20 annual report and accounts is minimal for this particular charity as it had made all of its grant payments for 2019/20 before the beginning of March 2020. This charity's objective is to support the needs of sick children who are less badly affected by Covid-19 so the impact may be less on this charity than on others supporting acute NHS patients or those with mental health issues.***

1. Welcome to our annual report for 2019/20. We are a charity which has as its trustee Sandport Children's Hospital NHS Foundation Trust (SCH FT) and we work for the benefit of NHS patients and their families from Sandport and the surrounding area whether they are SCH FT's patients or not.
2. We exist to provide resources and facilities to meet the needs of sick children and their families. I am delighted to be reviewing another very successful year where we raised almost £3m and we spent £2.3m in grants to support the care and treatment of children. We continue to have as our aim the raising of at least £5m a year to fulfil our charitable aims and strategy by meeting the needs of children through our close partnership with SCH FT. This partnership is key to our success and continues to go from strength to strength.
3. Towards the end of the financial year, the Covid-19 pandemic started to have an impact on the charity as SCH FT changed its operations to focus on treating infected patients and we started to discuss how we could fund research in this fast developing area.
4. Key highlights of our year:
  - almost £1m spent on high quality research to develop therapies and treatments to help our children in the future
  - over £1.2m spent on new buildings and equipment to meet the health needs of the children of today
  - over £195,000 spent on welfare to assist patients' families and carers and the staff who strive so professionally to treat the children in their care.
5. Your donations made this work possible and your future donations are the key to our continued success. By changing a child's health today, you bring joy to them and their families. By investing in their future health, you invest in our community's future in a real sense.
6. This is my third report as Chair of the charitable funds committee, and I would like to thank the volunteers who fundraise and help SCH FT and the volunteers who work alongside our professional staff.
7. I hope that like me you will be inspired by our plans to help children live fulfilling and healthy lives and want to be a part of our story. If you would like to donate, details about how to do this are at the end of this report. Please support us, every £ counts.

Josephine Maine

30 June 2022

## Who We Are

8. Sandport Children's Hospital Charities (SCH Charities) is a registered charity (registered number 107XXX0). We exist to raise funds and receive donations for the benefit of the patients of Sandport Children's Hospital. By securing donations, legacies and sponsorship, SCH Charities can provide the 'icing on the cake' to make a real difference for the children, their families and the staff who look after them.
9. Providing both general and specialist care for over 150,000 children each year, Sandport Children's Hospital is a centre of excellence for healthcare and our key partner in fulfilling our charitable aims.
10. 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 11 of the annual report aim to do that.

## Our mission

11. By raising new money and careful management of our existing funds, SCH Charities provides a public benefit by making grants

<sup>7</sup> 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

to Sandport Children's Hospital and the organisations it works with in order:

**'To serve the children and their families receiving services from the Sandport Children's Hospital by funding facilities, equipment and research and to support associated healthcare and complementary services for children.'**

12. 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 2019/20, grants totalling £2.3m 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's guidance on public benefit and what this means for SCH Charities.
13. Our future plans are to continue to increase our level of fundraising to achieve our target of £5m a year which will help us work with our NHS partner to transform the health prospects for children 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 Wales<sup>7</sup> 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
- 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 benefit<sup>8</sup>.

<sup>8</sup> Charity Commission for England and Wales, *Charitable purposes and public benefit*, accessed 4 March 2020

Paragraphs 14 to 22 and 28 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 have been added to 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 reports<sup>9</sup>. 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 12 meets the requirement to confirm that the trustees have had regard to the public benefit guidance.

Paragraph 14 also meets the requirement of paragraph 1.20 of the SORP FRS 102 to contain a summary of the main achievements of the charity.

***The guidance on the implications of Covid-19 suggests that charities should consider how the virus control measures affected the charity's activities.***

14. Our key aim is to serve the NHS patients of Sandport Children's Hospital for the public benefit. By funding research, services and equipment we are able to 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. By working with the NHS, we assist children from every walk of life, irrespective of race, creed, ethnicity or personal or family financial circumstances. We put this aim into practice by helping the children, their families and carers, and visitors to the hospital by:
  - funding medical research to understand better the diseases affecting our children today so that we can develop the cures and therapies of tomorrow
  - enhancing the care our partner hospital can offer through new equipment and building improvements to deliver better facilities
  - investment in the people who work at the hospital to create a caring environment for the children 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:

- 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 22 in the annual report)

<sup>9</sup> Charity Commission, *Public benefit reporting by charities*, December 2018

- how the achievement of its aims will further its legal purposes (met in paragraph 11 and paragraph 40 of the annual report)
- the criteria or measures it uses to assess success in the reporting period (met in paragraph 31)
- 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 22 in the annual report).

15. We do this through a range of programmes funded by you, our generous donors. 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 young lives today and in the future.

### Finding the treatments of tomorrow

16. SCH Charities is committed to supporting high quality, nationally competitive research into childhood diseases and illness. The progression and effect of some diseases is very different in children, so we are able to fund specific projects which look at how existing healthcare practices need to be adapted when treating children. Through its Research Foundation, SCH Charities awards grants for research projects which 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.
17. During the year 2019/20, two rounds of new grants were awarded totalling £453,000. The details of the twelve projects funded can be obtained from the Directorate of Research at Sandport Hospital or can be viewed via the linked web site [ResearchSandport.nhs.web](http://ResearchSandport.nhs.web) In March 2020, we received applications for funding for research into the impact of the Covid-

19 corona virus on children, specifically to try to understand why they seem to be less affected than adults.

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

18. 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 children who have been 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 child for life. Sandport Children's Hospital is a regional centre for the treatment of paediatric burns and our grants are used to fund research into identifying the most effective therapies 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

19. Ward donations are often used to provide a modern piece of equipment that improves the care which nursing staff can provide. For example, during 2019/20, £65,000 was spent on a central Dexa Scanner which measures bone density and therefore assists in the early diagnosis of bone growth abnormalities (see also paragraph 30). 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 young patients' pain and distress.

## A new regional paediatric burns and trauma centre

20. With the success in achieving our £2.5m 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 2019 with completion planned by December 2021 in time for a launch event in January 2021 to be attended by Lord Holsby of Sandport Holsby, this timing is subject to the impact of the Covid-19 pandemic on the building work. The charity is funding state of the art clinical and educational equipment and disabled access facilities for this project which will enable children 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

21. 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. Last year the Games were held at Bridlington Towers and a grant of £8,200 allowed 20 team members and their families to attend and enjoy the facilities, as well as successfully winning 12 medals and recapturing the title lost last year of Best Team. In addition to their sporting success, team members and their families found the networking opportunities with people in similar situations 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.

## Someone to talk to – blogging with a difference

22. We all need someone to talk to and these days children and young people are as likely to be communicating using social media as over the phone or face to face. SCH FT provides specialised treatments for children with rare illnesses from all over the country and, indeed, overseas – these children and young people live far apart and have no choice but to communicate using social media. We were pleased to fund an initial £30,000 grant to set up an interactive forum for children to share their experiences, maintain friendships and tell their stories. This is a great medium for children to learn about the work the hospital does and to talk to other children about their experiences. The site and web forum are closely monitored and moderated to protect the children from potential risk.

## Case study

*Angela is 14 and suffers from a rare disease which leaves her very tired and often she is unable to attend school. She feels very isolated as she is tutored at home and finds that she has little in common with her peers.*

*Through the forum, Angela has been able to post her experiences and has made contact with 2 other sufferers who are the same age*

as her. They live hundreds of miles away and are treated at different hospitals so are not able to meet other than electronically.

