



Royal
Papworth
Charity



Annual Report and Accounts

2019/20

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Foreword from the Chairman

This year has brought with it some truly exhilarating moments for Royal Papworth Charity as we welcomed Her Majesty The Queen to officially open Royal Papworth Hospital in July 2019, and after many years of careful planning and fundraising, I am delighted to say that we broke ground on a cutting-edge Heart and Lung Research Institute in February 2020. However, this year also brought with it some of the toughest challenges to date, as we pulled out all the stops to support Royal Papworth Hospital during its initial response to the coronavirus pandemic. Everyone at Royal Papworth Charity and the hospital was, and continues to be, moved by the outpouring of kindness and generosity received during the time of our greatest ever need.

Despite these difficult times, I am delighted to share that the Charity has had another successful year of fundraising as we have seen more people choosing to donate by sending regular monthly gifts, hosting their own fundraising events, joining 'Team Royal Papworth' at our challenge events and remembering the Charity in their Will. It is only with your continued support that we are able to ensure Royal Papworth Hospital remains at the forefront of heart and lung medicine, providing our patients with the very best treatments and care.

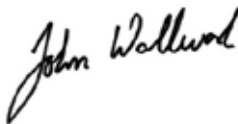
We have enjoyed many wonderful fundraising events, including our beautiful Christmas Service at Ely Cathedral which welcomed 530 guests, our first ever London to Paris Cycle Ride; which saw a team of 10 take on the 300 mile ride, and a new team enter the 2020 Saucony Cambridge Half Marathon. As we look to the future, and our 'new normal' way of fundraising, we look forward to sharing with you a number of exciting ways to raise money and support Royal Papworth Hospital.

Key projects the Charity has supported this year include, the transformational Non-beating Heart (DCD) Transplant Programme, our £5 million commitment to the Heart and Lung Research Institute (HLRI) and crucial support of our nurse training and education programmes. It is only with the generosity of our community that we are able to provide such an incredible level of funding for a variety of projects across the hospital.

As with all NHS Hospitals, Royal Papworth faces an increasing demand for its services and this year the demand was again increased by the COVID-19 pandemic. Royal Papworth Hospital continues to rise up to the challenge during this difficult time and the support the hospital receives from the Charity has a transformational impact. Your support enables the hospital to play a vital part in the national response to COVID-19 and I am confident that together we will overcome these challenging times.

From everyone here at Royal Papworth Charity, we thank you. If you have fundraised, donated online or responded to our appeals with generous gifts; your support makes a tremendous difference for the staff and patients at Royal Papworth Hospital and we are truly grateful.

Together, we are Royal Papworth.



Professor John Wallwork CBE
Chairman



1. Who we are

- 1.1 Royal Papworth Hospital Charity (Royal Papworth Charity) is registered with the Charity Commission under registered charity number 1049224 in accordance with the Charities Act 2011.

The Charity is governed by a Declaration of Trust dated 10 July 1995 (amended by a supplemental deed dated 14 May 2008 and amended 16 January 2018).

The Charity objectives set out in the governing document are “for any purpose or purposes relating to the National Health Service.”

Royal Papworth Charity is governed by a Corporate Trustee, Royal Papworth Hospital NHS Foundation Trust (Royal Papworth Hospital). The Board of Directors of Royal Papworth Hospital act on behalf of the Corporate Trustee through a Trustee Board.

1.2 Our Vision

The Trustee Board decided that Royal Papworth Charity’s vision and values were to be founded on ensuring that it puts patients and staff at the heart of everything we do.

Our Vision Statement 2017-2022:

“We support the work of the Royal Papworth Hospital NHS Foundation Trust as the UK’s leading centre of excellence for the treatment and diagnosis of cardiothoracic disease, providing additional amenities for our patients and their families which would not be available from normal statutory sources and supporting Royal Papworth’s pioneering research activity and vision for the future.”

Royal Papworth Charity is committed to raising vital funds to provide the very best for our patients, their families and our staff. This report will provide you with information on what we do, what we have achieved and how we go about spending the money given to us. Please read on and learn about how your support now and in the future could change the way heart and lung disease is treated forever.



2. What we aim to do: our objectives and activities

- 2.1 By raising new money and through the management of existing funds, Royal Papworth Charity provides funding to Royal Papworth Hospital for the benefit of patients and staff, specifically to:
- improve the hospital environment;
 - provide both state-of-the-art and additional equipment as required;
 - develop new ways of treating cardiothoracic diseases;
 - support and realise the potential in our hospital's staff;
 - develop and expand the hospital's research capability.

This is accomplished by raising funds in a variety of ways including:

- supporting community fundraising activities and our own events;
- running fundraising campaigns for specific projects;
- encouraging grateful patient giving;
- developing close relationships with corporate partners and grant-making organisations;
- promoting legacies and in-memory giving;
- effectively managing the Charity funds and investing wisely.

- 2.2 The Corporate Trustee of Royal Papworth Charity via the Trustee Board, has complied with the duty in Section 17 of the Charities Act 2011 and has paid due regard to Charity Commission guidance on public benefit in deciding what activities the Charity should undertake.

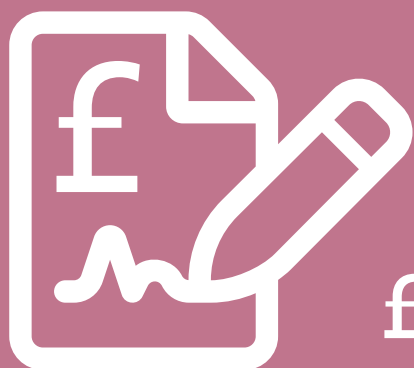
Our primary objective for the year was to raise the £5 million towards the Heart and Lung Research Institute (HLRI). Heart and lung diseases are the leading causes of premature death worldwide – killing 26 million people a year. The University of Cambridge and Royal Papworth Hospital are tackling this global challenge head on through the creation of the HLRI. In the past, pioneering medicine and innovative surgical advances supported by Royal Papworth Charity have not only transformed the lives of hundreds of thousands of patients but also helped shape cardiothoracic medicine internationally. The HLRI will provide the vital facilities to carry out more research, integrate our discoveries and expedite the translational sciences for the benefit of our patients and patients worldwide.

Royal Papworth Charity is proud to have funded 193 grants for a variety of projects across the hospital in 2019/20, many of which have had a direct and immediate impact on our patients, their families and our staff.



3. How we fund our work, our achievements and performance

Our Year Together in Numbers



Value of grants
made to the
hospital:

£2,077,000



Value of research
funded by the Charity:

£1,297,000



Charitable grants
requests received:

226



Grants approved:

193



Funding committed
to the HLRI

£5,000,000



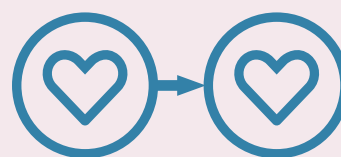
Total value of DCD funding:

£1,879,000



19/20 DCD funding:

£553,000



DCD transplants to date:

147



In-aid of fundraising events:

102



Gifts received from Wills:

36



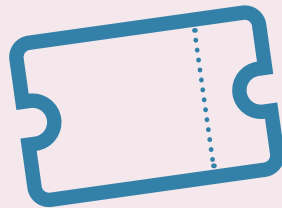
Packs of Christmas cards sold:

3,261



Guests at Ely Cathedral
Carol Service:

530



Lottery wins:

501



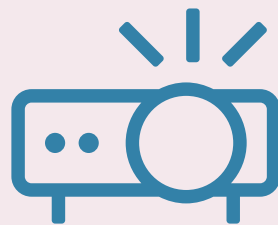
Diaries sold:

256



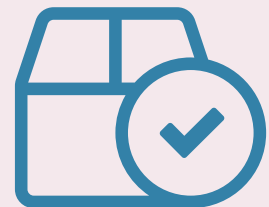
Papworth Sparkie
teddy bears sold:

343



Community
Presentations delivered:

45



Fundraising packs sent out:

71



Miles ran:

300



Miles cycled:

4,085



Mountains climbed:

4



4. Risks

Royal Papworth Charity has 25 open risks. Nine risks have a Residual Risk Rating (RRR) of 'High' or above. Risks are reviewed by our Charitable Funds Committee quarterly to assess our plans to manage those risks and any factors which will affect the financial position of the Charity. All Charity risks are graded in line with the national risk framework detailed below.

NHS Risk Guide	Risk Count	Jan-20
15-25 Extreme Risk	15-25 Extreme Risk	0
8-12 High Risk	8-12 High Risk	4
4-6 Moderate Risk	4-6 Moderate Risk	14
1-3 Low Risk	1-3 Low Risk	7
Closed Risk	Closed Risk	0

Risk scoring = consequence x likelihood (C x L)

	Likelihood				
Likelihood score	1	2	3	4	5
	Rare	Unlikely	Possible	Likely	Almost certain
5 Catastrophic	5	10	15	20	25
4 Major	4	8	12	16	20
3 Moderate	3	6	9	12	15
2 Minor	2	4	6	8	10
1 Negligible	1	2	3	4	5

The Essential Trustee - 6 Main Duties. Charity Commission CC3



4. Risks (continued)

Trustee Core Duty	Title	Description	Risk level
Accountable	Regulatory reporting requirements: Financial and other reporting requirements	"If" the charity is constituted according to certain regulations, "then" financial and other reporting requirements will be dependent on this and may vary according to funding arrangements. Failure to comply with regulations could result in regulatory action, reputational risk and there could be an impact on funding.	6
Best Interest	Competition from similar organisations	"If" there is severe competition from similar organisations "then" there is a risk of reduced fundraising potential, reduced public profile, loss of income from trading activities and a subsequent loss of service to beneficiaries.	12
Best Interest	High Staff Turnover	"If" there is a high staff turnover "then" this will result in a loss of experience and key technical skills, as well as a lack of succession planning. There will be increased recruitment and training costs and increased lead times for activities. There could be an impact on the morale of remaining staff and their productivity and service delivery.	15
Governing document and the law	Volunteers	"If" volunteers are not correctly recruited (with compliant vetting and reference procedures), trained, supported and recognised in their role "then" this will result in a lack of competences and engagement, a lack of adherence to volunteer guidelines and a poor service for beneficiaries. It may also result in a lack of legal compliance.	10
Governing document and the law	Health, Safety and Environment	"If" a responsible and compliant health and safety environment does not exist, "then" there could be injury to staff, beneficiaries and the public and a risk from products and services which could result in an inability to operate and legal implications resulting in loss of Trust income.	9
Public Benefit	Relationship with funders	"If" there is a deterioration in relationship/s with major funders "then" this may impact on funding and support available. Longer term this would mean reduced income and less funds to support the Trust.	12
Resources	Dependency on income sources	"If" there is a disproportionate dependency on one income source "then" cash flow and budget may be impacted if there is a loss of this income source.	15
Resources	Investment	"If" there is a failure to adhere to investment policies, "then" this could result in unforeseen severe adverse investment conditions, financial loss through inappropriate or speculative investment or lack of investment advice or diversity. Cash flow difficulties may arise from lack of liquidity.	16