They use the forum for two purposes – the first is social and it allows them to have private ‘chats’ online as friends would do at school. Angela says that this has reduced her sense of isolation immensely.

The second is helping them live with their condition – through the forum these three girls have exchanged information on what they do to reduce their symptoms. They have shared their ‘hints and tips’ with other users and are building up a best practice database which they also share with their medical teams. They hope that their ideas will be of use to all sufferers in the future.

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 pie charts have been updated in 2019/20 to give more analysis of donations and legacies received and grants paid.**

**The guidance on the implications of Covid-19 suggests that any financial uncertainties as a result of the pandemic are explained along with the steps being taken to address these uncertainties.**

## How we funded our work, our achievements and performance

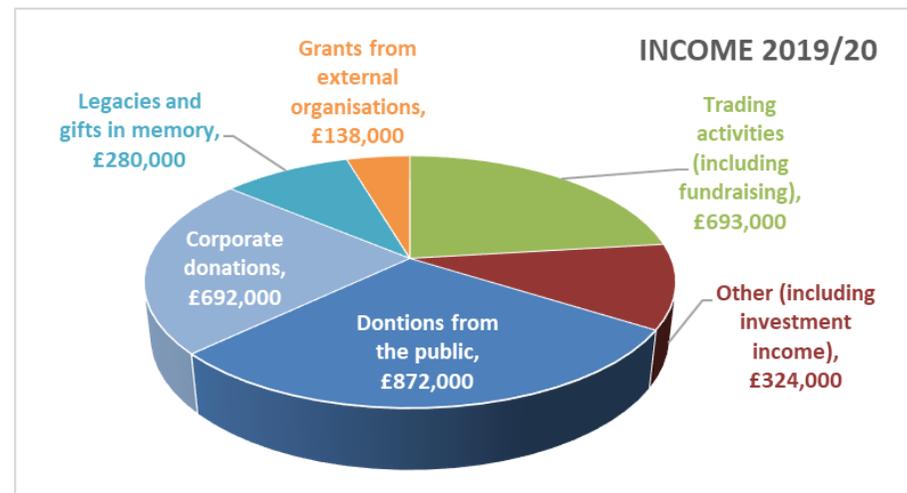
23. The following figures are taken from the full accounts approved on 30 June 2020 which carry an unqualified audit report, if more details are required please refer to the full accounts. This part of the trustee’s annual report comments on key features of those accounts. In this section we firstly explain how we raised the money and then how we spent it.

## Money received - £2.999m. Money spent - £2.960m

24. SCH Charities can only continue to support the work of Sandport Children’s Hospital for as long as we receive the money needed. Almost all of our income comes from the voluntary efforts of the general public. Overall, we ended the year with £39,000 in hand before the performance of our investments was taken into account. However due to falls in the value of the endowment investments our total funds shrank by £501,000.

## Money received: sources of funds

25. The pie chart shows our main sources of income. Our largest source of income is gifts and donations from the public, either direct or through corporate giving.



26. *Donations and legacies* (£1,982,000) – our largest source of income is giving by the public and by local companies keen to support their local community through improving child health. In detail:

- gifts from the public (£872,000). From a few pence in a collecting box to several hundred pounds from grateful relatives, we are fortunate to receive thousands of generous

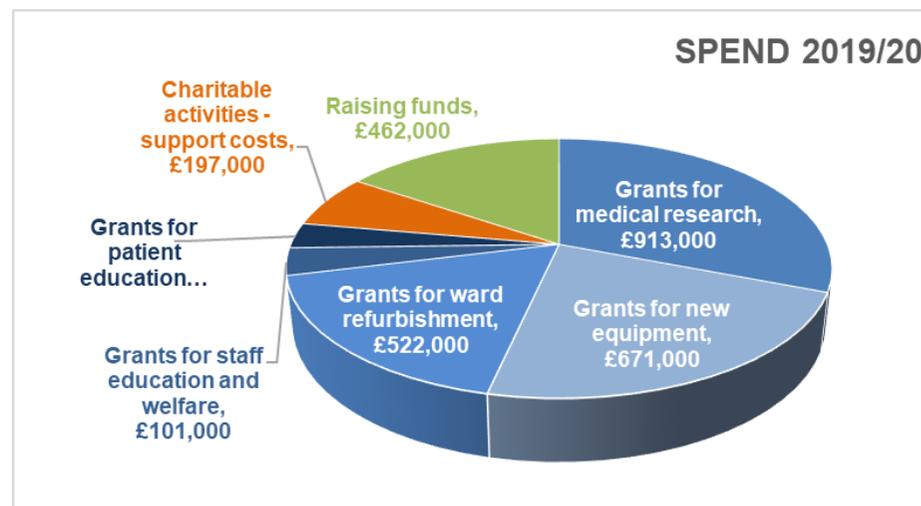
gifts each year towards our work with £432,000 donated to our Education Centre and Burns and Trauma Centre appeal.

- corporate donations (£692,000). Many companies adopt charities as a way of putting something back into the community. SCH Charities is grateful to the companies that have donated over the year and to their employees who have given their time and money to maximise the corporate support we receive. Several companies supported our Education Centre or Burns and Trauma Centre appeals with over £550,000 donated.
  - legacies and gifts in memory (£280,000). A gift in a will or a collection in memory of a loved one really is an investment in the future of our children, and we are fortunate to be remembered by so many people each year. Where the terms of the gift require the capital to be invested, the income generated is used to assist our charitable work.
  - grants from external organisations (£138,000). We are grateful to the other charities and similar organisations that have given us grants to fund particular projects or purchase pieces of equipment. This year the Sandport League of Friends kindly donated £100,000. We are always keen to work with the many specialist health charities to benefit groups of patients being treated at Sandport Children's Hospital for specific conditions.
27. *Other trading income (£693,000)* - by supporting an existing event or organising one of their own with the knowledge and approval of charitable funds committee, thousands of people have had a good time whilst raising money for SCH Charities in support of our Education Centre and Burns and Trauma Centre appeals. A total of 25 events were organised by the fundraising team. Also, many small events were undertaken by our volunteers which were co-ordinated through our fundraising team and included coffee mornings, open gardens, sports tournaments and an under 11's egg and spoon race.
28. *Other Income (£324,000)*. By prudent management of funds not immediately required for use in the hospital we earned interest

and dividends of £314,000 and we also received £10,000 from courses and conferences.

### Money spent: what we spent the money on

29. As the pie chart shows, our largest area of spend was on charitable activities in the form of grants.



30. Our charitable work was made up of five programme areas:

- **medical research.** We spent £913,000 in supporting eighteen NHS and university researchers working on 22 projects, including burns treatment. Research is a long-term endeavour and our projects 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.
- **new equipment.** The NHS, of course, buys much of its own equipment for day to day use and has its own capital programme but NHS capital funds for large items of equipment are limited and must be used for essential items only. With advances in technology and technological obsolescence of existing equipment we can make a real

difference in purchasing items, such as the central DEXA Scanner, that allow the NHS to deliver effective world class care for the children of today. We spent £671,000 on new equipment which would not otherwise have been bought.