Trustee Core Duty	Title	Description	Risk level
Resources	Funding of the HLRI £5million contribution	"If" the Charity cannot meet it's £5million contribution to the University for the HLRI project "then" it will be in breach of contract resulting in contractual, operational and financial complications.	12
Accountable	Procedural and Systems Documentation	"If" procedures and systems are not in place and accurate "then" there could be a lack of operational and regulatory awareness and this may result in actions being taken without proper authority or legality.	4
Accountable	Reporting to Trustees (accuracy, timeliness and relevance)	"If" reporting to Trustee Board is not compliant, timely and comprehensive "then" inadequate information may result in poor quality decision making and the failure of Trustee Board to fulfil their control functions. This would lead to the Trustee body becoming remote and ill informed.	6
Governing document and the law	Conflicts of Interest	"If" there is a conflict of interest "then" the Charity may be unable to pursue its own interests and agenda because decisions may not be based on relevant considerations. "This" could impact the reputation of the charity and result in long term financial and private benefit.	6
Governing document and the law	Fraud or error	"If" fraud or erroneous activities are detected or committed "then" this may result in financial loss which could have an impact on funding and reputational risk and lead to regulatory action and/or loss of staff morale.	3
Governing document and the law	Government Policy	"If" there are variations in the availability of contract and grant funding, or if there is an impactful tax regime on voluntary giving or if general legislation or regulation impacts on charitable activities undertaken, "then" the role of the voluntary sector may change and income and funding activities will decrease.	6
Governing document and the law	Ethical Fundraising	"If" fundraising is not undertaken ethically, compliantly and legally or realises returns as a consequence of not being ethical, compliant or legal "then" there may be a legal and reputational risk from the campaign or method used. There may also be a risk from the actions of any agents or commercial fundraisers used who are not ethical or legally compliant, this may result in fines and loss of income.	6

4. Risks (continued)

Trustee Core Duty	Title	Description	Risk level
Governing document and the law	Compliance with donor imposed restrictions	"If" the Charity does not comply with donor imposed restrictions for the use of funds, "then" funds applied outside restriction may result in the immediate repayment of the grant/income and the future relationship with donor and beneficiaries may be damaged. Regulatory action may also be taken against the charity.	6
Governing document and the law	Compliance with data legislation and charity regulations appropriate to the activities, size and structure of the charity	"If" there is a failure to comply with legislation and regulations appropriate to the activities, size and structure of the charity, "then" the Charity could be subject to fines, penalties or censure from licensing or activity regulators. This could result in a loss of licence to undertake a particular activity (see operational risks) and possible employee or consumer action for negligence. This may also result in reputational risks. Failure to comply with new data protection legislation - GDPR - could result in a fine of 4% of the Charity's turnover or £2million.	4
Reasonable Care and Skill	Trustee body lacks relevant skills or commitment	"If" the Trustee Board of the Charity do not have the right skills or commitment then the Charity may fail to achieve its purpose. This could lead to decisions being made which bypass the Trustees, resentment or apathy amongst staff and poor decision making reflected in poor value for money on service delivery for beneficiaries.	9
Reasonable Care and Skill	Working in a foreign country	"If" we are working overseas in a foreign country "then" there may be exposure to risk legally, security of staff, corruption, reputation and financial to the Trust.	3
Reasonable Care and Skill	Public Perception	"If" public perception of the Charity changes "then" this could impact on income which could in turn impact on use of services by beneficiaries and the ability to access grants or contract funding.	9
Reasonable Care and Skill	Security of Assets	"If" assets are not securely managed "then" there is a risk of loss, damage or theft including intellectual property right infringement. This may result in loss of income.	3
Reasonable Care and Skill	Direction, strategy and forward planning	"If" the Charity lacks direction, strategy and forward planning "then" it may drift with no clear objectives, priorities or plans. Issues may only be addressed on a piecemeal basis with no strategic reference and the needs of beneficiaries may not be fully addressed. This may also lead to long term loss of income, difficulties with financial management and loss of reputation.	3

Trustee Core Duty	Title	Description	Risk level
Resources	New Charity project or Service Development	"If" projects or services are developed which are not compatible to the objectives, plans, priorities and funding of the department or for which there is no funding "then" then the Charity could be exposed to financial and reputational risk.	2
Resources	Taxation	"If" there are financial penalties, interest and 'back duty'/assessments "then" there may be loss of income e.g. failure to utilise gift aid arrangements, loss of mandatory or discretionary rate relief and/or failure to utilise tax exemptions and reliefs.	2
Resources	Reserves Policies	"If" the reserves policy is not administered accurately, "then" this could result in a lack of funds or liquidity to respond to new needs or requirements and/or an inability to meet commitments or planned objectives. Conversely, it may result in an excess of funds which could then lead to mismanagement of funds.	6



5. Getting Back in the Game – Gregory Walsh

Gregory Walsh and his family have worked hard to raise over £15,000 for Royal Papworth Charity's Non-Beating (DCD) Heart Transplant Appeal, following Gregory's own DCD heart transplant in 2018.

Gregory's story:

"In 2012, aged 41, I was an active Gaelic Athletic Association referee for my club St. Mary's GAC Aghagallon, for my own County of Antrim, and at a Provincial and National level. Early in 2012 I felt shortness of breath whilst training for the National Referees fitness test. In April, I was diagnosed with dilated cardiomyopathy, a condition which enlarged my heart and reduced its working capacity to less than 15% of a heart's normal capacity. Consequently, I was no longer able to do anything of a physical nature and had to give up refereeing. For 6 years I lived with heart failure, managed through drug therapy by the expertise of Craigavon Hospital and Royal Papworth Hospital.

During 2017 my condition worsened, and it became clear I needed a lifesaving heart transplant. In late December 2017 I received the call my family and friends had been hoping for; it was Royal Papworth Hospital telling me that a suitable heart had become available and I underwent lifesaving heart transplant surgery in Royal Papworth Hospital.

I was incredibly fortunate to receive a heart. That is why I chose to raise money to help fund the DCD Transplant programme. I wanted to support a programme that made a difference to those waiting for a transplant so that they too could have the second chance at life that my heart transplant has given me."

The Non-Beating (DCD) Heart Transplant procedure came about in response to the worldwide shortage of donor hearts for transplantation. A research team at Royal Papworth Hospital, supported by Royal Papworth Charity developed a new technique that significantly increases the number of hearts available for transplantation by utilising donor hearts which were previously considered too damaged to transplant.

Gregory decided to raise funds for Royal Papworth Hospital Charity by doing what he loved. He challenged himself to referee a game of football in all nine counties of Ulster. His friends and family have been a huge support in Gregory's fundraising by holding their own sponsored walks and runs, social events, and skydives to hit their target of raising £15,000.



6. Ely Cathedral Carol Service

This year our Ely Carol Service welcomed over 530 guests who all enjoyed a beautiful service. During her speech, Dr Sarah Clarke, Consultant Cardiologist at Royal Papworth Hospital, reflected upon the achievements of 2019/20 including the successful move to the Cambridge Biomedical Campus, a Royal visit from HM The Queen and a first for the NHS, an Outstanding CQC rating across all areas.

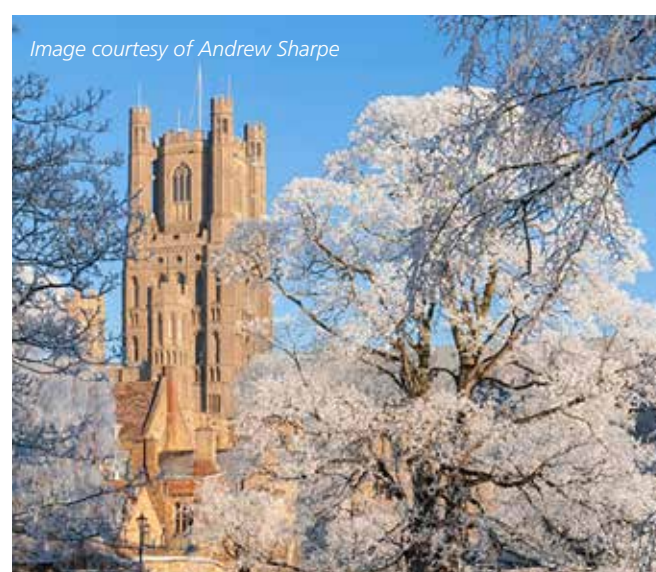
Fran Middleton, who cycled a gruelling 300 mile journey from London to Paris in aid of the Charity, also gave a speech and spoke about how his special gift of life had allowed him to achieve so much that wouldn't have been possible before his DCD Heart Transplant.

The Charity was delighted to welcome some special fundraisers and supporters including the Peace family, Lesley Emery, Yvonne Hendy and Darren Grocutt to light a candle in memory of a loved one or in celebration of the care received at Royal Papworth.

Hymns were enjoyed throughout the service accompanied by the wonderful Ely Cathedral Octagon singers, and attendees were invited to join the Charity in the Lady Chapel for a mince pie reception.

Charity volunteers supported the event by delivering refreshments whilst the guests were able to come together to celebrate the work of the hospital and all it had achieved in the year.

The service raised an incredible **£8,206** in support of Royal Papworth Hospital.



7. Royal Papworth Volunteers

During 2019/20 the Charity has been fortunate to have a wonderful group of 27 volunteers who generously support Royal Papworth by giving their time to support in a variety of ways. Our volunteers help with administration and promotional activities, managing collection tins in their region, supporting supermarket bucket collections, representing the Charity at external events and championing fundraising online.

Our collection bucket volunteers gave over 40 hours of their time over Christmas, raising over £1,500.

The Charity currently has 9 Ambassadors who help raise awareness of the Charity and the ground-breaking work of Royal Papworth Hospital. The dedication and positive attitude of our volunteers and Ambassadors has been outstanding and aligns with the care and compassion recognised in all staff at Royal Papworth Hospital.

The support of our volunteers at Royal Papworth Charity during the COVID-19 pandemic made a huge difference during a particularly challenging time. The Charity continues to develop our network of volunteers and is looking to provide a variety of new opportunities for our volunteers to help us raise awareness and vital funds in 2020/21.



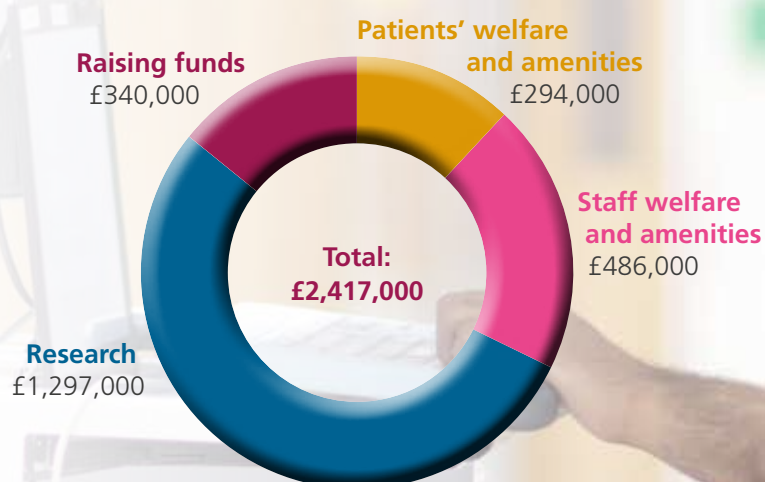
8. How we support Royal Papworth Hospital

8.1 Expenditure

Charitable funds are used in a variety of ways to benefit the hospital, including investment in capital projects, purchase of medical equipment, providing amenities for patients and their families, training and education for staff and for ground-breaking research.

Funds used in the year to further the Charity's objectives amounted to **£2,417,000** (2018/19: £3,615,000) and comprised of:

8.2 Charitable Expenditure 2019/20



Under the Statement of Reporting Practice (SORP) the Charity is also required to include future commitments in this expenditure. The majority of the Charity's commitments relate to preparatory costs for the Heart and Lung Research Institute, Psychological Wellbeing Services, Euroscore iii Research and Nurse Education Training Activities.

8.3 Vision Statements

In line with our Vision Statement, Royal Papworth Charity has supported a variety of grants to the Hospital for the benefit of our patients, their families and our staff. To ensure we are delivering the very best projects charitable expenditure is mapped to our five strategic aims:



Hospital Environment and Patient Welfare

Patients are at the heart of all that Royal Papworth Hospital does. Supporting the ongoing welfare of patients within a high-quality environment significantly benefits their clinical outcomes. Royal Papworth Charity will

ensure that the hospital can continue to offer a holistic approach to care by supporting amenities that have a positive bearing on patient care and which enable the hospital to achieve excellence every day.



Medical Equipment

State-of-the-art medical equipment forms the corner stone of all activity at Royal Papworth Hospital. Royal Papworth Charity will continually

invest in medical equipment to match our clinical expertise and ensure compatibility with the new hospital infrastructure.



Medicine of Tomorrow

As an internationally leading cardiothoracic centre of excellence, Royal Papworth Hospital continually develops new ways of treating cardiothoracic diseases.

Royal Papworth Charity will bridge the financial gap from bench to bedside and beyond to ensure that we can offer our patients pioneering treatments that would otherwise not be possible.



Recruiting Excellence and Staff Welfare

It is the staff at Royal Papworth Hospital who enable the hospital to achieve excellence. Royal Papworth Charity will ensure that the

hospital can recruit, retain and develop the highest quality workforce to deliver the best possible patient outcomes.



Research

Research is fundamental in providing the future building blocks of cardiothoracic medicine. Royal Papworth Hospital Charity will

support Royal Papworth Hospital to develop and expand its research capability to help ensure that the medicines of tomorrow are delivered today.

9. Our Major Projects

HLRI

The HLRI will create the largest cardiothoracic centre for research, education, industry collaboration, and clinical care in Europe. As a joint venture between the University of Cambridge and Royal Papworth Hospital, we aim to focus on collaboration between research and its clinical use in treating patients for chronic diseases such as heart attacks, cystic fibrosis, atrial fibrillation and pulmonary hypertension.

The University of Cambridge and Royal Papworth Hospital held an official ground-breaking ceremony at the new Heart and Lung Research Institute (HLRI) in Cambridge on Thursday 27 February.

Piling work for the 22m deep foundations is currently underway, including the formation of a tunnel, which will link the HLRI to neighbouring Royal Papworth Hospital. Construction of the Institute is set for completion in early 2022.

Features of the Institute include: a new laboratory space, a clinical research facility, a collaboration space for link-ups between academia, healthcare providers and industry, and education facilities such as seminar rooms and a lecture theatre. It will also include a special 10-bed facility where the first-in-patient studies of new treatments can be conducted.



The Charity has committed £5 million to the build, and is managing a capital appeal to support this target. Our supporters have been incredibly generous in their donations to this appeal, and the hospital's support and social groups have been an integral part of this fundraising. The outstanding commitment to the HLRI is: £1,459,000 and the Charity continue to actively fundraise.



The Non-Beating (DCD) Heart Transplant Programme

The Charity has committed over £1.8 million to the Non-Beating (DCD) Heart Transplant Programme since its launch. This programme has enabled 147 patients to receive hearts from donors which would otherwise not have been used, resulting in an increase in the number of transplants per year by a third at Royal Papworth Hospital.

This programme offers patients with the poorest outcomes a chance at a new life and we are proud to support the research into the further development of this life saving technique. Royal Papworth Hospital is leading the way in this research and we are honoured to support a programme which is having such a transformational impact on the lives of our patients and many others across the world.



Critical Care Psychological Wellbeing Service – £109,000

Royal Papworth Charity has funded additional expertise and resources to facilitate the integration of a Psychological Wellbeing Service to benefit staff, patients and their relatives. Critical illness and intensive care significantly increase risk for psychological illness in patients and their families with two thirds of critical care patients suffering acute psychological distress during their admission and more than 50% of all patients discharged from ICU developing serious psychological morbidities, such as post-traumatic stress disorder (PTSD), depression or anxiety because of their experience.

Critical care professionals are at increased risk of PTSD due to repeated exposure to death and serious injury in others and have one of the highest rates of burnout within healthcare settings. For these reasons, Critical Care Units throughout the UK are implementing Psychological Wellbeing Services to support the needs of patients, relatives and staff.

A Psychological Wellbeing Practitioner and Clinical Psychologist to support and direct the service at Royal Papworth Hospital has been funded by Royal Papworth Charity.



EuroSCORE iii Research – £145,000

Since its creation 20 years ago, EuroSCORE has become the world's leading cardiac risk model. EuroSCORE was developed at Royal Papworth Hospital by Mr Nashef and co-workers in 1998 and recalibrated in 2010 (EuroSCORE II). The development of EuroSCORE led to dramatic improvements in outcomes for patients undergoing cardiac surgery. The original paper has been cited more than 3,500 times.

The challenge now presented is to keep the score calibrated as practice changes. Many hospitals, including Royal Papworth Hospital, usually have better outcomes than predicted by the score. EuroSCORE iii aims to develop a process whereby the risk score updates itself based on continually refreshed data inputted by collaborating cardiac units across the world. Royal Papworth Charity is delighted to be funding this ground-breaking research. This will mean that all future cardiac patients at Royal Papworth Hospital, where surgery is considered as a possible treatment option, will benefit from a recalibration of the EuroSCORE risk model.



Echocardiogram "echo" – £54,000

An echocardiogram, or "echo", is an ultrasound scanner used to look at the heart and nearby blood vessels. In order for the Cardiac team to respond and react to emergencies in the cath lab in a much shorter time frame, the Charity has funded an additional ECHO machine. This funding will minimise delays caused by waiting for an ECHO machine to arrive and provide better care for our patients. If a patient is in a rapidly deteriorating situation, this machine can be the difference between a minor corrective intervention and an emergency sternotomy.



10. Financial Review

10.1 The following figures are taken from the full accounts, which carry an unqualified audit report, and the accounts should be viewed if more details are required. This part of the Trustee's Report comments on key features of those accounts. The full accounts, entitled Royal Papworth Hospital Charity Accounts 2019/20 have also been lodged with the Charity Commission. The following section explains how we performed against our Financial Targets and how we manage our funds once they are received.

10.2 Royal Papworth Charity can only continue to support the work of Royal Papworth Hospital for as long as we receive donations. The majority of our income comes from the voluntary efforts of the general public, to whom we are most grateful.

	2018/19	2019/20
Income	£2,458,000	£3,011,000
Restricted	£752,000	£682,000
Unrestricted	£1,706,000	£2,329,000
Expenditure	£3,615,000	£2,417,000
Restricted	£1,226,000	£157,000
Unrestricted	£2,389,000	£2,206,000

10.3 How we manage the money

Money which is donated to Royal Papworth Charity is managed via restricted and unrestricted funds. Some of this money is donated for a specific purpose, such as to buy medical equipment, whilst other donations are more generic and donated for the Charity to use where it thinks there is the greatest need in the hospital. The Trustee Board, on behalf of the Corporate Trustee, believes that all of the unrestricted and restricted funds are able to meet current and future commitments.

A breakdown of the individual Charity funds, including a brief description, is listed in the **Accounts – Note 11**.

10.4 Fund Balance

Fund balances increased by £371,000. During the year, unrestricted funds increased by £14,000 and restricted funds increased by £357,000. Due to the fund restructuring there was a reallocation between unrestricted and restricted of £1,063,000, being an increase to unrestricted and decrease to restricted.

10.5 Reserves

Restricted balance

£903,000 arises where our donors have specifically requested that their donations are used for a particular purpose or they have responded to an appeal for donations to a specific project.

Unrestricted funds

£2,815,000 are unrestricted funds which are donations the Charity may use for any purpose as no restrictions have been placed by our donors.

Of which:

Designated funds: **£1,336,000** are funds set aside out of unrestricted funds by the Trustee Board for specific purposes relating to Royal Papworth Hospital without restricting or committing the funds legally.

Free reserves: **£1,480,000** are unrestricted funds not already committed or designated that can be used as part of active financial management and forward financial planning for sustainability of the Charity.

10.6 Income

Royal Papworth Charity is fortunate to receive generous support from many members of the public, including former patients of the hospital from across the UK. Total income for the year amounted to £3,011,000 (2018/19: £2,458,000), which exceeded our target of £2,516,262 by £882,917.

Our income comes from a variety of sources of which legacy, in-memory and community fundraising are most prevalent. Details of some of the activities that contributed to this result are provided opposite:

Fundraising stream	Target 19/20	Actual 19/20	Variance
Individual Giving	£165,000	£188,388	£23,388
In-memory and Celebration	£50,000	£146,216	£96,216
Community	£185,625	£160,612	£(25,013)
Events	£55,000	£51,567	£(3,433)
Lottery	£25,008	£16,716	£(8,292)
Direct Marketing	£50,000	£14,802	£(35,198)
Retail	£30,000	£42,234	£12,234
Legacies	£1,376,400	£1,751,437	£375,037
Trusts and Partnerships	£160,000	£116,827	£(43,173)
Regular Givers	£30,050	£26,463	£(3,587)
Rental Income	£1,000	£1,000	£0
Total	£2,128,083	£2,516,262	£388,178

*This table does not include £164,000 of investment income, £26,000 of gifts in kind received and £304,739 legacy income accrual.

Legacy Income (£1,751,437)

The Charity is honoured to have received a number of generous legacy gifts throughout 2019/20 exceeding the target of £1,376,400 by £375,037. Such support enables the Charity to provide transformational grants across the hospital for direct patient benefit. We are hugely grateful for these gifts as legacy income makes up for over half of all donations we receive as a charity, and makes a huge difference to the level of support we are able to provide.

This year legacy income has come in higher than originally forecast and this was due to three large gifts the Charity received from patients who were grateful for their care at Royal Papworth Hospital.

Our partnership with McClure Solicitors continues to provide our supporters and staff with a free Will writing service, Will review service and special price Powers of Attorney from McClure's specialist Estate Planning Team.

This partnership offers vital services to our supporters and provides income for the Charity in two forms; one off donations the clients are offered to make when accessing the services and in the legacy gifts the clients may make in their Wills.

Legacy income by its nature is unpredictable, and as such, the Charity plans to invest in this area to ensure it is well managed.





Community Fundraising (£160,612)

The generosity and dedication of our fantastic supporters is second to none, with individuals and businesses repeatedly going above and beyond in their fundraising and volunteering for Royal Papworth Charity. It is because of them that we are able to continue supporting the ground-breaking work of Royal Papworth Hospital.

This year members of the public, volunteers, and local businesses alike all came together to fundraise for the Charity raising an incredible **£160,612** for which we are hugely thankful. Every donation to the Charity makes a difference, whether it is hosting an event or taking on a challenge, each supporter is funding another project in the hospital.

We are fortunate to have a variety of in aid of events organised by our supporters, ranging from sporting challenges to art exhibitions, gigs and garden sales. These events have been hugely successful, which is down to the hard work and dedication of our supporters.

Our groups in the community and the support and social groups at the hospital have continued to be hugely supportive of the Charity in fundraising for us in their regions. The dedication to both fundraising and supporting the work of the hospital whilst also caring for their members and patients is exceptional.

The strength and kindness received from our community in response to the COVID-19 pandemic was incredible. Individuals, groups and businesses have helped us to support the hospital by donating vital funds and physical donations in response to our appeal. Thank you for everything you have done, and continue to do for us as this challenging time continues.

We are pleased to have employed a new Community Fundraiser to support with the stewardship of our wonderful community of supporters and plan to continue to invest in this area.