- **new buildings.** The Burns and Trauma Centre and Education Centre appeals have been major initiatives and we look forward to spending those funds in 2020 in support of our partner to benefit NHS patients. In the year we spent £522,000 on refurbishing NHS buildings and facilities including £300,000 for the 'smiley ward initiative' to introduce murals and child friendly features to all the wards in the Sandport paediatric oncology wing. We also spent £85,000 on refurbishing the quiet room to make it a space that can be used by any faith group or for quiet reflection by those of no faith.
- **staff education and welfare.** We spent £101,000 on initiatives to support the staff who care for the children. Ensuring staff are well trained and supported benefits the quality of care they provide. Of course, the SCH FT as employer has a duty to ensure its staff are well trained and able to do their work but we can add those extra amenities and support additional training. To this end we paid for twenty-five staff to undertake twenty-eight courses which included aqua therapy, bereavement counselling, and the use of TENS machines in pain management. We also funded four night-staff beds and the replacement of twelve microwaves in staff utility areas.
- **patient education and welfare.** Our support to the transplant games and the web initiative were the two major areas of spending this year. We also funded patient and carer information about the hospital and common treatments in leaflet and CD, audio and MP3 formats. We funded three podcasts hosted on the Sandport Hospital website about visitor experiences of the hospital entitled: what to do before you come, how to get there, and what can I ask the doctor? In total, we spent £102,000 on patient welfare.

### 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'*

### 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 11 to 34 of the annual report)
- the achievements against objectives set (met in paragraphs 11 to 34 of the annual report)
- the performance of material fundraising activities against the fundraising objectives set (met in paragraphs 38 to 39 of the annual report). ***In respect of fundraising, the guidance on the implications of Covid-19 suggests that charities how the pandemic has impacted on the charity's ability to fundraise***
- investment performance against the investment objectives set where material financial investments are held (met in paragraphs 50 to 53 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. The guidance on the implications of Covid-19 suggests that charities should consider how the pandemic has affect staff, volunteers and beneficiaries as well as the implications for the charity's operations and activities for the next year.**

31. 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 children. This information informs future grant making policy as well as providing a basis for assessing our performance.
32. 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 children.

<sup>10</sup> 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*

33. 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 SCH 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.
34. A review of the second round of Research Foundation grants awarded in 2018 produced the following results:

Number of projects	9
Value of grants awarded	£627,584
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 practices<sup>10</sup>. The reporting requirements are set out in section 7.9 of CC15d<sup>11</sup> and section 9 of CC20<sup>12</sup>. 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

<sup>11</sup> Charity Commission, *Charity reporting and accounting: the essentials*, 2016

<sup>12</sup> Charity Commission, *Charity fundraising: a guide to trustee duties*, 2016

- 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
- 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 35 to 37.

***The Fundraising Regulator has published guidance<sup>13</sup> on meeting the reporting requirements as their analysis of 106 sets of annual reports identified that 40% did not meet the minimum requirements. Common issues included:***

- ***limited detail about how fundraising campaigns are run and managed, including who carries out the work***
- ***failure to demonstrate how the Code of Fundraising Practice is used to guide fundraising work***

- ***a lack of thorough description about fundraising carried out on behalf of the charity***
- ***omission of the number of complaints received***
- ***limited explanation of how vulnerable people are protected in the charity's fundraising work.***

35. Members of SCH FT'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 SCH Charities. SCH Charities 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 Practice<sup>14</sup> 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.***

36. The fundraising department has signed up to the Fundraising Regulator's Code of Fundraising Practice. In August 2019, the fundraising staff had an awayday at which they discussed what the Code means for SCH Charities. As a result, all of the fundraising guidance and working practices have been updated so that they are compliant. Volunteer fundraisers are now given a briefing before they raise funds for SCH Charities and will also be given annual updates/ reminders.

<sup>13</sup> The Fundraising Regulator, *The Charities (Protection and Social Investment) Act 2016: Good practice guidance on reporting your fundraising*, January 2020

<sup>14</sup> The Fundraising Regulator, *Code of Fundraising Practice*, October 2019

37. 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 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 23 of the annual report)
- where the charity holds material financial investments, the investment policy and objectives set (met in the sections above starting paragraph 23 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***
- 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 76 to 77 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 23 of the annual report).

38. During the year the total donations, legacies and income from fundraising (shown as other trading activities in the Statement of Financial Activities) came to £2,675,000<sup>15</sup> against a plan of £3,000,000. Although short of plan, the charitable funds committee considers this to be a creditable result against the current difficult economic backdrop and a general fall in corporate giving. Luckily, all our fundraising events for 2019/20 took place before the end of February 2020 so were unaffected by the Covid-19 pandemic. Clearly, our fundraising programme for 2020/21 will be affected by the crisis.

39. We benchmark our fundraising activity with our peers through the Association of NHS Charities<sup>16</sup> 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 children. By seeking to raise our fundraising profile we hope to bring our funds raised up to the average for NHS children's charities linked with large NHS Trusts and foundation trusts.

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

Paragraphs 40 to 42 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 40 to 42 of the annual report do this as well.

<sup>15</sup> This is the total of 'donations and legacies' (£1,982,000) and 'other trading activities' (£693,000) as disclosed on the Statement of Financial Activities on page 28.

<sup>16</sup> This benchmarking data is available to all members of the NHS Charities Together <https://www.nhscharitiestogether.co.uk/>

40. We will achieve our mission by working with the NHS to develop the facilities to treat the children 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 of compassion and love for the children of today and tomorrow by making a gift to secure their future.

41. Our detailed plans are:

- to expand our fundraising activities towards achieving our goal of raising £5m every year – this is still our long-term plan. We are aware that we may not be able to meet that target in 2020/21 due to Covid-19 social distancing measures, but we are working hard on virtual events.
- spend the funds we raised for the Paediatric Burns and Trauma Centre of almost £2.6m and the Education Centre of just under £1m in 2020 as we have planned in order to equip and provide these facilities in collaboration with our NHS partner.
- to fund the £1m cost of a virtual reality surgical training room which uses digital technology and manikins to enable surgeons to practice and rehearse their techniques.
- to maintain our research support at £1m per year to fund the development of future techniques and therapies to save our children from future ill-health
- to maintain general support for equipment and buildings at £1.5m per year.

42. 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.'

***The guidance on the implications of Covid-19 suggests that how the contribution of volunteers assisted the charities in managing its work in the changed circumstances.***

Paragraph 43 of the annual report achieves this requirement.

43. SCH Charities makes grants from both its unrestricted and restricted funds. Within the unrestricted funds, grants are made from general funds, designated (earmarked) funds and designated research funds. The income generated by the Gupta endowment is solely applied in the making of grants to promote the preservation of health and recovery of patients and former patients of the Sandport Children's hospital and other named hospitals:

- **general funds.** These funds are received by SCH Charities 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, 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 SCH 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.** SCH Charities 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 Sandport Children's 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 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.

***The guidance on the implications of Covid-19 suggests that these disclosures should reflect the impact of the pandemic.***

***In 2018, the Charity Commission for England and Wales reviewed 106 sets of charity accounts<sup>17</sup> 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 the vast majority of charities includes 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.***

***In 2019/20, paragraph 47 of the example annual report and accounts has been updated to reflect the charity's approach to managing designated funds.***

44. The charitable funds committee has established a reserves policy as part of its plans to provide long term support to SCH FT for research, education, new equipment, staff and patient welfare and building work.

45. 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 building or major equipment purchase, research and other projects.

46. The reserves currently stand at £1,079,000 and are calculated as follows:

Total unrestricted funds of	£3,028,000
Less designated funds	(£1,949,000)
<b>Total reserves</b>	<b>£1,079,000</b>

<sup>17</sup> Charity Commission for England and Wales, *Charity reserves policies: demonstrating and building resilience*, November 2018

47. 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
<b>Total reserve requirement</b>	<b>£1,500,000</b>

The reserves held are currently below our target range due in large part to investment losses. We will continue to monitor this as the financial markets react to the Covid-19 pandemic.

48. 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 in the near future 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 reserves.

## Our financial health: a strong balance sheet

49. The assets and liabilities of SCH Charities as at 31 March 2020 are stated below, compared with the position at 31 March 2019.

	31 March 2020 £'000	31 March 2019 £'000
Fixed Asset Investments	6,221	7,439
Net Current Assets	2,100	1,322
Creditors falling due after more than one year	(1,137)	(1,076)
<b>Total Net Assets</b>	<b>7,184</b>	<b>7,685</b>
Capital Funds (Endowment)	419	461
Income Funds		
Restricted	3,737	2,508
Unrestricted income Funds:		
Designated (earmarked) Funds	1,949	2,639
Our reserve: 'general fund'	1,079	2,077
<b>Total Funds</b>	<b>7,184</b>	<b>7,685</b>

A few helpful definitions:

**Fixed asset investments** are investments in quoted stocks and shares.

**Net current assets** represent cash held on deposit less the value of accruals (money owed to others for expenses chargeable to the year) and outstanding liabilities.

**Creditors falling due after more than one year** represent the balance of multi-year research grants and multiyear grants towards specific posts.

**Capital funds** represent the Guptah endowment which is held as capital in perpetuity so that only the income is available for distribution.

**Restricted income funds** represent money which can only be used for specified purposes.

**Unrestricted income funds** are funds available to be spent within the objects of the charity which can legally be spent wholly at the discretion of the trustee. In practice, respecting the non-binding preferences expressed by donors, the charitable funds committee has sub categorised the unrestricted income funds under two headings.

**Designated (earmarked) funds** represent some 200 separate funds which the charitable funds committee has created to accord, as far as practicable, with the specific intentions of the gifts received through wards, departments and specialties. By designating funds, the committee ensures that those gifts are channelled towards charitable purposes in those areas. These funds are supervised by about two hundred fund advisors from the wards, departments and specialties concerned.

**General fund** represents those funds available for distribution by the trustee which have not been restricted or earmarked.

### About our investments

Paragraphs 50 to 53 of the annual report meet the fourth requirement of paragraph 1.41 of the SORP FRS 102.

50. 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.

51. Other investments of SCH Charities 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 because of the proven link between smoking and poor health which would make such investments contrary to our charitable aims.

52. Appeal funds and funds intended to be used to pay grants in the near future are held on deposit to minimise investment risk.
53. Investment performance is monitored by the charitable funds committee by reviewing regular reports from the investment managers. During the year, the total return, including dividends and interest, in the value of the Schumann Investment Portfolio was minus 6.8%. This compares unfavourably with the benchmark set by the committee of 6% growth but compares favourably with the stock market all returns reinvested all share benchmark of minus 12.5%. We expect that the financial performance in 2020/21 will continue to be affected by the impact of the Covid-19 pandemic on the financial mar

### 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 54 to 60 of the annual report meet this requirement along with paragraphs 61 to 68.

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 54 to 60. The address of the principal office is provided after paragraph 60.

### The charities

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

#### ***Sandport Children's Hospital Charity (Registered Number 107XXX0-1)***

55. Formerly known as the Sandport Children's Hospital NHS Trust Charity, the governing document is a deed dated 5 October 1998
56. Its objects are 'for any charitable purpose or purposes relating to the National Health Service.'

#### ***Sandport Children's Hospital General Charity (Registered Number 107XXX0-2)***

57. Formerly part of the 'The United Sandport Hospitals Trust Funds General Charity' this charity is governed by a Scheme of the Charity Commission dated 1 April 1999.
58. 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)***

59. This charity is governed by a Scheme of the Charity Commission dated 12 November 1987, as amended on 1 March 2004.
60. Its objects are 'to promote the preservation or recovery of physical or mental health or the rehabilitation of persons (with a preference for babies and children under 14 years of age) who have been suffering from illness and who are or have been patients of Sandport Children's Hospital or any of the following hospitals: General Hospital Swollsea, Psychiatric Hospital Sandport, Sandport Women's Hospital or Sandport Dental Hospital, 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 SCH Charities is:

The Trust Fund Director  
Sandport Children's Hospital Charities  
PO Box 1X008  
Sandport Children's Hospital  
Sandport  
SB4 6WZ  
☎ 012X XXX XXX8

### For fundraising queries please contact:

The Head of Fundraising  
Sandport Children's Hospital NHS Foundation Trust  
Porthome Lane  
Sandport  
S4 6NH  
☎ 012X XXX XXX7

### The corporate trustee, SCH FT's principal address is:

The Chief Executive  
Sandport Children's Hospital NHS Foundation Trust  
Porthome Lane  
Sandport  
S4 6NH  
☎ 012X XXX XXX7

## 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 61.

***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 SCH FT'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 2016<sup>18</sup> 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 54 to 60 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 63 and 64 of the annual report)
- the policies and procedures for the induction and training of trustees (met by paragraphs 67 and 68)

<sup>18</sup> Department of Health, *NHS funds held on trust guidance on the acceptance, management and transfer of charitable funds for NHS bodies*, 2016 (paragraphs 8 to 11) and Department of Health and the Association of

NHS Charities *NHS charities conversion to independent status - outline guidance*, 2015

- 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 75 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 82) ***The guidance on the implications of Covid-19 suggests that the impact of the virus on networking and how that affects the charity's operations should be reported***
- 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 71 to 75 and paragraphs 83 and 84 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 60)
- 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 9)
- 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 61)
- 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 62).

61. The SCH FT is the sole corporate trustee of the charity. The corporate trustee's responsibilities are therefore carried out by SCH FT's board of directors. The board is appointed in accordance with the FT's constitution. Details of SCH FT board membership can be found in its annual report and accounts and on its website.
62. As SCH Charity has a corporate trustee it is, in accounting terms, controlled by SCH FT and is therefore its subsidiary. Financially, the charity is not material to SCH FT, so it is not consolidated into the FT's accounts.
63. SCH FT's board meet annually as corporate trustee to:
  - review and approve SCH Charity'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.
64. The board of directors of SCH FT delegate responsibility for the day to day management of the SCH Charity 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 SCH FT and University Hospital Sandport NHS Foundation Trust who provide the financial services to the charities.
65. The charitable funds committee comprises two executive members of the board and two non-executive members. Other members of SCH FT 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 2016	Term of office expires 8 September 2021 Chair of the SCH FT board
Christine Darbshire	1 September 2018	Reappointed 1 April 2019 until 31 March 2022 Finance director of the SCH FT board
Josephine Maine	1 August 2017	Term of office expires 31 July 2022 Non-executive member of the SCH FT board and chair of the charitable funds sub-committee
Jack Russell	9 September 2016	Term of office expires 8 September 2021 HR director of the SCH FT board
Sebastian Powell	1 August 2013/ (31 August 2018)	Retired on 31 August 2018 Finance director of the SCH FT board

#### Pen profiles of the members of the charitable funds committee:

Mr Darren Hall is a qualified chartered surveyor and has worked in the building industry for over 40 years.

Mrs Christine Darbshire is a qualified accountant. She is a member of the Chartered Institute of Public Finance Accountants.