11. Fundraising Heroes

Flora Whitmarsh – Live for Libby



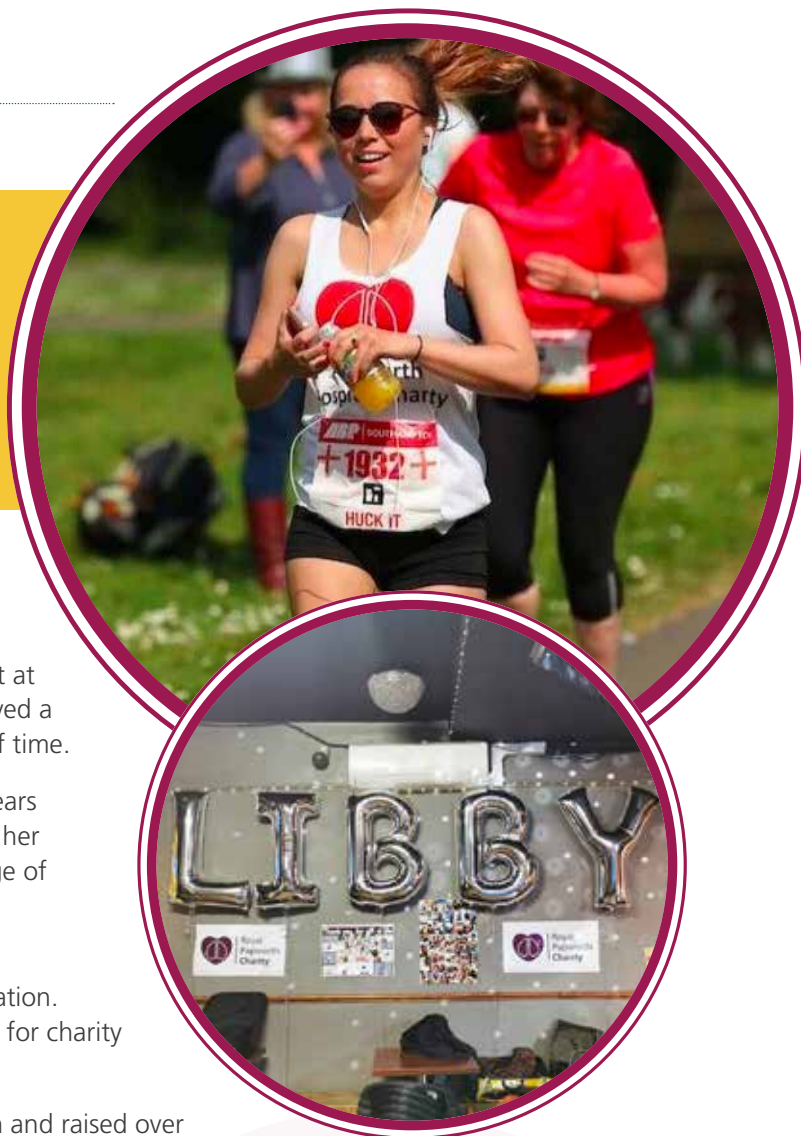
In January, Flora, held a music event to raise money in recognition of the care her close friend Libby received at Royal Papworth Hospital.

Libby had Cystic Fibrosis and received specialist treatment at Royal Papworth for many years. In May 2016 Libby received a double lung transplant and was given the precious gift of time.

Libby sadly passed away in 2018 but during those two years Libby actively fundraised for Royal Papworth Charity and her friends and family have carried on this legacy with a range of exciting events in celebration of Libby's life.

Flora said: "All through University Libby fought avidly in promoting the importance of transplants and organ donation. Despite all medical barriers, she relentlessly raised money for charity and now we would like to give back on her behalf!"

Live for Libby was held at The Water Rats Club in London and raised over £3,000 for both Royal Papworth Charity and the Cystic Fibrosis Trust.



The O'Brien Family Porthcawl Christmas Day Swim 2019

In 2019 the O'Brien Family (plus around 1,000 other people!) took a dip in the icy South Wales Sea, with no wet suits allowed. They took on this challenge to raise money for the amazing team at Royal Papworth Hospital where in 2004 their loved one Jon Castle received a heart transplant, giving the family two extra years with Jon.

The O'Brien Family raised £300 and plan to swim again next year.



Fran Middleton – NHS London to Paris Cycle Ride

This year, Fran Middleton, a Royal Papworth DCD Heart Transplant recipient, joined our team of ten cyclists and took on the 300 mile cycle challenge from London to Paris. The ride, which took place over four days across the rural French countryside and up through the streets of Paris, finishing at the Eiffel Tower required a lot of strength and determination.

Despite the idyllic sounding route, our cyclists battled some of the worst cycling conditions imaginable and some of the toughest miles that no training could have prepared them for.

Cyclist Fran Middleton, who received his new heart last year, said: "The sheer fact that I was in a position to undertake such a physical challenge less than a year post transplant is testament to the incredible skill of the surgeons, consultants, nursing staff and continuing care team."

Fran successfully completed the challenge, raised over £4,000 for Royal Papworth Charity and is planning his next challenge already.

Sarah Wilson – 13,000ft Tandem Skydive

On Saturday 7th September Sarah Wilson, a Senior Staff Nurse on Critical Care took on the terrifying challenge of a 13,000ft tandem skydive and raised £715 for Royal Papworth Charity.

"I work as a Senior Staff Nurse on Critical Care at Royal Papworth Hospital and have therefore seen first-hand how the money donated through the Charity is used to improve and enhance the services and care we are able to provide to our patients and staff".

"Working within this amazing organisation has truly inspired me to fundraise for this phenomenal charity. I really want to help give something back to the hospital and staff, who have supported and invested in me from the age of eighteen, helping me to achieve my goal of becoming a Registered Nurse."



12. Our Future Plans

Our Fundraising Strategy

Royal Papworth Charity operates with a very efficient expenditure-to-income ratio allowing us to spend charitable donations to make the greatest possible difference to the hospital's patients. We can only continue to support the life-saving work of Royal Papworth Hospital because of the generosity of our supporters. Their continual fundraising efforts and charitable giving enables us to make a real difference to our patient's lives.

The NHS is facing an unprecedented period of financial challenge. Royal Papworth Hospital is not immune to this; the Charity is therefore under increasing pressure to provide additional financial support to the hospital. It is important, now more than ever, that Royal Papworth Charity has a clear and defined strategy.

With such high pressures on the Charity and an increasingly growing portfolio of activities and responsibilities, the structure of the team must mirror this demand. Staff levels and resources will be closely monitored to ensure that we have the necessary skillset to be able to raise the funds much needed for the hospital.

The 2017-22 charity strategy will ensure that we achieve our vision and create a sustainable future by having a clear strategic framework that is backed up with a maintainable reserves policy, an effective fundraising plan and a successful governance programme.

The strategy focuses on five principle areas of active fundraising, including;



13. Eliza's 'Let the Beat Drop'

Eliza Bell, a past transplant patient has raised over £18,000 for Royal Papworth Hospital and continued her fantastic fundraising this year as part of her 'Eliza's Let the Beat Drop' campaign to raise £30,000 towards the hospital's Non-Beating Heart (DCD) Transplant Appeal.

Eliza was born with a rare genetic heart condition called Danon's Disease, which was not diagnosed until she was 12 when she was in hospital having contracted a respiratory virus. Up until the age of 18 Eliza was able to live a relatively normal life, completing her A-levels and embarking on a degree at the University of Falmouth. Unfortunately, throughout the first term at University Eliza's health deteriorated considerably, forcing her to put her education on hold. After this Eliza's cardiomyopathy progressed causing her to go in to heart failure. In March 2019 Eliza received a heart transplant at Royal Papworth Hospital and was given her second chance to live life to the full.

"Every time I have a positive appointment or a particularly fun day which I would not have been able to experience prior to the heart transplant I always think about my donor and their family and in my head thank them for this amazing gift. The gift of life."

In July Eliza had the opportunity to meet Her Majesty The Queen when she officially opened Royal Papworth. Eliza shared her experience of her care during her time in the hospital and her fundraising for Royal Papworth Charity.

Eliza's fundraising has included music events, outdoor challenges and book sales.



In December 2019 Eliza held an art exhibition titled 'Heart of the Matter' in the main atrium at Royal Papworth Hospital in aid of Royal Papworth Charity, featuring work by the artist John Trigg. The artwork focused on the experience of a patient receiving a heart transplant. The exhibition included a raffle of some fantastic items, and the event raised £916.

Eliza has also launched 'Transplant Chats with Eliza'. The podcast is for all transplant patients, their family and their friends, and anyone interested in knowing what having a transplant really means. Each episode focuses on a different guest from the transplant community and Eliza chats with them about their own inspiring story and invites you to listen to invaluable advice on how to make the most of life before and after a transplant.

“

Without Royal Papworth's Charity DCD appeal I may not have been offered this gift, because the use of the specialised beating box is not funded by the NHS. Let's keep pushing to ensure others get the same access and chance of a new life.

Eliza Bell

”

14. Reserves Statement

Approved statement of policy on reserves

The Trustee Board believes it is prudent to hold a level of free reserves to enable the Charity to take advantage of opportunities as they present themselves and to have sufficient working capital to allow the fundraising, support and governance operations of the Charity to continue for one year. This will allow the Charity to respond in a considered way to any adverse change in circumstances, giving sufficient time to enable emerging circumstances to be assessed and appropriate plans developed and implemented, without requiring a crisis response.

Having carefully considered the best interests of the Charity and its beneficiaries, the Trustee Board believes it to be appropriate to aim to hold £1m free reserves. £0.4m is required for working capital and £0.6m is the Trustee Boards' best estimate of the amount which should be held for potential future (but as yet unknown) opportunities.

Any free reserves held by the Charity over and above this amount which are not expected to be used in the short term will be made available by the Trustee Board for grants to benefit the patients of Royal Papworth Hospital NHS Foundation Trust. If free reserves fall below this level the Trustee Board will consider whether this is due to short term circumstances or a longer term reason, and will review its expenditure and fundraising plans accordingly.

The investment properties fund, £218k

This fund represents the net book value of the Charity's investment properties. These funds have been set aside because the investment properties are held as part of a diversified investment strategy to produce an income for the Charity and could not easily be sold to produce funds for use in other charity activities. The Trustee Board expects this to remain the case for the foreseeable future.

Material Designated Funds

Where the Trustee Board has approved projects as suitable for fundraising and fundraising occurs towards those projects, donations received are placed in the appropriate designated fund pending the formal grant of monies once sufficient fundraising has taken place to enable the project to proceed.

Commitments approved in 2019/20 for designated funds £960K of which £925k was for the HLRI.

Planned future commitments, £434k

Where the Trustee Board approves the allocation of free reserves towards the funding of future capital programmes/projects/schemes which have been identified by the beneficiary NHS Body as required within the next 3-5 years, a designated fund is set up for the amount the Trustee Board expects to contribute, and the expected time frame is agreed and recorded. The designation, timeframe and specific proposals are then reviewed by the Trustees as requirements are updated and the fund is closed either when a specific commitment is made or in the event of the proposals being withdrawn.

15. About our investments

15.1 **Monitoring of Investments**

Investment performance is monitored by the Charitable Funds Committee, which receives reports from the investment advisers. The Charitable Funds Committee reviews the Investment Policy on an annual basis and undertakes periodic reviews of arrangements for investment advice to ensure that value for money is being achieved.

15.2 **The Investment Policy (RPC003)**

Trustee Board aims to ensure that donations and funds held by the Charity are spent effectively and efficiently for the benefit of the patients of Royal Papworth Hospital NHS Foundation Trust. This means that they may not need to be spent straight away and there will be time between receiving donations and spending them when they can be invested to further increase their value and earn extra income for the Charity as well as to protect them in the short to medium term so that they are available to meet future expenditure on committed projects.

The Trustee Board has adopted this Investment Policy to regulate the activities of their Investment Manager from time to time and to meet the requirements of the Trustee Act 2000. As an unincorporated Charity, the Trustee Board has the general powers of investment and duties provided for in the Trustee Act 2000, subject only to any specific provisions in the governing document. The Trustee Board makes full use of its powers to invest for the benefit of the Charity and its beneficiaries and reserves the right to hold any asset for the purpose of generating money, whether income or capital growth, with which to further the work of the Charity.

The Trustee Board has determined that its appetite for risk is balanced overall. The Investment Manager will be expected to adopt a diversified portfolio with an overall volatility of no more than 12% for its long term portfolio measured over a 5 year annualised period. The Investment Manager will be evaluated against a national/international benchmark by the Charitable Funds Committee on a quarterly basis.

The Trustee Board has set a threshold of 7% as the maximum holding in or exposure to any individually traded asset. Collective investment schemes can be held at higher concentrations provided the underlying assets do not breach the 7% limit.