Professor Josephine Maine did her medical training in London and Barset. She specialised in cancer and blood diseases and was a consultant for 20 years before joining Sandport Children's Hospital, where she developed the services for children with these disorders. Now retired from clinical practice, she continues to undertake research and pursue education interests.

<sup>19</sup> Members of the charitable funds committee are not trustees in their own right but act on behalf of the corporate trustee.

Mr Jack Russell is a member of the Chartered Institute of Personnel and Development

66. 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.
67. All members of the SCH board are provided with the Charity Commission's guidance: *public benefit: an overview* and *the essential trustee: what you need to know (CC3)* and a summary of what this means for a corporate trustee.
68. New members of the charitable funds committee are provided with an induction pack consisting of the governing documents, previous 3 years trustee's annual reports and accounts, policies and procedures of the Charity as well as the Charity Commission's guidance: *public benefit: an overview* and *the essential trustee: what you need to know (CC3)*. Appropriate training courses are offered in charity law and administration, and the roles and responsibilities of trustees<sup>19</sup>. The charity's auditors and solicitors provide much useful material, and the Association of NHS Charities (to which we belong) runs regular conferences and symposia 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 69 and 70 of the annual report.

69. SCH Charities has two staff seconded full time from SCH FT, **Mr Stylone Buckeridge** is the trust fund director and **Ms Ginger Thorpe** is his personal assistant (PA).

70. 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  
Sandport  
D3 2DL

#### Internal auditors:

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

#### Bankers:

Any Bank  
166 High Street  
Sandport  
S17 9PW

#### Legal advisors:

Good Law  
115 Davenport Road  
Sandport  
S3 3AL

## Key management personnel remuneration

Paragraphs 71 to 75 of the annual report have been inserted to meet the requirement of paragraph 1.51 of the SORP FRS 102.

71. 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.
72. SCH FT's board members are either executive members who are employees of SCH FT or non-executive members who are remunerated in accordance with the SCH FT's constitution. None of the board members are specifically paid in relation to SCH Charities, they give of their time freely.
73. Details of expenses paid to key management personnel are disclosed in note 14 to the accounts.
74. Members of SCH FT'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.
75. The trust fund director of the charity is employed by SCH FT on NHS terms and conditions. His remuneration is reviewed annually and is increased in accordance with the nationally agreed increases for his pay scale. SCH Charities is fully recharged by the FT for the employment costs relating to the trust fund director and his PA.

## Risk analysis

Paragraphs 76 to 81 have been expanded to meet the third of the requirements set out in paragraph 1.46 of the SORP FRS 102.

76. As part of the business planning exercise carried out during the year, the charitable funds committee has considered the major risks to which SCH Charities 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

77. SCH Charities 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.
78. The committee mitigates the risk that income will fall by engaging with the Fundraising Department. That Department comprises dedicated fundraising experts who work with SCH FT as well as SCH Charities 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. It is expected that the COVID-19 pandemic will actually increase donations to NHS charities although as children are less affected, this charity may not see an increase. Social distancing measures in place for the first part of the financial year have reduced our fundraising events but the team is managing this risk by looking at alternative on-line events.

### Fall in investment returns

79. SCH Charities generates additional income from investing its cash balances so the committee considers the loss of investment income to be a major financial risk. This risk is increased as a result of the Covid-19 pandemic. 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.
80. SCH Charities' permanent endowment, the Guptah fund, is managed on a total return basis, 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

81. 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 SCH Charities are no longer delivered in the Sandport area. The committee regularly liaises with NHS partners to understand the changes that they are facing at an early stage.

### Wider networks

82. SCH Charities is one of over 250 NHS linked charities in England and Wales who are eligible to join NHS Charities Together. As a member charity, we have the opportunity to 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.

### Related parties

83. SCH FT is the corporate trust of SCH Charities and is therefore a related party.
84. The University of Sandport is our main research partner and we do pay grants to other NHS bodies where they provide services which align with our charitable objectives. Although the committee is careful to consult with representatives of these organisations formally through their committee meetings and via other, less formal contacts, they retain their independence to act in the best interests of SCH Charities and the charity's beneficiaries.

### Our relationship with the wider community

85. The ability of SCH Charities to continue its vital support for Sandport Children's Hospital is dependent on its ability to maintain and increase donations from the general public. SCH Charities also continues to forge strong relationships with members of staff of the hospital without whose co-operation the

ability to make an effective contribution would be much diminished.

### Volunteers

86. 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 SCH Charity, in developing ideas

for research and working with us to identify how we can help them care for the children

- our fundraisers who do so much to encourage others to enrich lives through donations and fundraising activities.

Signed on behalf of the trustee: *J Maine*

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

Date: 30 June 2020

Paragraph 1.8 of the SORP FRS 102 requires that one or more of the trustees must sign and date the report on behalf of the trustees upon their approval.

As SCH Charities has a corporate trustee, under SCH FT's scheme of delegation requires the chair of the charitable funds committee to sign the report on behalf of the whole board.

The signature has been included in the annual report as well as on the balance sheet as it is possible the annual report will be distributed without the accounts.

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

IFRS requires that a statement of responsibilities is included in an annual report and accounts. It is not a requirement of 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***

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 2020

## Sandport Children's Hospital Charities Statement of Financial Activities for the year ending 31 March 2020

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).

***In 2019/20, SCH Charities 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).

## Sandport Children's Hospital Charities Statement of Financial Activities for the year ending 31 March 2020

	Note	Unrestricted Funds		Restricted Funds		Endowment Funds		Total Funds	
		2019/20 £000	2018/19	2019/20 £000	2018/19	2019/20 £000	2018/19	2019/20 £000	2018/19 £000
<b>Income and endowments from:</b>									
Donations and legacies	3	1,000	839	982	1,002			1,982	1,841
Charitable activities		10	3		9			10	12
Other trading activities	4	166	60	527	501			693	561
Investments	7	189	244	125	164			314	408
<b>Total incoming resources</b>		<b>1,365</b>	<b>1,146</b>	<b>1,634</b>	<b>1,676</b>			<b>2,999</b>	<b>2,822</b>
<b>Expenditure on:</b>									
Raising funds	8	(132)	(120)	(330)	(361)			(462)	(481)
Charitable activities	9								
• Medical research		(991)	(938)					(991)	(938)
• Purchase of new equipment		(728)	(118)					(728)	(118)
• Building and refurbishment		(514)	(1,976)	(53)	(55)			(567)	(2,031)
• Staff education and welfare		(110)	(142)					(110)	(142)
• Patient education and welfare		(93)	(126)			(9)	(10)	(102)	(136)
		(2,436)	(3,300)	(53)	(55)	(9)	(10)	(2,498)	(3,365)
<b>Total expenditure</b>		<b>(2,568)</b>	<b>(3,420)</b>	<b>(383)</b>	<b>(416)</b>	<b>(9)</b>	<b>(10)</b>	<b>(2,960)</b>	<b>(3,846)</b>
Net gains/(losses) on investments	16	(507)	(439)			(33)	(35)	(540)	(474)
<b>Net income/(expenditure)</b>		<b>(1,710)</b>	<b>(2,713)</b>	<b>1,251</b>	<b>1,260</b>	<b>(42)</b>	<b>(45)</b>	<b>(501)</b>	<b>(1,498)</b>
Transfers between funds	21	22	31	(22)	(31)				
<b>Net Movement in funds</b>		<b>(1,688)</b>	<b>(2,682)</b>	<b>1,229</b>	<b>1,229</b>	<b>(42)</b>	<b>(45)</b>	<b>(501)</b>	<b>(1,498)</b>
<b>Reconciliation of Funds</b>									
Total Funds brought forward	22	4,716	7,398	2,508	1,279	461	506	7,685	9,183
<b>Total Funds carried forward</b>	<b>22</b>	<b>3,028</b>	<b>4,716</b>	<b>3,737</b>	<b>2,508</b>	<b>419</b>	<b>461</b>	<b>7,184</b>	<b>7,685</b>

## Sandport Children's Hospital Charitable Funds Balance Sheet as at 31 March 2020

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).

***From 2018/20, SCH Charities 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.

## Sandport Children's Hospital Charitable Funds Balance Sheet as at 31 March 2020

		Unrestricted Funds		Restricted Funds		Endowment Funds		Total Funds	
	Note	2019/20 £000	2018/19 £000	2019/20 £000	2018/19 £000	2019/20 £000	2018/19 £000	2019/20 £000	2018/19 £000
<i>Fixed assets:</i>									
Investments	16	3,285	4,510	2,508	2,461	428	468	6,221	7,439
<b>Total Fixed Assets</b>		<b>3,285</b>		<b>2,508</b>	<b>2,461</b>	<b>428</b>	<b>468</b>	<b>6,221</b>	<b>7,439</b>
<i>Current assets:</i>									
Debtors	17	57	48					57	48
Cash and cash equivalents	18	1,805	1,229	1,271	1,020			3,076	2,249
<b>Total Current Assets</b>		<b>1,862</b>	<b>1,277</b>	<b>1,271</b>	<b>1,020</b>			<b>3,133</b>	<b>2,297</b>
<i>Liabilities:</i>									
Creditors falling due within one year	19	(982)	(923)	(42)	(45)	(9)	(7)	(1,033)	(975)
<b>Net Current assets/(liabilities)</b>		<b>880</b>	<b>354</b>	<b>1,229</b>	<b>975</b>	<b>(9)</b>	<b>(7)</b>	<b>2,100</b>	<b>1,322</b>
<b>Total assets less current liabilities</b>		<b>4,165</b>	<b>4,864</b>	<b>3,737</b>	<b>3,436</b>	<b>419</b>	<b>461</b>	<b>8,321</b>	<b>8,761</b>
Creditors falling due after more than one year	19	(1,137)	(148)		(928)			(1,137)	(1,076)
<b>Total net assets or liabilities</b>		<b>3,028</b>	<b>4,716</b>	<b>3,737</b>	<b>2,508</b>	<b>419</b>	<b>461</b>	<b>7,184</b>	<b>7,685</b>
<b>The funds of the charity:</b>									
Endowment funds	22					419	461	419	461
Restricted income funds				3,737	2,508			3,737	2,508
Unrestricted income funds		3,028	4,716					3,028	4,716
<b>Total charity funds</b>		<b>3,028</b>	<b>4,716</b>	<b>3,737</b>	<b>2,508</b>	<b>419</b>	<b>461</b>	<b>7,184</b>	<b>7,685</b>

The notes at pages 34 to 58 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 2020

## Sandport Children's Hospital NHS Charitable Funds Statement of Cash Flows for the year ending 31 March 2020

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 2019/20 £'000	Total funds 2018/19 £'000
<b>Cash flows from operating activities:</b>			
<b><i>Net cash provided by (used in) operating activities</i></b>	20	(165)	(66)
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments	7	314	408
Proceeds from the sale of investments	16	1,202	1,218
Purchase of investments	16	(524)	(505)
<b><i>Net cash provided by (used in) investing activities</i></b>		992	1,121
<b><i>Change in cash and cash equivalents in the reporting period</i></b>		827	1,055
<b>Cash and cash equivalents at the beginning of the reporting period</b>	18	2,249	1,194
Change in cash and cash equivalents due to exchange rate movements			
<b><i>Cash and cash equivalents at the end of the reporting period</i></b>	18	<b>3,076</b>	<b>2,249</b>

## 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 CC15d<sup>20</sup>. The second paragraph (in italics) will be required until the regulations are amended.

***In 2019/20, references to the SORP FRS 102 have been updated to reflect the fact that the applicable version is the second edition.***

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.***

<sup>20</sup> Charity Commission, *Charity reporting and accounting: the essentials*, 2016

**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 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<sup>21</sup>’***

The trustee considers that there are no material uncertainties about the SCH Charities’ ability to continue as a going concern. While the Covid-19 pandemic has had an impact on the SCH Charity, it is not such a significant impact as to affect the charity’s ability to continue as a going concern. There are no material uncertainties affecting the current year’s accounts.

In future years, the key risks to the SCH Charities 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 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. SCH Charities’ 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 but in this example no such resolutions have been made.

<sup>21</sup> FRC, *Guidance on the going concern basis of accounting and reporting on solvency and liquidity risks*, April 2016

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.

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) 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.

### (e) Incoming resources from endowment funds

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

### (f) 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.

### **(g) 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.

### **(h) 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.

### **(i) 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 SCH FT, under a fundraising agreement (see note 2). The fee is used to

pay the salaries and overhead costs of the hospital's fundraising office.

### **(j) Charitable activities**

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

### **(k) 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 SCH Charities investments can be found in note 16.

### **(l) 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.

### **(m) 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.

#### (n) 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.

#### (o) 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).

#### (p) 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 SCH Charities are seconded from SCH FT 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 impact of the Covid-19 pandemic on financial markets.***

SCH FT 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 SCH FT includes the employee contributions to that scheme. For more information on the NHS Pension Scheme refer to the SCH FT 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 transactions<sup>22</sup>. 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.***

SCH FT is the corporate trustee of the SCH charities and is its main grant beneficiaries – they are therefore related parties. Grants paid by the charity to SCH FT are detailed in note 10. SCH FT 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 £230,000 (£234,000 in 2018/19) – see note 8
- administrative services at a cost of £103,000 (£96,000 in 2018/19) in support of the charity's grant making activities which are included within support costs - see note 12.

The charges made by the SCH FT 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 SCH FT to recover its costs.

None of the members of the SCH FT board or parties related to them has undertaken any transactions with the SCH Charities 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.

<sup>22</sup> 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 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	
	2019/20 £000	2018/19 £000	2019/20 £000	2018/19 £000	2019/20 £000	2018/19 £000
Donations from individuals	440	284	432	551	872	835
Corporate donations	142	150	550	451	692	601
Legacies	280	250			280	250
Grants	138	155			138	155
<b>Total</b>	<b>1,000</b>	<b>839</b>	<b>982</b>	<b>1002</b>	<b>1,982</b>	<b>1,841</b>

Donations from individuals are gifts from members of the public, relatives of patients and staff. This income is collected through our

collection boxes around the Sandport Children's Hospital as well as our annual collection at the May meeting at Sandport Racecourse.

#### 4 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
	2019/20 £000	2018/19 £000	2019/20 £000	2018/19 £000	2019/20 £000	2018/19 £000
Fete for the Burns and Trauma Centre			328		328	
Other events organised by the fundraising team	80	50	18	203	98	253
Events organised by volunteers	86	10	181	298	267	308
<b>Total</b>	<b>166</b>	<b>60</b>	<b>527</b>	<b>501</b>	<b>693</b>	<b>561</b>

#### 5 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 SCH Charities is reliant on a team of volunteers for our smooth running. Our volunteers perform two roles:

- fund advisors – there are about 200 SCH FT 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 children.