The Trustee Board acknowledges the general principle that their power of investment has to be used to further the purposes of the Charity, and that those purposes will normally be best served by seeking the maximum return consistent with commercial prudence; *Harries (Bishop of Oxford) v Church Commissioners* [1992] 1 WLR 1241 (the 'Bishop of Oxford' case). In particular the Trustee Board is not free to take a moral position on behalf of and at the expense of the Charity.

Having considered the three situations where an ethical restriction is permitted, namely:

- cases where investment in a particular type of business would conflict with the aims of the Charity;
- investments which might hamper the work of the Charity, either by making potential beneficiaries unwilling to be helped because of the source of the Charity's money, or by alienating supporters; or
- investments judged to be inappropriate on moral grounds, provided excluding them would not involve a risk of significant financial detriment the Trustee Board has determined that no investments should be made in securities of tobacco industry, armaments or companies whose principal activities include the manufacture of alcoholic beverages, whether direct or indirect, as this would be in conflict with the aims of the Charity.

No further ethical restrictions apply, although the Trustee Board reserves the right to exclude any investments which they judge might prove damaging, directly or indirectly, to the purposes, reputation or public support of the Charity. Investments that are speculative in nature are prohibited.

16. Charity governance, structure and management arrangements

Trustee recruitment, appointment and induction

Non-executive Directors of the Board of Directors are appointed by the Council of Governors. The Chief Executive is appointed by the Non-Executive Directors, subject to the approval of the Council of Governors.

Executive Directors of the Board are appointed by a Committee, normally comprising of the Chairman, the Chief Executive, at-least-two other Non-executive Directors and an independent assessor. Members of the Board of Directors and the Charitable Funds Committee are not individual trustees under Charity Law but act as agents on behalf of the Corporate Trustee. As part of their induction, new Executive and Non-executive Directors of the Royal Papworth Hospital NHS Foundation Trust are made aware of their responsibilities as Corporate Trustee of the Royal Papworth Charity, which include a standing declaration of interests at all meetings. The induction includes an introduction to the objectives, scope and policies of the Trustee Board and Charitable Funds Committee, Charity Commission information on trustee responsibilities, copies of the previous years' Trustee's Annual Report and Accounts and a copy of the governing documents for the Charity's Statement of Trustees' Responsibilities in respect of the Trustees' annual report and the financial statements. Under the trust deed of the Charity and charity law, the Trustee Board is responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

The Trustee Board has elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. The financial statements are required by law to give 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 entails that the trustees:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- state whether the financial statements comply with the trust deed subject to any material departures disclosed and explained in the financial statements;
- assess the Charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Charity or to cease operations, or have no realistic alternative but to do so.

The Corporate Trustee is required to act in accordance with the Trust Deed of the Charity, within the framework of trust law. The Trustee Board 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 Board to ensure that, where any statements of accounts are prepared by them under section 132(1) of the Charities Act 2011, those statements of accounts comply with the requirements of regulations under that provision. The Trustee Board is responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Charity and to prevent and detect fraud and other irregularities. The Trustee Board is responsible for the maintenance and integrity of the financial and other information included on the charity's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

17. Current Members of the Trustee Board (Agents of the Corporate Trustee)

17.1

Name	Title
John Wallwork	Chairman
Stephen Posey	Chief Executive Officer
Tim Glenn	Chief Finance and Commercial Officer (from 14 April 2020)
Roger Hall	Medical Director
Eilish Midlane	Chief Operating Officer
Oonagh Monkhouse	Director of Workforce and OD
Josie Rudman	Chief Nurse
Jag Ahluwalia	Non-Executive Director (from 01 November 2019 and designate NED from 1 September 2019)
Michael Blastland	Non-executive Director
Cynthia Conquest	Non-executive Director (and Senior Independent Director from 20 November 2019)
David Dean	Non-Executive Director
Gavin Robert	Non-Executive Director (from 1 November 2019 and designate NED from 1 September 2019)
Ian Wilkinson	Non-executive Director (from 1 January 2020)

17.2 Members of Corporate Trustees who left during 2019/20

Name	Title
Roy Clarke	Chief Finance Officer (to 31 March 2020)
David Hughes	Non-executive Director and Deputy Chairman (to 31 October 2019)
Susan Lintott	Non-executive Director and Senior Independent Director (to 31 October 2019)
Nick Morrell	Non-executive Director (to 31 December 2019)

17.3 Pen profiles of members of the Corporate Trustee:

Professor John Wallwork CBE, Chairman.

John held a number of senior roles at Royal Papworth Hospital, including Director of the Transplant Service, Medical Director and Director of Research and Development, until his retirement in July 2011.

Stephen Posey, Chief Executive Officer

Stephen joined the Trust as its Chief Executive in November 2016. Previously Stephen was the Deputy Chief Executive and Director of Strategy at East and North Hertfordshire NHS Trust where he led the delivery of Hertfordshire's acute consolidation programme which completed in 2014.

Tim Glenn, Chief Finance and Commercial Officer

Tim joined Royal Papworth Hospital as Chief Finance Officer in April 2020. He was previously with Cambridge University Hospitals NHS Foundation Trust where he was Director of Finance. Tim is a Chartered Accountant with 15 years of senior financial leadership experience working across community, acute and specialist NHS organisations as well as in the private sector.

Dr Roger Hall, Medical Director

Roger is a Consultant Cardiothoracic Anaesthetist and Intensivist. From 1991 to 2002 he was a consultant at Green Lane Hospital in Auckland, New Zealand, practicing both paediatric and adult cardiac anaesthesia and intensive care before moving to Royal Papworth Hospital. In May 2015 he was appointed Medical Director.

Eilish Midlane, Chief Operating Officer

Eilish joins us from East and North Hertfordshire NHS Trust, where she was the Divisional Director of Clinical Support Services. Eilish holds a wealth of experience spanning strategy, operational leadership and delivery and hospital and clinical services reconfiguration.

Oonagh Monkhouse, Director of Workforce and Organisational Development

Oonagh joined the Trust in October 2017 having held the same role at Bedford Hospitals NHS Foundation Trust. Oonagh worked previously at Cambridge University Teaching Hospitals, where she undertook a number of senior human resources roles including Deputy Director of Workforce.

Josie Rudman, Chief Nurse

Josie was appointed Director of Nursing in March 2014. She first came to Royal Papworth Hospital in 2008 as Deputy Director of Nursing involved in introducing the Productive Ward, E-rostering and Alert Service, and then as Acting Director of Nursing from 1 July 2013

Dr Jag Ahluwalia

Jag was formerly Director of Digital at CUH, and is the Chief Clinical Officer at the Eastern Academic Health Science Network. Jag's leadership and management experience includes nearly 10 years as the Executive Medical Director at Cambridge University Hospitals. In addition to his acute hospitals roles, Jag has many years' experience of leading, supporting and managing change and leadership and strategy challenges across the wider NHS.

Michael Blastland

Michael Blastland is a writer and broadcaster. For nearly 20 years, he was a BBC current-affairs presenter and producer. He teaches, advises and presents widely, in schools, to business, government and academia.

Cynthia Conquest

Cynthia is an experienced ex NHS Director of Finance with a wide portfolio of NHS experience covering 39 years. She has worked in all aspects of financial services and in all types of healthcare settings including large acute teaching hospitals, specialist hospitals, mental health and community services. She has a high level of experience in all financial and healthcare processes with a specialty in financial management and transformation.

David Dean

David has experience both at Executive and Non-Executive level within the NHS. From 2007 to 2014 he was a Non-Executive Director at Guy's and St Thomas' NHS Foundation Trust where he served as Audit Chair and later as Vice Chairman of the Trust. Prior to his NHS career David was an Investment Banker in London and Hong Kong.

Gavin Robert

Gavin has many years' experience as a private practice lawyer specializing in competition law. He is currently a senior consultant with boutique competition law firm Euclid Law, and teaches competition law at Cambridge University as part of a Masters programme. Gavin has advised global healthcare companies throughout his career, and his decisions at the UK Competition & Markets Authority included the merger of NHS Foundation Trusts.

Professor Ian Wilkinson

Ian Wilkinson is a Clinical Pharmacologist and Professor of Therapeutics in the University of Cambridge. Ian directs the Cambridge Clinical Trials Unit, and Office of Translational Research, and leads the division of Experimental Medicine and Immunotherapeutics at the University of Cambridge. His main research interests are clinical/experimental studies designed to understand the mechanisms causing hypertension and cardiovascular disease, and to develop new treatments.

Roy Clarke, Chief Finance Officer (to 31 March 2020)

Roy joined the Trust from Norfolk Community Health and Care NHS Trust where he was the Director of Finance responsible for leading on all aspects of Finance, IM&T, Estates & Facilities, Procurement and Commercial Services. Previous to this role, Roy held senior roles in general acute and specialist NHS hospital services. Roy is a Chartered Management Accountant and has particular experience in developing and implementing organisational strategy, financial recovery and large scale estate development.

David Hughes (to 31 October 2019)

David had a wide-ranging executive career at BT as CEO, CTO and most recently CIO service improvement roles. He began his career with a BSc in Electrical and Electronic Engineering, has been awarded 4 patents and became a Fellow of the IET.

Dr Susan Lintott (to 31 October 2019)

Susan is the Senior Bursar of Downing College, University of Cambridge, a position she has held for the last eighteen years after retiring from a career as an investment banker, first at The Chase Manhattan Bank in New York and then at the Chase Investment Bank in London.

Professor Nicholas Morrell (to 31 December 2019)

Nick's research focuses on understanding genetic causes of cardiovascular disease, particularly pulmonary arterial hypertension, and developing new treatments for these conditions. Nick is the interim Director of the planned Heart and Lung Research Institute to be built alongside the new Royal Papworth Hospital.

17.4 The Charitable Funds Committee

The Trustee Board has devolved responsibility for the on-going management of the investment funds and some other duties to the Charitable Funds Committee. The Charitable Funds Committee Terms of Reference state that its role is to undertake the following duties on behalf of the Corporate Trustee:

- Receive information on charitable funds income and expenditure as prepared by the Finance Department.
- Monitor on behalf of the Trustee Board the performance of the Trust's Fundraising Department against the Charity's Annual Plan.
- Authorise expenditure of charitable funds over £25,000 and up to a delegated limit of £50,000, for each item of expenditure.
- Receive reports of the Trust's activity in relation to fundraising.
- Receive and review the Trust's Charitable Funds' Annual Report and Accounts and recommend these to the Audit Committee and Trustee Board.
- Establish and annually review the Trust's Charitable Funds Reserves Policy (RPC005) and receive assurance that the Trust is carrying an appropriate amount of charitable funds as reserves, in line with policy and best practice.
- Establish and regularly review a policy for the use of Charitable Funds and to monitor the implementation of that policy.
- Approve and review at least every 3 years the appointment of investment managers to advise, invest, administer and realise the Trust's charitable funds in accordance with the policy.
- Regularly review a Charitable Funds Investment Policy (RPC003) to ensure that the investment of funds by the investment managers is in accordance with the policy and in accordance with any policy on ethical investments that the Trust may establish.
- Review a Donation Acceptance and Refusal Policy (RPC004)

- Receive assurance that the receipt, management and use of the Trust's charitable funds is in accordance with the Trust's Standing Financial Instructions.
- Ensure through documented policies and procedures and delegated authority, that charitable funds are used for any reasonable purpose connected with patients or staff of Royal Papworth Hospital NHS Foundation Trust, consistent with the overall policies and objectives of the Trust, including clinical research and in accordance with the wishes of the donor.
- Ensure all policies within the purview of the Committee are reviewed in line with the timescales defined in the Trust's Document Control Policy, and ensure new policies are approved and distributed to relevant staff. In the absence of a separate charity policy the policies of Royal Papworth Hospital NHS Foundation Trust will apply.
- The Committee shall contribute to the Trust's assessment of risk for those areas that fall within the Committee's terms of reference and report on these to the Trustee Board.
- Receive the minutes from the Fundraising Group and ensure that any approvals sought by that Group are met.