- fundraisers – there are about 50 local volunteers who actively fundraise for the SCH Charities by running events such as coffee mornings, open gardens, sports tournaments and an under 11’s egg and spoon race. The fundraisers also rattle collection tins at our annual collection at the Racecourse

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.

## 6 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.

*Additional narrative disclosure may be required if investment income has been materially impacted by the impact of the Covid-19 pandemic on investment income.*

	Unrestricted funds		Restricted funds		Total	
	2019/20 £000	2018/19 £000	2019/20 £000	2018/19 £000	2019/20 £000	2018/19 £000
Fixed asset equity and similar investments			75	119	75	119
Short term investments and deposits and cash on deposit	189	244	50	45	239	289
<b>Total</b>	<b>189</b>	<b>244</b>	<b>125</b>	<b>164</b>	<b>314</b>	<b>408</b>

## 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	
	2019/20 £000	2018/19 £000	2019/20 £000	2018/19 £000	2019/20 £000	2018/19 £000
Fundraising office	56	41	174	193	230	234
Fundraising events			145	154	145	154
Investment management	64	68			64	68
Support costs	12	11	11	14	23	25
<b>Total</b>	<b>132</b>	<b>120</b>	<b>330</b>	<b>361</b>	<b>462</b>	<b>481</b>

## 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 of the charitable expenditure was in the form of grant funding.

Grants were approved in favour of the partner organisations, principally the SCH FT and University Hospital Sandport NHS

Foundation Trust to carry our activities that will benefit children who are NHS 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
	2019/20 £000	2018/19 £000	2019/20 £000	2018/19 £000	2019/20 £000	2018/19 £000
Medical research	913	743	78	195	991	938
Purchase of new equipment	671	101	57	17	728	118
Building and refurbishment	522	1,207	45	824	567	2,031
Staff education and welfare	101	99	9	43	110	142
Patient education and welfare	94	87	8	49	102	136
<b>Total</b>	<b>2,301</b>	<b>2,237</b>	<b>197</b>	<b>1,128</b>	<b>2,498</b>	<b>3,365</b>

## 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.

***In 2019/20, the narrative in the note has been updated to reflect the management arrangements in relation to the scheme of delegation. Also, the column setting out the number of grants issued to bodies other than SCH FT and University Hospital Sandport NHS Foundation Trust has been deleted as it did not provide meaningful information and is not a SORP FRS 102 requirement.***

The charity does not make grants to individuals. All grants are made to the SCH FT or other institutions to provide for the care of NHS patients in furtherance of our charitable aims. The majority of grant support was given to the SCH FT. 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 for the majority of charitable funds, under which fund advisors initiate the day to day disbursements on their projects in accordance with the:

- overarching strategy endorsed 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:

SCH FT  
 University Hospital Sandport NHS Foundation Trust  
 University of Sandport  
 Davenport NHS Trust  
 Sandport Women's Hospital NHS Trust  
**Total**

	Total amount paid 2019/20 £000	Total amount paid 2018/19 £000
	1,651	1,312
	520	824
	58	28
	33	31
	39	42
	<b>2,301</b>	<b>2,237</b>

## 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
<b>Opening balance at 1 April 2019</b> (see note 19)	563	1,076	1,639
Additional commitments made during the year	1,048	1,253	2,301
Movement from current to non-current	200	(200)	
Amounts paid during the year	(1,331)	(992)	(2,323)
<b>Closing balance at 1 April 2020</b> (see note 19)	480	1,137	1,617

	Current liabilities	Non-current liabilities	Total
	£000	£000	£000
<b>Opening balance at 1 April 2018</b>	467	1,406	1,873
Additional commitments made during the year	1,674	563	2,237
Movement from current to non-current	393	(396)	
Amounts paid during the year	(2,534)	(1,576)	(4,110)
<b>Closing balance at 1 April 2019</b> (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.

Support and overhead costs are allocated between fundraising activities and charitable activities. Governance costs are those support costs which relate to the strategic and day to day management of a charity.

The bases of allocation used are as follows:

- time: based on the timesheets produced by the charity's two staff members.
- direct allocation: where a cost is wholly attributable to a particular activity. In 2020, the training event related to the

management of small grants which relate mainly to our unrestricted funds

- 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.

	Raising funds		Charitable activities		Total		Basis
	2019/20 £000	2018/19 £000	2019/20 £000	2018/19 £000	2019/20 £000	2018/19 £000	
Internal audit	2	2	5	5	7	7	Expenditure
External audit	3	3	17	16	20	19	Expenditure
Staff training			2		2		Direct allocation
Staff recruitment			1	1	1	1	Direct allocation
Other professional fees			2	938	2	938	Expenditure
Administration	6	6	20	25	18	31	Expenditure
Financial administration	8	9	71	72	79	81	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
<b>Total</b>	<b>23</b>	<b>25</b>	<b>197</b>	<b>1,128</b>	<b>220</b>	<b>1,153</b>	

	Unrestricted funds		Restricted funds		Endowment funds		Total	
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19
	£000	£000	£000	£000	£000	£000	£000	£000
Raising funds	12	11	11	14			23	25
Charitable activities	135	1,063	53	55	9	10	197	1,128
	<b>147</b>	<b>1,074</b>	<b>64</b>	<b>69</b>	<b>9</b>	<b>10</b>	<b>220</b>	<b>1,153</b>

### 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 transactions<sup>23</sup>. 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 SCH FT board the give their time freely and receive no remuneration for the work that they undertake in relation to SCH Charities. However, they can claim expenses to reimburse them for costs that they incur in fulfilling their duties relating to SCH Charities

– these include travelling specifically for charitable funds committee meetings and charity specific training events.

Expenses were incurred by committee members, as detailed below, and these were wholly in fulfilment of charity business.

<sup>23</sup> Charity Commission for England and Wales, *Accounts monitoring review: reporting of related party transactions in charity accounts*, August 2019

Charitable funds committee members' expenses	2019/20	2018/19
	£	£
Travel and subsistence	821	570
Total number of committee members paid expenses	5	5

#### 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 his PA.

The fundraising staff employed by SCH FT 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.

	2019/20	2018/19
	£'000	£'000
Salaries and wages	53	52
Social security costs	3	3
Employers pension contribution	3	3
<b>Total</b>	<b>59</b>	<b>58</b>

The average number of full-time equivalent employees during the year was 2 (2018/19: 2) with both employees involved in providing

support services to charitable activities or the governance of the charity.

SCH Charities considers its key management personnel to be the member of the SCH FT 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 (2018/19: £44,250).

No employees had emoluments in excess of £60,000 (2018/19: 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 (2018/19: £20,000) related solely to the audit with no other additional work being undertaken (2018/19: £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.

***Additional narrative disclosure may be required where the valuation of investments is impacted by the effect of Covid-19 on investment valuations at 31 March 2020***

### Movement in fixed asset investments

	2019/20 £'000	2018/19 £'000
Market value brought forward	7,439	8,626
Add: additions to investments at cost	524	505
Less disposals at carrying value	(1,202)	(1,218)
Add net gain (loss) on revaluation	(540)	(474)
<b>Market value as at 31 March</b>	<b>6,221</b>	<b>7,439</b>

## 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
<b>Total</b>

	2019/20 £'000	2018/19 £'000
UK Equity Funds	378	1,055
Overseas Equity Funds	382	312
Bond Funds	419	738
Hedge Funds	43	160
Property Funds	217	250
XYZ Investment Units	428	461
Total listed investments	1,867	2,976
Cash on interest bearing deposit	4,354	4,463
<b>Total</b>	<b>6,221</b>	<b>7,439</b>

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 2020 the following investment was considered material: XYZ Investment Units: holding amounts to 6.9% (2018/19 6.2%) of the total portfolio.