17.5 **Members of the Charitable Funds Committee 2019/20**

Dr Susan Lintott

Chair and Non-executive Director
(to 31 October 2019)

Mrs Cynthia Conquest

Chair and Non-executive Director
(started November 2019)

Mr Stephen Posey

Chief Executive Officer

Mr Roy Clarke

Chief Finance Officer (to 31 March 2020)

Mr Tim Glenn

Chief Finance and Commercial Officer
(started April 2020)

Mrs Oonagh Monkhouse

Director of Workforce Organisational Development

Mrs Anna Jarvis

Trust Secretary

Mr David Hughes

Non-executive Director and Deputy Chairman
(to 31 October 2019)

Professor Ian Wilkinson

Non-executive Director (from 1 January 2020)

The day to day management of the Charity has been delegated to the Trust Business Services Department within the Finance Directorate.

18. Reference and administrative details

Our Advisors

Bankers

Barclays – Corporate Banking Centre,
PO Box 855, Mortlock House, Histon,
Cambridgeshire CB24 9DE

Legal Advisers

Mills and Reeve – Botanic House, 100 Hills Road,
Cambridge CB2 1PH

Legal Advisers

Bevan Brittan – Fleet Place House, 2 Fleet Place,
Holborn Viaduct, London EC4M 7RF

External Auditors

KPMG LLP – Botanic House, 100 Hills Road,
Cambridge CB2 1PH

Investment Managers

Quilter Cheviot – One Kingsway, London WC2B 6AN

Cazenove Capital – 1 London Wall Place, London Wall,
Barbican, London EC2Y 5AU

Subsequent to year end (July 20) Cazenove Capital have
been appointed as the Charity Investment Managers.

Internal Auditors

RSM Risk Assurance Services LLP – The Pinnacle,
170 Midsummer Boulevard, Milton Keynes,
Buckinghamshire MK9 1BP

Key Management Personnel Remuneration

The Trustee has concluded that the Trustee Board
comprise the key management personnel of the Charity
as it is in control of directing and controlling the Charity.
All members of the Trustee Board give their time freely
and no remuneration was paid in the year. Members of
the Trustee Board are required to disclose all relevant
interests and register them with the Trust Secretary.
See note 3.5 in the Accounts.

The Charity does not directly employ any staff. Staff
that solely work for the Charity are employed by Royal
Papworth Hospital NHS Foundation Trust and these
costs are recharged to the Charity. See Note 3.4 in the
Accounts.

19. Wider networks and our relationship with the wider community

Royal Papworth Charity is one of over 250 NHS Charities
in England and Wales which are eligible to join NHS
Charities Together, formerly the Association of NHS
Charities. 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 Corporate
Trustee. The ability of Royal Papworth Charity to continue
its support for Royal Papworth Hospital is dependent
on its ability to maintain and increase donations from
the general public. Royal Papworth Charity continues
to forge strong relationships with members of staff of
Royal Papworth Hospital without whose co-operation the
ability to make effective contributions would be much
diminished.

Fundraising Regulator

Royal Papworth Charity is a member of the Fundraising
Regulator which is an independent, non-statutory body
that regulates fundraising across the charitable sector
in England, Wales and Northern Ireland. Their mission is
to enhance and sustain public confidence in charitable
fundraising. We recognise the importance of joining
this community as Royal Papworth Charity is passionate
about delivering best practice in our fundraising efforts.
The Fundraising Regulator also works in partnership
with other regulators and the representative bodies in
the charitable and fundraising sectors to build public
confidence and ensure consistent fundraising standards
across the UK.

Fundraising Governance

All charitable fundraising activities undertaken by Royal Papworth Charity are monitored by the Fundraising Group which meets on a bi-annual basis and overseen by a Charitable Funds Committee which is a committee of the Trustee Board. A quarterly fundraising report is received by the Committee which details current fundraising activities and associated income.

Royal Papworth Charity has received no formal complaints this financial year and continues to adhere to the complaints procedure and policy as set out by the Trust. The Charity is registered on the Fundraising

Regulator Directory with details available should someone wish to make a complaint.

Royal Papworth Charity recognises the regulations in place to ensure we are doing everything in our power to protect vulnerable people and other members of the public during fundraising activities. We remain compliant with these regulations and support the Fundraising Regulator's voluntary regulation scheme. In addition the Charity has donated to the Gambling Commission in support of their work to provide help, advice or support in relation to gambling.

20. How to contact us

Registered office:

Royal Papworth Hospital NHS Foundation Trust
Royal Papworth Charity
Papworth Road
Cambridge Biomedical Campus
Cambridge
CB2 0AY

For Fundraising queries please contact:

01223 639950
papworth.charity@nhs.net
www.royalpapworthcharity.com



21. Related Parties

During the financial year 2019/20, Royal Papworth Hospital was the main beneficiary of the Charity and is a related party by virtue of being Corporate Trustee of the Charity. **Note 13** to the Accounts provide further detail.

Royal Papworth Charity is grateful for the support of volunteers in the following areas:

- **Fund Holders** – employed by Royal Papworth Hospital NHS Foundation Trust, who oversee and ensure our designated and restricted funds are spent in accordance with the donor's wishes and in accordance with the Charity's aims.
- **Volunteers and Ambassadors** – Royal Papworth Hospital has 82 volunteers who support with a wide range of activities. The Charity has 27 active fundraising volunteers who are all proud to support the Charity throughout the year, with support including: stewarding at events, administrative support and community activities.
- **Fundraisers** – Many supporters of Royal Papworth Charity give up their free time and conduct a number of fundraising activities to raise money for the Charity.

22. Thank you!

Only together can we continue to fund the delivery of world leading medicine at Royal Papworth Hospital. We are truly grateful to all of our wonderful supporters who have made every effort to raise vital funds for the benefit of all of our patients and staff.

This year has been challenging and as we look ahead we know there are likely to be more difficulties to come as a result of the coronavirus pandemic. Your continued support is vital as only together can we change the way heart and lung disease is treated forever, and save more lives.

From everyone at Royal Papworth Charity, we thank you for standing with us and for your kindness and generosity.

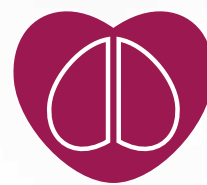
For and on behalf of the Corporate Trustee

A white handwritten signature on a dark blue background. The signature is stylized, starting with a large 'T' and ending with a long horizontal stroke.

Tim Glenn
Chief Finance and Commercial Officer

On behalf of the Trustee Board
Royal Papworth NHS Foundation Trust

Date: 05 November 2020



Royal
Papworth
Charity



NATIONAL HEALTH SERVICE

ROYAL PAPWORTH HOSPITAL CHARITY

FUNDS HELD ON TRUST ANNUAL FINANCIAL STATEMENTS 2019/20

The financial statements of the Funds Held on Trust by the Royal Papworth Hospital Charity (Royal Papworth Charity).

FOREWORD

These financial statements have been prepared by the Trustee in accordance with the Charities Act 2011, the applicable Charities (Accounts and Reports) Regulations 2008 and 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 (FRS102) issued on 16 July 2014.

STATUTORY BACKGROUND

Royal Papworth Charity Funds Held on Trust is registered with the Charity Commission and includes funds in respect of Royal Papworth Hospital NHS Foundation Trust.

MAIN PURPOSE OF THE FUNDS HELD ON TRUST

The main purpose of the charitable funds held on trust is to grant income for any charitable purpose relating to the National Health Service wholly or mainly for the services provided by Royal Papworth Hospital NHS Foundation Trust.

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Independent auditor's report to the Trustees of Royal Papworth Hospital NHS Foundation Trust Charity

Opinion

We have audited the financial statements of Royal Papworth Hospital Charity ("the charity") for the year ended 31 March 2020 which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2020 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been properly prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We have been appointed as auditor under section 144 of the Charities Act 2011 (or its predecessors) and report in accordance with regulations made under section 154 of that Act.

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the charity in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The trustees have prepared the financial statements on the going concern basis as they do not intend to liquidate the charity or to cease its operations, and as they have concluded that the charity's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the trustees' conclusions, we considered the inherent risks to the charity's business model and analysed how those risks might affect the charity's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the charity will continue in operation.

Other information

The trustees are responsible for the other information, which comprises Statement of Trustees' responsibilities in respect of the Trustees' annual report and the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do

not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. We are required to report to you if:

- based solely on that work, we have identified material misstatements in the other information; or
- in our opinion, the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements.

We have nothing to report in these respects.

Matters on which we are required to report by exception

Under the Charities Act 2011 we are required to report to you if, in our opinion:

- the charity has not kept sufficient accounting records; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Trustees' responsibilities

As explained more fully in their statement set out on page 26, the trustees are responsible for: the preparation of financial statements which give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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

the charity and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

S Beavis

Stephanie Beavis

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

Botanic House
100 Hills Road
Cambridge
CB2 1AR

22 December 2020

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

Statement of Financial Activities for the year ended 31 March 2020

		Unrestricted funds	Restricted funds	Total funds 2019/20 £000	Total funds 2018/19 £000
	Note	£000	£000	£000	£000
Income from:					
Donations and legacies	2.1	2,130	645	2,775	2,188
Charitable activities	2.3	44	-	44	48
Other trading activities	2.4	28	-	28	27
Investments	2.2	127	37	164	195
Total		2,329	682	3,011	2,458
Expenditure on:					
Charitable activities	3.1	(2,036)	(41)	(2,077)	(3,062)
Raising funds	3.2	(224)	(116)	(340)	(553)
Total		(2,260)	(157)	(2,417)	(3,615)
Net (loss)/gains on investments		(55)	(168)	(223)	292
Net income/(expenditure)		14	357	371	(865)
Net movement in funds	4	14	357	371	(865)
Reconciliation of funds:					
Total funds brought forward	11	1,738	1,609	3,347	4,212
Funding reallocation		1,063	(1,063)	-	-
Total funds carried forward	11	2,815	903	3,718	3,347

The notes on pages 45 to 60 form part of these financial statements.

All incoming resources and resources expended derive from continuing activities.

There is no material difference between the net (outgoing)/incoming resources on ordinary activities before taxation and the (outgoing)/incoming resources for the financial year stated above and their historical cost equivalents.

All gains and losses recognised in the year are included in the Statement of Financial Activities.

Balance Sheet as at 31 March 2020

		Unrestricted Funds	Restricted Funds	Total at 31 March 2020 £000	Total at 31 March 2019 £000
	Note	£000	£000	£000	£000
Fixed assets:					
Tangible assets - Land and buildings	5	218	-	218	220
Investments	6	3,769	767	4,536	7,710
Total fixed assets		3,987	767	4,754	7,930
Current assets:					
Stocks		15	-	15	13
Debtors and accrued income	7	781	2	783	463
Cash and cash equivalents	8	1,057	217	1,274	602
Total current assets		1,853	219	2,072	1,078
Current liabilities					
Creditors	9	(175)	(36)	(211)	(277)
Provision for liabilities	10	(2,341)	(47)	(2,388)	-
Net current assets		(663)	136	(527)	801
Total assets less current liabilities		3,324	903	4,227	8,731
Non-current liabilities					
Provision for liabilities	10	(509)	-	(509)	(5,384)
Net assets		2,815	903	3,718	3,347
The funds of the charity:					
Restricted income funds	11.1	-	903	903	1,609
Unrestricted funds	11.3	2,815	-	2,815	1,738
Total charity funds		2,815	903	3,718	3,347

The financial statements on pages 42 to 60 were approved by the Corporate Trustee Board and signed on its behalf by:

Signed:



Position: Chief Finance & Commercial Officer

Date: 05 November 2020

The notes on pages 45 to 60 form part of these financial statements.

Statement of Cash Flows for the year ended 31 March 2020

		Total Funds at 31 March 2020 £000	Total Funds at 31 March 2019 £000
	Note		
Cash flows from operating activities:			
Net cash used in operating activities	14	<u>(2,443)</u>	<u>(2,842)</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		164	195
Decrease in investments - cash held		333	1,541
Proceeds from sale of investments		3,955	1,185
Purchase of investments		<u>(1,337)</u>	<u>(880)</u>
Net cash provided by investing activities		<u>3,115</u>	<u>2,041</u>
Change in cash and cash equivalents in the year		672	(801)
Cash and cash equivalents brought forward		602	1,403
Cash and cash equivalents carried forward	8	<u>1,274</u>	<u>602</u>

The notes on pages 45 to 60 form part of these financial statements.

Notes to the Financial Statements

1 Accounting Policies

1.1 Basis of preparation and assessment of going concern

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

The 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 on 16 July 2014 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 financial statements have been prepared on a going concern basis which the Trustees consider to be appropriate for the following reasons.

The business model of the charity is such that its charitable activities are limited to those which it has sufficient funds to support from the excess of funding received over the costs of administering the charity. The Charity therefore has no specific commitments and no committed costs beyond its fixed costs of operation which are detailed in note 3.

The Trustees have reviewed the cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that the Charity will have sufficient funds to meet its liabilities as they fall due for that period.

The Trustees have also considered the implications of COVID-19 on these cash flow forecasts and consider that as a result of its operating model explained above, even if no further funding is received in the 12 month period, the charity has sufficient cash reserves to pay all committed costs.

Consequently, the Trustees are confident that the charity will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements.

The principal accounting policies have been applied consistently throughout the year. Key matters relating to the Charity's financial position are:

- The Charity reported fund balances (after provisions) of £3,718k at the end of 2019/20 financial year;
- The Charity reported a closing cash position of £1,274k for the 2019/20 financial year.

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

1.2 Incoming resources

- a) All incoming resources are included in the Statement of Financial Activities as soon as the following three factors can be met:

- Entitlement – control over the rights or other access to the economic benefit has passed to the Charity.
- Probable – where it is more likely than not that the economic benefits associated with the transaction or gift will flow to the Charity.
- Measurement – the monetary value or amount of the income can be measured reliably and the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

b) Gifts in kind

- Assets given for distribution by the funds are included in the Statement of Financial Activities when received by the Charity;
- Gifts made in kind but in trust for conversion into cash and subsequent application by the funds are included in the accounting period in which the gift is sold.

In all cases the amount at which gifts in kind are brought into account is either a reasonable estimate of their value to the funds or the amount actually realised.

c) Legacies

Legacies are accounted for as incoming resources once the receipt of the legacy becomes probable, that is once confirmation has been received from the representatives of the estates that payment of the legacy will be made or property transferred and once all conditions attached to the legacy have been fulfilled.

d) Investment income

Investment income from short term investments and equity held are apportioned to each fund based upon the balance of that fund at the end of the period the income is received.

1.3 Resources expended and irrecoverable VAT

The financial statements are prepared in accordance with the accruals concept. A liability (and consequently, expenditure) is recognised in the financial statements when there is a legal or constructive obligation, it is probable (more likely than not) that settlement will be required and the obligation can be reliably measured.

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

a) Charitable activities

Grants payable are payments made to third parties (including NHS bodies) in the furtherance of the objectives of the Charity. They are accounted for fully in the year the commitment arises. Activities undertaken directly are payments made by the Charity in furtherance of the objectives of the Charity. 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 communicates its intention to award a grant to a recipient who then has a reasonable expectation that the grant will be received.
- The Charity makes a public announcement about a commitment which is specific enough for the recipient to have a reasonable expectation that they will receive a grant.

- There is an established pattern of practice which indicates to the recipient that the Charity will honour its commitment.

b) Costs of raising funds

Costs of raising funds include all expenditure associated with generating incoming resources from all sources other than from undertaking charitable activities. This includes costs of fundraising, trading and associated costs and costs of managing investments.

c) Support costs

Support costs are those costs that do not themselves produce or constitute the output of the Charity, but are necessary in order to deliver an activity. These include some staff costs, costs of administration, software costs and external audit costs. Support costs have been apportioned between costs of raising funds and charitable activities on an appropriate basis. These costs are apportioned across charitable activities in proportion to total spend. For the method of apportionment, see note 3.3.

d) Staff costs

The Charity does not directly employ any staff. Staff that work on the Charity are employed by the Royal Papworth Hospital NHS Foundation Trust and these costs are recharged to the Charity. See note 3.5.

1.4 Structure of funds

Where there is a legal restriction on the purpose to which a fund may be put, the fund is classified in the financial statements as a restricted fund. The major funds held within these categories are disclosed in note 11. Funds where the capital is held to generate income for charitable purposes and cannot itself be spent are accounted for as endowment funds. There are no endowment funds held during this accounting period.

Other funds are classified as unrestricted funds. Funds which are not legally restricted but which the Trustee has chosen to earmark for set purposes are classified as “designated” within unrestricted funds.

The reclassification of restricted funds is approved by the Trustee Board and is compliant with Charity Commission NHS Charities guidance.

1.5 Tangible fixed assets

Assets are capitalised if they are capable of being used for a period which exceeds one year and individually have a cost of at least £5,000.

Tangible fixed assets are capitalised on acquisition and initially measured at cost, including costs that are directly attributable to bringing assets into a working condition.

Land and buildings are periodically re-valued and are stated in the balance sheet at their re-valued amounts, being the fair value at the date of valuation less any subsequent accumulated depreciation and impairment losses. Valuations are carried out by professionally qualified valuers in accordance with the Valuation Standards published by the Royal Institute of Chartered Surveyors. Revaluations are performed on a 5 yearly basis with interim valuations every 3 years. Fair value will be determined as market value for land and buildings.

Depreciation

Tangible fixed assets are depreciated on a straight line basis over their useful economic lives. No depreciation is provided on freehold land, which is considered to have an infinite life.

The estimated useful life of an asset is the period over which the Charity expects to obtain economic benefit.

The current estimated life of dwellings is 39 years.

Revaluation and impairment

Revaluation gains or losses which are not considered to be impairment losses are recognised in the Statement of Financial Activities under other recognised gains and losses.

Impairments of assets held for the Charity's own use are recognised as additional depreciation of the impaired asset and are included in the expenditure section of the Statement of Financial Activities.

The carrying value of fixed assets are reviewed for impairment in periods of events or where changes in circumstances indicate carrying values may not be recoverable.

1.6 Fixed asset investments

Fixed asset investments are initially recognised at their transaction value (historic cost) and are subsequently measured at their fair value (market value) as at the balance sheet date. Cash is also held with the investments managers for future investment in equity. The Statement of Financial Activities includes the net gains and losses arising on revaluation and disposals throughout the year.

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

1.8 Stocks

Stocks are recognised in the financial statements at the lower of cost and net realisable value, using the first in first out (FIFO) method. No provision has been made for slow moving, obsolete or defective stock during the year.

1.9 Change in the Basis of Accounting

There has been no change in the basis of accounting during the year.

1.10 Corporation Tax

The Charity is a registered Charity, and as such is entitled to certain tax exemptions on income and profits from investments and surpluses on any trading activities carried on in furtherance of the Charity's primary objectives, if these profits and surplus are applied solely for charitable purposes.

1.12 Cash and cash equivalents

Short term, highly liquid investments are included as cash at bank and in hand when the notice period of the account is 90 days or less and is cash investment.

1.13 Debtors

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

1.14 Creditors

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

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

1.15 Provisions

A provision arises when there is a constructive obligation. See note 1.3(a) for the conditions required for a constructive obligation.

2. Income

2.1 Donations and legacies

	Unrestricted Funds £000	Restricted Funds £000	2019/20 Total Funds £000	2018/19 Total Funds £000
Legacies	1,540	534	2,074	1,626
Donations	<u>590</u>	<u>111</u>	<u>701</u>	<u>562</u>
	<u>2,130</u>	<u>645</u>	<u>2,775</u>	<u>2,188</u>

2.2 Details of investment income

	Unrestricted Funds £000	Restricted Funds £000	2019/20 Total Funds £000	2018/19 Total Funds £000
Investments in listed equities	123	36	159	191
Short term investments and deposits	<u>4</u>	<u>1</u>	<u>5</u>	<u>4</u>
	<u>127</u>	<u>37</u>	<u>164</u>	<u>195</u>

Investment income from short term investments and equity are apportioned to each fund based upon the balance of that fund at the end of the period the income is received.

2.3 Analysis of income from charitable activities

	Unrestricted Funds £000	Restricted Funds £000	2019/20 Total Funds £000	2018/19 Total Funds £000
Merchandise and shop	43	-	43	36
Rental income	1	-	1	12
	44	-	44	48

2.4 Analysis of income from other trading activities

	Unrestricted Funds £000	Restricted Funds £000	2019/20 Total Funds £000	2018/19 Total Funds £000
Charitable events income	28	-	28	27

3. Expenditure

3.1 Analysis of Charitable activities

	Grant funded activity £000	Support and governance costs £000	2019/20 Total £000	2018/19 Total £000
Patients' welfare and amenities	294	-	294	669
Staff welfare and amenities	189	297	486	1,121
Research	1,297	-	1,297	1,272
	1,780	297	2,077	3,062

Support costs are apportioned across charitable activities and raising funds. For the method of apportionment see note 3.3.

3.2 Analysis of Raising Funds

	Unrestricted funds £000	Restricted funds £000	2019/20 Total funds £000	2018/19 Total funds £000
Gift shop expenditure	13	-	13	28
Investment management	67	-	67	43
Fundraising events	37	33	70	445
Support costs	185	5	190	37
	302	38	340	553

Support costs are apportioned across charitable activities and raising funds. For the method of apportionment see note 3.3.

3.3 Analysis of Support costs

	Raising funds £000	Charitable activities £000	2019/20 Total Funds £000	2018/19 Total Funds £000
Audit fee	2	2	4	6
Seconded staff costs	109	170	279	223
Publications and literature	6	10	16	16
Other	73	115	188	136
	190	297	487	381

	Unrestricted funds £000	Restricted funds £000	2019/20 Total funds £000	2018/19 Total funds £000
Raising funds	185	5	190	37
Charitable activities	289	8	297	344
	474	13	487	381

Support costs are apportioned across raising funds and charitable activities in proportion to the total spend for the year in each category.

The Charity appointed KPMG LLP (KPMG) as external auditors of the Charity from 1 April 2015. The audit fee for the statutory audit is £4,450 (2018/19: £4,450), excluding VAT.

3.4 Staff costs and employee benefits

	2019/20 £000	2018/19 £000
Salaries and wages	249	194
Social security costs	13	11
Employers pension contributions	17	18
	279	223

Included within Seconded staff costs are those costs for staff working exclusively for the Charity, but whose contracts are with and paid by Royal Papworth Hospital NHS Foundation Trust. The average number of employees for 2019/20 is 7 (2018/19: 6). No employee was paid in excess of £60,000 during the year (2018/19: Nil).

3.5 Trustees remuneration, benefits and expenses

The Trustee Board give their time freely and receive no remuneration for the work that they undertake as representatives of the Corporate Trustee. However, they can claim expenses to reimburse them for costs that they incur in fulfilling their duties. No trustee received any expenses during the year (2018/19: Nil).

4 Change in Resources available for Charity use

	Unrestricted Funds £000	Restricted Funds £000	2019/20 Total Funds £000
Net movement in funds available for future activities	14	357	371
			2018/19
	Unrestricted Funds £000	Restricted Funds £000	Total Funds £000
Net movement in funds available for future activities	(547)	(318)	(865)

During the year the Charity reviewed the use of the funds. In consultation with Bevan Brittan LLP and in compliance with Charity Commission NHS Charities guidance, the Trustee Board approved the reclassification, closure and re-assignment of a number of the charitable fund accounts. This has resulted in £1,063k of restricted funds being reclassified as unrestricted funds.