The significance of financial instruments to the ongoing financial sustainability of SCH Charities 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 impact of Covid-19 on the financial markets continues to be of concern.

The default rate on fixed interest securities is expected to improve when the economy improves but it is not known how long this will

take in the wake of the Covid-19 impact. The high current demand for high quality corporate bond and government stock continues to depress the yield.

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. SCH Charities' investments are mainly traded in markets with good liquidity and high trading volumes. SCH Charities have no material investment holdings in markets subject to exchange controls or trading restrictions.

SCH Charities 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.

SCH Charities 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

	2019/20	2018/19
	£'000	£'000
Accrued income	57	48
<b>Total</b>	<b>57</b>	<b>48</b>

### 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).

	2019/20	2018/19
	£'000	£'000
Cash in hand	84	231
Notice deposits (less than 3 months)	2,992	2,018
<b>Total cash and cash equivalents</b>	<b>3,076</b>	<b>2,249</b>

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).'***

	2019/20 £'000	2018/19 £'000
<b>Creditors falling due within 1 year</b>		
Trade creditors	550	410
Accruals for grants owed to NHS bodies	480	563
Other accruals	3	2
	<b>1,033</b>	<b>975</b>
<b>Creditors falling due after more than 1 year</b>		
Accruals for grants owed to NHS bodies	1,137	1,076
<b>Total</b>	<b>2,170</b>	<b>2,051</b>

## 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 new note is not required.*

	2019/20 £'000	2018/19 £'000
<b>Net income/(expenditure) for 2019/20 (as per the Statement of Financial Activities)</b>	(501)	(1,498)
Adjustments for:		
• Depreciation charges		
• (Gains)/losses on investments	540	474
• Dividends, interest and rents from investments	(314)	(408)
• Loss/(profit) on the sale of fixed assets		
• (Increase)/decrease in stocks		
• (Increase)/decrease in debtors	(9)	750
• Increase/(decrease) in creditors	119	616
<b>Net cash provided by (used in) operating activities</b>	<b>(165)</b>	<b>(66)</b>

## 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 Sandport Children's hospital. The restriction on the fund was the purchase of the Scanner so as the fund's objective was met the SCH

FT 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.

***In 2019/20, the notes have been revised to 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	
	2019/20 £'000	2018/19 £'000	2019/20 £'000	2018/19 £'000	2019/20 £'000	2018/19 £'000	2019/20 £'000	2018/19 £'000
Guptah endowment	461	506	(9)	(10)	(33)	(35)	419	461
<b>Total</b>	<b>461</b>	<b>506</b>	<b>(9)</b>	<b>(10)</b>	<b>(33)</b>	<b>(35)</b>	<b>419</b>	<b>461</b>

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 Sandport

Children's Hospital and General Hospital Swollsea, Psychiatric Hospital Sandport, Sandport Women's Hospital or Sandport Dental Hospital 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 2018/19, 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		Fund balance carried forward 31 March	
	2019/20	2018/20	2019/20	2018/20	2019/20	2018/20	2019/20	2018/20	2019/20	2018/20
	£000	£'000	£000	£'000	£000	£'000	£000	£'000	£000	£'000
<b>2019/20</b>										
Paediatric burns and trauma centre appeal	1,702	872	1,111	1,156	(254)	(326)			2,559	1,702
Education centre appeal	586	342	500	294	(128)	(50)			958	586
Guptah income fund	214	59	23	226	(1)	(40)	(22)	(31)	214	214
Heathlands unit fund	6	6							6	6
<b>Total</b>	<b>2,508</b>	<b>1,279</b>	<b>1,634</b>	<b>1,676</b>	<b>(383)</b>	<b>(416)</b>	<b>(22)</b>	<b>(31)</b>	<b>3,737</b>	<b>2,508</b>

The objects of each of the restricted funds are as follows:

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 reached its £2.5m target and work is due to begin in 2019 to construct the new centre.

The **Education centre appeal** has reached its £1m target and work is due to begin in 2019 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<sup>st</sup> March 2004. This is the fund for the income raised from the permanent endowment. The charitable funds committee receives bid submissions from the eligible hospitals and awards one or more grants, based upon criteria of eligibility and need, in accordance with the terms of the endowment and the Charity Commission scheme dated 1 March 2004.

The **Heathlands unit fund** is restricted for the purpose of the refurbishment of a patient area at Sandport Children's 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	
	2019/20	2018/20	2019/20	2018/20	2019/20	2018/20	2019/20	2018/20	2019/20	2018/20	2019/20	2018/20
	£000	£'000	£000	£'000	£000	£'000	£000	£'000	£000	£'000	£000	£'000
Burns and Education Centre	300	300					(300)					300
Oncology & haematology	145	198	138	156	(69)	(209)					214	145
Leukaemia & haematology Fund	109	123	21	250	(86)	(264)					44	109
Development Fund	1,385	2,359		107	(450)	(1,112)					935	1,385
Other designated funds	700	851	220	261	(186)	(412)	22	31			756	700
General fund	2,077	3,567	986	372	(1,777)	(1,423)	300		(507)	(439)	1,079	2,077
<b>Total</b>	<b>4,716</b>	<b>7,398</b>	<b>1,365</b>	<b>1,146</b>	<b>(2,568)</b>	<b>(3,420)</b>	<b>22</b>	<b>31</b>	<b>(507)</b>	<b>(439)</b>	<b>3,028</b>	<b>4,716</b>

The SCH FT board, acting as corporate trustee, set an opening or closing balance of £100,000 or above as the threshold for the separate reporting of material designated (earmarked) funds. In the interests of accountability and transparency a complete breakdown of all such funds is available upon written request.

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 a fund 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.

The **development fund** is established to provide for large equipment purchases, costing in excess of £10,000 per item, and major building projects designed to enhance patient care, research, and educational or other facilities.

Other designated funds relate to assisting patients on other wards and clinical departments within the SCH FT 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 for any charitable purpose to the benefit of the patients of SCH FT 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 SCH FT 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 2018/19. 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 SCH Charity'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	
	2019/20 £'000	2018/19 £'000	2019/20 £'000	2018/19 £'000	2019/20 £'000	2018/19 £'000
<b>1 April:</b>						
Gift component of the permanent endowment	400	400			400	400
Unapplied total return			61	106	61	106
<b>Total</b>	<b>400</b>	<b>400</b>	<b>61</b>	<b>106</b>	<b>461</b>	<b>106</b>
<b>Movements in the reporting period:</b>						
Investment return: realised and unrealised gains and (losses)			(33)	(35)	(33)	(35)
Less: Investment management costs			(9)	(10)	(9)	(10)
<b>Net movements in reporting period</b>			<b>(42)</b>	<b>(45)</b>	<b>(42)</b>	<b>(45)</b>
<b>31 March</b>						
Gift component of the permanent endowment	400	400			400	400
Unapplied total return			19	61	19	61
<b>Total</b>	<b>400</b>	<b>400</b>	<b>19</b>	<b>61</b>	<b>419</b>	<b>461</b>

## About the HFMA

The Healthcare Financial Management Association (HFMA) is the professional body for finance staff in healthcare. For nearly 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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HFMA is also a limited company registered in England and Wales, no 5787972. Registered office: 110 Rochester Row, Victoria, London SW1P 1JP

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