5 Fixed Assets

	Freehold Land £000	Dwellings £000	Total £000
Cost at 1 April 2019	85	151	236
Balance carried forward	85	151	236
Accumulated depreciation and impairment provisions			
Depreciation at 1 April 2019	-	16	16
Charge for the year	-	2	2
Balance carried forward	-	18	18
At 31 March 2020	85	133	218

	Freehold Land £000	Dwellings £000	Total £000
Cost at 1 April 2018	85	151	236
Balance carried forward	85	151	236
Accumulated depreciation and impairment provisions			
Depreciation at 1 April 2016	-	12	12
Charge for the year	-	4	4
Balance carried forward	-	16	16
At 31 March 2019	85	135	220

6 Analysis of Fixed Asset Investments

6.1 Fixed Asset Investments

	Total 2019/20 £000	Total 2018/19 £000
Investment Management		
Market value at 1 April	6,614	6,627
Add: Additions of shares	1,337	880
Less: Disposals at carrying value	(3,842)	(1,150)
Net (loss)/gain on revaluation	(336)	257
Market value at 31 March	3,773	6,614
Historic cost at 31 March	3,711	4,847
Cash held with Investment Management at 31 March	763	1,096
Fixed Asset Investments	4,536	7,710

The valuation of the investments is at 31 March 2020 and may not be realised at the date the investments are disposed of.

At 31 March 2020 2,200 (2018/19: 5,000) shares were held with a market value of £204,708 (2018/19: £462,052) in Findlay Park Funds America USD Dis. which represents 5.4% (2018/19: 7.0%) of the total market value of shares held.

To meet the commitment to fund the Heart Lung Research Institute the Charity instructed its investment managers to dispose of investments during the year to realise their cash proceeds. This included 20,000 shares (representing 2.3% of the total market value of shares in 2018/19) held in First State Investments (UK) Stewart Inv Asis Paci Ldrs B GBP Acc.

The historic cost represents the value of shares after purchases and sales at 31 March 2019 before the shares were revalued.

Cash held with the Charity's investment managers is for future investment, or to be returned to the Charity for payment purposes. The majority of the cash held is the balance of sale proceeds from the sale of shares, less the purchase of shares from additional cash as a result of dividend income received.

Cash held by the Charity's investment managers for reinvestment is all held within the UK.

The Royal Papworth Charity holds equity investments which are managed by an Investment Management company. The portfolio is spread over fixed interest investments, worldwide equities and alternative investments and adopts an overall balanced risk. With the COVID-19 pandemic there is a potential for higher exposure to market risk. This is mitigated by the fact that 12.9% of the portfolio is held in fixed interest investments and 16.8% is held as cash and cash products.

6.2 Market value

	31 March 2020 £000	31 March 2019 £000
Investment listed on a recognised stock exchange held		
Within the UK	2,463	4,028
Outside the UK	1,310	2,586
	<u>3,773</u>	<u>6,614</u>

7 Analysis of Debtors

	31 March 2020 £000	31 March 2019 £000
Amounts falling due within one year:		
Accrued Income	771	450
Other debtors	12	13
	<u>783</u>	<u>463</u>

8 Cash and cash equivalents

	2020 £000	2019 £000
Cash in hand	1,274	395
Notice deposits (less than 3 months)	-	207
Total cash at bank and in hand	<u>1,274</u>	<u>602</u>

9 Analysis of Creditors

	31 March 2020 £000	31 March 2019 £000
Amounts falling due within one year:		
Amounts owed to Royal Papworth Hospital NHS Foundation Trust	116	203
Other creditors	95	74
	211	277

10 Analysis of Provision for liabilities

	Provision for Research £000	Other Provisions £000	Total £000
At 1 April 2019	4,688	696	5,384
Arising during the year	780	1,575	2,355
Utilised during the year	(3,662)	(926)	(4,588)
Unused amounts reversed during the year	(48)	(206)	(254)
At 31 March 2020	1,758	1,139	2,897
Expected timing of cash flow:			
- not later than one year	1,591	797	2,388
- later than one year and not later than five	167	342	509

	Provision for Research £000	Other Provisions £000	Total £000
At 1 April 2018	4,277	1,450	5,727
Arising during the year	631	2,286	2,917
Utilised during the year	(220)	(3,004)	(3,224)
Unused amounts reversed during the year	-	(36)	(36)
At 31 March 2019	4,688	696	5,384

Expected timing of cash flow:			
- later than one year and not later than five	4,688	696	5,384

The Charity awards a significant number of grants during 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 to fund specific posts are multi-year grants paid over a longer period.

As the Charity approved and communicated an expectation of the award of the grants, there is little uncertainty around these payments.

11 Analysis of funds

11.1 Analysis of funds – Restricted funds

	Balance 1 April 2019 £000	Incoming Resources £000	Resources Expended £000	Funding reallocation £000	Balance 31 March 2020 £000
Material funds (list individually)					
A Thoracic Oncology Res. Fund *	47	-	6	(53)	-
B Cystic Fibrosis *	45	18	(62)	(1)	-
C Hugh Fleming Fund *	49	(3)	6	(52)	-
D Electrophysiology Research *	45	4	1	(50)	-
E Kathryn Anne Jones Memorial *	54	(3)	6	(57)	-
F Cardiac Studies Trust NE Ball*	77	(4)	110	(183)	-
G Cardiac Care Fund	81	(3)	26	(38)	66
H Transplant - Heart Fund *	-	(5)	5	-	-
I Dr Shapiro Research *	114	(9)	58	(163)	-
J I M Ivey Fund *	119	(9)	63	(173)	-
K Surgical Research Fund *	121	11	22	(154)	-
L DCD Transplantation Fund	128	176	(15)	-	289
M Patient and Community Sanctuary Fund *	96	4	(25)	(75)	-
N Royal Papworth Hospital Transplant Fund	-	397	(28)	-	369
O Lung Defence Fund	72	27	(24)	-	75
P Pulmonary Hypertension Fund	46	2	(5)	(2)	41
Q The Greg Mustill Memorial Fund	31	11	(7)	-	35
Others 4 (2018/19: 25)	484	(100)	(294)	(62)	28
Total	<u>1,609</u>	<u>514</u>	<u>(157)</u>	<u>(1,063)</u>	<u>903</u>

* Fund closed in year

11.2 Detail of Material Funds – Restricted funds

Name of fund	Description of the nature and purpose of each fund
A Thoracic Oncology Res. Fund*	Funds donated for the thoracic oncology research
B Cystic Fibrosis*	Funds donated for Cystic Fibrosis Unit
C Hugh Fleming Fund*	Funds donated for travel bursaries for cardiac staff
D Electrophysiology Research*	Funds donated for electrophysiology research
E Kathryn Ann Jones Fund*	Funds donated for the treatment and diagnosis of pulmonary hypertension
F Cardiac Studies Trust NE Ball*	Funds donated to support clinical research
G Cardiac Care Fund	Funds donated for the benefit of Cardiac Services at Royal Papworth Hospital
H Transplant - Heart Fund*	Funds donated for heart transplants
I Dr Shapiro Research*	Funds for the benefit of research
J I M Ivey Fund*	Funds donated specifically for Cardiothoracic Research
K Surgical Research Fund*	Funds donated for use in surgical research
L DCD Transplantation Fund	Funds donated for the DCD Transplant Programme
M Patient and Community Sanctuary Fund*	Funds donated for enhancing the outdoor space at Royal Papworth Hospital.
N Royal Papworth Hospital Transplant Fund	For the benefit Transplant Services at Royal Papworth Hospital
O Lung Defence Fund	Funds donated for research and education specifically relating to the Lung Defence Unit
P Pulmonary Hypertension Fund	Funds donated for the Pulmonary Hypertension service and associated research
Q The Greg Mustill Memorial Fund	Funds donated to support patients and families who spend extended periods of time at Royal Papworth Hospital

* Fund closed in year

11.3 Unrestricted funds

Unrestricted funds amounting to £2,815k (2018/19: £1,738k) consist of 2 (2018/19: 4) general funds totalling £1,480k (2018/19: £1,219k) and 35 (2018/19: 32) designated funds totalling £1,335k (2018/19: £519k).

Within designated funds are funds earmarked for future payment for the direct benefit of the staff and patients within the directorates of Royal Papworth Hospital NHS Foundation Trust.

Funds have arisen from donations, legacies and fundraising activities.

11.4 Analysis of unrestricted funds

	31 March 2020 £000	31 March 2019 £000
Material undesignated funds		
Legacies	-	908
General	1,418	185
Merchandise & Shop	62	47
Capital Campaign	-	62
Other (2)	-	17
	1,480	1,219

11.5 Analysis of unrestricted designated funds

		31 March 2020 £000	31 March 2019 £000
Material designated funds	Description of the nature and purpose of each fund		
Transplant General	For the benefit of staff and patients of the transplant unit	19	189
V M Gledhill *	For use in various cardiac research activities	-	49
New Papworth Fund *	For use in relation to the New Papworth Hospital	-	-
Theatres, Critical Care and Anaesthetics	For the benefit of TCCA Services at Royal Papworth Hospital	4	36
Cardiac Services Fund	For the benefit of all Cardiac Services at Royal Papworth Hospital	146	43
HLRI Project	For capital contributions to the Heart and Lung Research Institute	522	43
Electrophysiology Fund	For the benefit of Electrophysiology Services at Royal Papworth Hospital	48	-
Hospital Equipment Fund	Funding for cutting-edge equipment for the Hospital	236	-
Staff Education Fund	Funding for support the development and educational requirements of staff	78	-
Hospital Environment and Arts-health Fund	Funding for enhancing the hospital environment and wards at Royal Papworth Hospital	69	-
Others (March 2020: 25, March 2019: 26)		213	159
Total		1,335	519

* Fund closed in year

12 Contingencies and commitments

There are no capital commitments in 2019/20 (2018/19: £nil).

There are no contingent liabilities in 2019/20 (2018/19: £nil).

Royal Papworth Charity has been notified of several legacies in which it is entitled to a residual interest of the estate. As this cannot be measured reliably, this will form a contingent asset until greater certainty as to the amount and likelihood of the payment is ascertained.

13 Related Party Transactions

Royal Papworth Charity has made revenue and capital payments to the Royal Papworth Hospital NHS Foundation Trust during 2019/20.

The amount paid was £4,942k (2018/19: £4,881k) and there was a creditor at the year end of £116k (2018/19: £203k).

The Charity is a subsidiary of Royal Papworth Hospital NHS Foundation Trust, the parent entity. Royal Papworth Hospital NHS Foundation Trust is the UK's largest specialist cardiothoracic Hospital and the country's main heart and lung transplant centre. It has an extraordinary commitment to delivering the highest levels of clinical quality and outcomes and for providing the best possible standards of personalised care to its patients.

The consolidated group accounts can be found on Royal Papworth Hospital NHS Foundation Trust's website <http://www.royalpapworth.nhs.uk/>

Royal Papworth Hospital NHS Foundation Trust is the Corporate Trustee of Royal Papworth Charity.

During the year none of the ex-officio Trustees or members of the key management staff or parties related to them has undertaken any material transactions with Royal Papworth Charity.

14 Reconciliation of net movement in funds to net cash flow from operating activities

	2020 £000	2019 £000
Net movement in funds	371	(865)
Adjustments for:		
Depreciation charges	2	4
Loss/(gains) on investments	223	(292)
Dividends, interest and rents from investments	(164)	(195)
(Increase)/decrease in stocks	(2)	5
(Increase) in debtors	(320)	(296)
(Decrease) in creditors	(66)	(860)
(Decrease) in provisions	(2,487)	(343)
Net cash provided by (used in) operating activities	(2,443)	(2,842)

15 Post Balance Sheet Event

During 2019/20 the Charity put up its dwelling up for sale. An offer on this property has been received since the year end. The sale is expected to complete before the end of 2020/21.

COVID 19 has had an impact on the Charities ability to carry out fundraising activities and on fundraising income received from third parties. As a result of COVID 19 the Charity has received, for the benefit of staff at Royal Papworth Hospital NHS Foundation Trust, in kind donations from various sources.



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